REDSTAR GOLD CORP.
(An Exploration Stage Company)

Consolidated Financial Statements

March 31, 2013

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of REDSTAR GOLD CORP.

We have audited the accompanying consolidated financial statements of REDSTAR GOLD CORP., which comprise the consolidated statements of financial position as at March 31, 2013 and March 31, 2012 and the consolidated statements of operations, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of REDSTAR GOLD CORP. as at March 31, 2013 and March 31, 2012, and the results of its operations and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without modifying our opinion, we draw attention to note 1 to these consolidated financial statements which describes the existence of a material uncertainty that may cause significant doubt about the ability of Redstar Gold Corp. to continue as a going concern.

Morine & Co.

White Rock, British Columbia

July 16, 2013

CHARTERED ACCOUNTANTS LLP

REDSTAR GOLD CORP.
(An Exploration Stage Company)
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Notes	March 31, 2013 $	March 31, 2012 $
Assets			
Current assets			
Cash and cash equivalents		61,026	108,755
Marketable securities	7	33,444	101,502
Accounts receivable		34,202	157,708
Due from related party	12	47,059	40,410
Prepaid expenses and advances		73,263	135,036
		248,994	543,411
Non-current assets			
Deposit		7,428	7,428
Exploration and evaluation assets	8	5,467,836	5,171,402
Property, plant and equipment	9	30,698	37,676
		5,505,962	5,216,506
		5,754,956	5,759,917
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities		70,414	54,786
Due to related parties	12	669,973	212,714
		740,387	267,500
Shareholders' Equity			
Share capital	11	17,350,695	16,463,632
Warrants		73,935	42,781
Contributed surplus		2,284,009	1,680,188
Accumulated other comprehensive income		(46,339)	(30,187)
Deficit		(14,647,730)	(12,663,997)
		5,014,569	5,492,417
		5,754,956	5,759,917

Subsequent events (note 16)

Approved on behalf of the Board:

"R. Bob Singh"
R. Bob Singh, Director

"Douglas Fulcher"
Douglas Fulcher, Director

(The accompanying notes are an integral part of these consolidated financial statements.)

REDSTAR GOLD CORP.
(An Exploration Stage Company)
Consolidated Statements of Operations and Comprehensive Loss
For the Years Ended March 31
(Expressed in Canadian Dollars)

	Note	2013 $	2012 $
Expenses			
Amortization		10,902	14,829
Consulting	12	135,150	87,200
Contract wages	12	491,234	373,540
Insurance		37,656	34,423
Interest and financing	10	-	2,126
Investor relations	12	120,960	161,280
Office operations	12	34,815	47,947
Audit and legal		63,863	135,002
Regulatory fees		13,164	28,802
Rent	12	138,466	106,157
Share-based payments	11	623,541	413,275
Telephone	12	5,980	9,509
Transfer agent		6,291	7,548
Travel and promotion	12	103,820	257,326
		1,785,842	1,678,964
Other Expenses (Income)			
Interest (income)		(375)	(10,121)
Loss (gain) on sale of marketable securities		16,000	(16,064)
Loss on foreign exchange		77	14,763
Write off of exploration and evaluation assets		179,882	171,732
		195,584	160,310
Loss Before Income Tax		1,981,426	1,839,274
Future income tax (recovery)	15	2,307	10,812
Net Loss for the Year		**1,983,733**	**1,850,086**
Other Comprehensive Income			
Unrealized loss on available-for-sale securities		16,152	75,686
Comprehensive Loss for the Year		**1,999,885**	**1,925,772**
Basic Loss per Share		0.03	0.03
Weighted Average Number of Common Shares Outstanding		69,095,541	63,076,513

(The accompanying notes are an integral part of these consolidated financial statements.)

REDSTAR GOLD CORP.
(An Exploration Stage Company)
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Share Capital						
	Number	Amount	Warrants	Contributed Surplus	Accumulated Other Comprehensive Income	Deficit	Total Shareholders' Equity
	#	$	$	$	$	$	$
Balance, March 31 2011	**53,033,341**	**11,697,716**	**-**	**1,300,448**	**45,499**	**(10,813,911)**	**2,229,752**
Net loss for the year	-	-	-	-	-	(1,850,086)	(1,850,086)
Issued for cash, net of share issuance costs	12,917,999	4,239,912	-	-	-	-	4,239,912
Issued on exercise of stock options	235,000	35,250	-	-	-	-	35,250
Issued for mineral property interests	1,132,875	500,000	-	-	-	-	500,000
Fair value of agents' warrants	-	(42,781)	42,781	-	-	-	-
Fair value of stock options exercised	-	33,535		(33,535)	-	-	-
Share-based payments expense	-	-	-	413,275	-	-	413,275
Unrealized loss on available-for-sale securities, net of future income taxes	-	-	-	-	(75,686)	-	(75,686)
Balance, March 31 2012	**67,319,215**	**16,463,632**	**42,781**	**1,680,188**	**(30,187)**	**(12,663,997)**	**5,492,417**
Net loss for the year	-	-	-	-	-	(1,983,733)	(1,983,733)
Issued for cash, net of share issuance costs	4,892,000	687,246	-	-	-	-	687,246
Issued on exercise of stock options	100,000	25,000	-	-	-	-	25,000
Issued for mineral property interests	1,125,000	186,250	-	-	-	-	186,250
Fair value of agents' warrants	-	(31,153)	31,153	-	-	-	-
Fair value of stock options exercised	-	19,720	-	(19,720)	-	-	-
Share-based payments expense	-	-	-	623,541	-	-	623,541
Unrealized loss on available-for-sale securities, net of future income taxes	-	-	-	-	(16,152)	-	(16,152)
Balance, March 31 2013	**73,436,215**	**17,350,695**	**73,934**	**2,284,009**	**(46,339)**	**(14,647,730)**	**5,014,569**

(The accompanying notes are an integral part of these consolidated financial statements.)

REDSTAR GOLD CORP.
(An Exploration Stage Company)
Consolidated Statements of Cash Flows
For the Years Ended March 31
(Expressed in Canadian Dollars)

	Note	2013 $	2012 $
Operating Activities			
Net loss		(1,983,733)	(1,850,086)
Items not involving cash			
Amortization		10,902	14,829
Share-based payments		623,541	413,275
Loss (gain) on sale of marketable securities		16,000	(16,064)
Write off of exploration and evaluation assets		179,882	171,732
Future income tax (recovery)		2,307	10,812
		(1,151,101)	(1,255,502)
Changes in non-cash working capital			
Accounts receivable		123,506	(95,826)
Due from related party		(6,649)	(40,410)
Prepaid expenses and advances		61,773	(92,878)
Accounts payable and accrued liabilities		15,628	40,395
Due to related parties		457,259	(183,275)
		651,517	(371,994)
Cash used in operating activities		**(499,584)**	**(1,627,496)**
Investing Activities			
Acquisition of exploration and evaluation expenditures		(270,805)	(991,835)
Exploration and evaluation assets expenditures		(4,869,124)	(7,707,149)
Recoveries of acquisition of exploration and evaluation expenditures		161,991	153,806
Recoveries of exploration and evalutation assets expenditures		4,649,472	5,920,645
Acquisition of property, plant and equipment		(3,924)	(8,389)
Proceeds from sale of marketable securities		72,000	16,065
Cash used in investing activities		**(260,391)**	**(2,616,857)**
Financing Activities			
Issuance of shares, net of share issuance costs	11	712,246	4,275,162
Cash provided by financing activities		**712,246**	**4,275,162**
Increase (decrease) in cash and cash equivalents		(47,729)	30,809
Cash and cash equivalents - beginning of year		108,755	77,946
Cash and cash equivalents - end of year		**61,026**	**108,755**
Supplemental Cash Flow Information			
Shares issued for acquisition of exploration and evaluation assets		186,250	500,000
Value of shares received in respect of exploration and evaluation assets		38,401	47,002

(The accompanying notes are an integral part of these consolidated financial statements.)

1. Nature of operations and going concern

Redstar Gold Corp. (the "Company") is engaged in the acquisition, exploration and development of mineral properties in North America. The Company is incorporated and domiciled in Canada under the *Business Corporations Act (British Columbia)*, and its registered office is Suite 1710, 1177 West Hastings Street, Vancouver, BC V6E 2L3. At March 31, 2013, the Company has a working capital deficit of $491,393 (March 31, 2012: working capital of $275,911) and accumulated deficit of $14,647,730 (March 31, 2012: $12,663,997).

These consolidated financial statements have been prepared in accordance with accounting principles on a going concern basis, which contemplates the realization of assets and discharge of liabilities at their carrying values in the normal course of business for the foreseeable future rather than through the process of forced liquidation. The consolidated financial statements do not include any adjustments to the classification and amounts of assets and liabilities that may be required should the Company be unable to continue as a going concern.

The Company's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate the acquisition of, participation in or interest in new properties, assets or business opportunities, and raise additional funds by way of equity financings. Any acquisition may be subject to shareholder and regulatory approval and obtaining the necessary financing. Should the Company be unable to complete such a transaction, its ability to raise sufficient financing to maintain operations may be impaired and, accordingly, the Company may be unable to continue as a going concern.

2. Statement of Compliance and Consolidation

These annual consolidated International Financial Reporting Standards ("IFRS") financial statements are prepared in accordance with IFRS as issued by the International Accounting Standards Board. The accounting policies set out in Note 3 have been applied consistently to all years presented in these financial statements unless otherwise indicated.

These consolidated financial statements were authorized for issue by the Board of Directors on July 16, 2013.

These consolidated financial statements include the accounts of the Company and its wholly-owned integrated subsidiaries, Redstar Gold USA Inc. and Redstar Gold (Alaska) Inc. All significant intercompany transactions have been eliminated.

3. Summary of Significant Accounting Policies

The financial statements have been prepared using the historical cost basis except for financial instruments which are stated at fair value.

(a) Use of estimates and judgment

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Significant areas requiring the use of estimates include the fair values of financial instruments, collectability of accounts receivable, the balances of accrued liabilities, impairment of exploration and evaluation assets, determination of deferred tax assets, and the assumptions used in the determination of the fair value of share-based payments, agent compensation options and finder's warrants. While management believes that these estimates are reasonable, actual results could differ from those estimates and could impact future results of operation and cash flows.

(b) Functional and presentation currencies
The Company's functional and presentation currency is the Canadian dollar.

(c) Cash and cash equivalents
Cash and cash equivalents consists of cash on hand and any deposits in banks with an original maturity of three months or less that are readily convertible to known amounts of cash, and subject to an insignificant risk of change in value.

(d) Exploration and evaluation assets
Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation ("E&E") expenditures are recognized and capitalized, in addition to the acquisition costs, net of recoveries, on a property-by-property basis. These direct expenditures include such costs as materials used, surveying costs, drilling costs, and payments made to contractors during the exploration phase. Costs not directly attributable to E&E activities, including general administrative overhead costs, are expensed in the period in which they occur.

From time to time the Company may acquire or dispose of a mineral property pursuant to the terms of an option agreement. As the options are exercisable at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as property costs or recoveries when the payments are made or received.

If economically recoverable ore reserves are developed, capitalized costs of the related property will be reclassified as mining assets and will be amortized using the unit-of-production method. When a property is deemed to no longer have commercially viable prospects to the Company, E&E expenditures in respect of the project are deemed to be impaired. As a result those E&E costs, in excess of estimated recoveries, are written off to profit and loss.

The Company assesses E&E assets for impairment at each statement of financial position date or whenever facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. A cash-generating unit is the smallest identifiable group of E&E assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Although the Company has taken steps to verify title to the properties in which it has an interest in accordance with industry standards for properties in the exploration stage, these procedures do not guarantee that title to the properties will not be challenged or impugned. Property title may be affected by undetected defects, be subject to unregistered prior agreements, transfers or land claims, or be non-compliant with regulatory requirements.

(e) Financial instruments
The Company classifies its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

l. Financial assets

Financial assets are classified into one of the following categories. The classification is determined at initial recognition and depends on the nature and purpose of the financial asset.

(i) Fair Value Through Profit or Loss ("FVTPL")

Financial assets are classified as FVTPL when the financial asset is held for trading or it is designated as FVTPL.

A financial asset is classified as FVTPL if:

- it has been acquired principally for the purpose of selling in the near future;
- it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets classified as FVTPL are stated at fair value with any resultant gain or loss recognized in profit or loss. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset.

(ii) Available-For-Sale Investments ("AFS")

Short-term investments and other assets held not otherwise designated, are classified as AFS and are stated at fair value. Gains and losses arising from changes in fair value are recognized in other comprehensive loss. Impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, are recognized directly in profit or loss. When an investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized in other comprehensive loss is included in profit or loss for the period. The Company does not have any assets classified as AFS financial assets.

(iii) Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Loans and receivables are initially recognized at the transaction value and subsequently carried at amortized cost less impairment losses. The impairment loss of receivables is based on a review of all outstanding amounts at year-end. Bad debts are written off during the reporting period in which they are identified. Interest income is recognized by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

(iv) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each year-end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets, excluding trade receivables, is directly reduced by the impairment loss. The carrying amount of trade receivables is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the bad debt account. Subsequent recoveries of amounts previously written off are credited against the bad debt account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

II. Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded as the proceeds received, net of direct issue costs.

Borrowings and other financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include trade accounts payable, other payables, advances from non-controlling interest, deferred credits, and loans.

Financial liabilities are classified as other financial liabilities, based on the purpose for which the liability was incurred, and comprise trade payables and accrued liabilities. The liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

(f) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

(g) Income taxes
The Company uses the balance sheet method of accounting for income taxes. Under the balance sheet method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets also result from unused loss carry-forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(h) Share-based payments
The Company grants stock options to acquire common shares of the Company to directors, officers, employees and non-employees. The Board of Directors grants such options for periods of up to ten years, with vesting periods determined at its discretion and at prices not less than the closing market price on the grant date.

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the period that the options are earned. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number at options that vest. For directors and employees, the fair value of the options is measured at the date of grant. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The offset to the recorded cost is to share-based payments reserve. Consideration received on the exercise of stock options is recorded as share capital and the related share-based payments reserve is transferred to share capital. Upon expiry, the recorded value is transferred to deficit.

(i) Unit offerings
Proceeds received on the issuance of units, consisting of common shares and warrants, are allocated first to common shares based on the quoted market price of the common shares at the time the units are priced, then to warrants based on the Black-Scholes option pricing model, with any remaining excess amount to the flow-through tax premium.

(j) Flow-through shares
The Company may, from time to time, issue flow-through common shares to finance its resource exploration activities in Canada. Canadian income tax law permits the Company to renounce to the flow-through shareholders the income tax attributes of resource exploration costs financed by such shares.

Flow-through common shares are recognized in equity based on the quoted price of the existing shares on the date of the issue. The difference between the amount recognized in common shares and the amount the investor pays for the shares is recognized as an other liability, which is reversed into earnings when renounced. The deferred tax impact is recorded prospectively upon renunciation of the related tax benefits, provided it is expected the Company will incur the required eligible expenditures.

When flow-through expenditures are renounced, a portion of the deferred income tax assets that were not previously recognized,is recognized as a recovery of deferred income taxes in the statements of operations and comprehensive loss.

(k) Loss per share
Loss per share is calculated using the weighted average number of common shares outstanding during the period. The Company uses the treasury stock method to calculate diluted earnings per share. Under this method, the dilutive effect on earnings per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to re-purchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of conversions or exercise of options and warrants if they would be anti-dilutive.

Shares subject to escrow restrictions are excluded from the weighted average number of common shares unless their release is subject only to the passage of time.

(l) Segmented information
The Company has one operating segment, mineral exploration and development, and operates in two geographical segments, being Canada and the United States.

(m) Standards, Amendments and Interpretations Affecting the 2013 and Future Year-Ends
The Company has not adopted the following revised standards and is currently assessing the impact that these standards will have on the financial statements.

(i) IFRS 9, “Financial Instruments (2010)”, incorporates revised requirement for the classification and measurement requirement of financial liabilities, and carry over the existing de-recognition requirements from IAS 39 *Financial Instruments: Recognition and Measurement*.”

The revised financial liability provisions maintain the existing amortized cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss – in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss.

Applies to annual periods beginning on or after January 1, 2015, this standard supersedes IFRS 9 (2009). However, for annual reporting periods beginning before January 1, 2015, an entity may early adopt IFRS 9 (2009) instead of applying this standard.

(ii) IFRS 10, “Consolidated Financial Statements”, establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. The standard builds on the existing principles of "control” by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard is effective for annual periods beginning on or after January 1, 2013. There will be no significant impact to the Company upon implementation of the issued standard.

(iii) IFRS 11, “Joint Arrangements”, provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. The standard is effective for annual periods beginning on or after January 1, 2013.

(iv) IFRS 12, “Disclosure of Interests in Other Entities”, is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. The standard is effective for annual periods beginning on or after January 1, 2013. There will be no significant impact to the Company upon implementation of the issued standard.

(v) IFRS 13, “Fair Value Measurements”, is a new comprehensive standard on measuring and disclosing fair value and will supersede all other fair value guidance in IFRS. The standard is effective for annual periods beginning on or after January 1, 2013.

(vi) IAS 1, “Presentation of Financial Statements”, is amended to revise the way other comprehensive income is presented. The amendments preserve the amendments made to IAS 1 in 2007 to require profit or loss and other comprehensive income to be presented together. The amendments require entities to group items presented in other comprehensive income based on whether they are potentially reclassifiable to profit or loss subsequently. The amendments also require tax associated with items presented before tax to be shown separately for each of the two groups of other comprehensive income items.

(vii) IAS 27, “Separate Financial Statements”, is amended to deal with the requirements for separate financial statements, which have been carried over largely unamended from IAS 27 “Consolidated and Separate Financial Statements.” Requirements for consolidated financial statements are now contained in IFRS 10 “Consolidated Financial Statements.” This standard is effective for annual periods beginning on or after January 1, 2013. There will be no significant impact to the Company upon implementation of the issued standard.

(viii) IAS 28, “Investments in Associates and Joint Ventures”, is amended to prescribe the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The standard defines “significant influence” and provides guidance on how the equity method of accounting is to be applied (including exemptions from applying the equity method in some cases). It also prescribes how investments in associates and joint ventures should be tested for impairment. This standard is effective for annual periods beginning on or after January 1, 2013. There will be no significant impact to the Company upon implementation of the issued standard.

(ix) IAS 32, “Financial Instruments: Presentation”, is amended to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas: 1) the meaning of “currently as a legally enforceable right of set-off”, 2) the application of simultaneous realization and settlement, 3) the offsetting of collateral amounts, 4) the unit of account for applying the offsetting requirements.

(x) IAS 34, “Interim Financial Reporting”, is amended to clarify interim reporting of segment information for total assets in order to enhance consistency with the requirements in IFRS 8, “Operating Segments.”

(xi) IFRIC 20, “Stripping Costs in the Production Phase of a Surface Mine”, clarifies the requirements for accounting for stripping costs associated with waste removal in surface mining, including when production stripping costs should be recognized as an asset, how the asset is initially recognized, and subsequent measurement.

The Interpretation requires stripping activity costs which provide improved access to ore are recognized as a non-current 'stripping activity asset' when certain criteria are met. The stripping activity asset is depreciated or amortized on a systematic basis, over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity, using the units of production method unless another method is more appropriate. This standard is effective for annual periods beginning on or after January 1, 2013. There will be no significant impact to the Company upon implementation of the issued standard.

(Expressed in Canadian Dollars)

4. Financial instruments

The Company has classified its cash and cash equivalents as FVTPL; accounts receivable (excluding tax arrangements) and prepaid expenses and advances as loans and receivables; and accounts payable and accrued liabilities and due to related parties as other financial liabilities.

The carrying values of cash and cash equivalents, accounts receivables and prepaid expenses and advances, and accounts payable and accrued liabilities and due to related parties approximate their fair values due to the short-term maturity of these financial instruments.

At March 31, 2013 and 2012, the Company's financial instruments, which are all at level 1, are as follows:

	March 31,	
	2013	2012
	$	$
Marketable securities	**33,444**	**101,502**

5. Financial Risk Management

(a) Credit risk

Credit risk is the risk that a counter party to a financial instrument will fail to discharge its contractual obligations. The Company is exposed to credit risk with respect to its cash and accounts receivable, other than Harmonized Sales Tax ("HST"). The maximum exposure to loss arising from accounts receivable is equal to their carrying amounts.

The Company's maximum exposure to credit risk as at March 31, 2013 and 2012 is as follows:

	March 31,	
	2013	2012
	$	$
Cash and cash equivalents	**61,026**	**108,755**

The Company manages credit risk with respect to its cash by maintaining deposits with a major Canadian financial institution; however, this exposes the Company's cash to concentration of credit risk as all amounts are held at a single institution.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities.

At March 31, 2013, the Company had cash and cash equivalents of $61,026 (2012: $108,755), marketable securities of $33,444 (2012: $101,502), amounts due from a related party and accounts receivable of $81,261 (2012: $157,708), prepaid expenses and advances of $73,263 (2012: $135,036) and accounts payable and accrued liabilities of $70,414 (2012: $54,786) and amounts due to related parties of $669,973 (2012: $212,714). The Company believes it will be able to raise sufficient funds to meet its short-term business requirements.

(c) Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

(i) Interest rate risk
Interest rate risk consists of two components:

(a) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk; and

(b) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and liabilities.

(ii) Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is not exposed to foreign currency risk as its monetary assets and liabilities are denominated in Canadian dollars.

(iii) Other price risk
Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to other price risk.

There were no changes in the Company's approach to managing the above risks.

6. Capital Management

The Company manages its capital structure and makes adjustments to it based on the funds available to the Company in order to support future business opportunities. The Company defines its capital as shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company has no source of revenues; as such the Company is dependent upon external financings to fund activities. In order to fund current projects, undertake future projects and pay for administrative costs, the Company must raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no significant changes in the Company's approach to capital management during the period.

The Company is not subject to externally imposed capital requirements.

(Expressed in Canadian Dollars)

7. Marketable securities

At March 31, 2013 and 2012, the Company held marketable securities as follows:

March 31, 2013	Shares #	Cost $	Accumulated Unrealized Gain (Loss) $	Total $
Central Resources Corp.	100,000	30,000	(28,000)	2,000
Confederation Minerals Ltd.	150,000	30,278	(5,528)	24,750
True Grit Resources Ltd. (1)	40,000	20,400	(18,000)	2,400
Brocade Metals Corp.	260,000	3	-	3
Magna Resources Ltd.	57,219	5,722	(1,431)	4,291
		86,403	**(52,959)**	**33,444**

March 31, 2012	Shares #	Cost $	Accumulated Unrealized Gain (Loss) $	Total $
Central Resources Corp.	100,000	30,000	(24,000)	6,000
Confederation Minerals Ltd.	200,000	88,000	4,000	92,000
True Grit Resources Ltd. (1)	100,000	18,000	(14,500)	3,500
Brocade Metals Corp.	200,000	2	-	2
		136,002	**(34,500)**	**101,502**

(1) Formerly Catalina Metals Corp.

During the year ended March 31, 2013, the Company:

- received 57,219 common shares of Magna Resources Ltd. ("Magna") at a fair value of $5,722, by way of a distribution made by Confederation Minerals Ltd. ("Confederation") of its approximately 56% interest in the share capital of Magna. The distribution was made to the holders of common shares of Confederation as a return of capital on a pro rata basis. Accordingly, the carrying value for the Company's Confederation shares was reduced by $5,722.

- recognized an unrealized loss on securities held of $52,959 (March 31, 2012: $34,500), which is included in other comprehensive income (loss). Future income tax recovery in the amount of $6,620 (March 31, 2012: $4,313) was recorded against the unrealized loss for an unrealized loss, net of tax, in the amount of $46,339 (March 31, 2012: $30,187).

- recognized a realized loss of $16,000 on the sale of 200,000 Confederation shares, for net proceeds of $72,000 (March 31, 2012: recognized a realized gain of $16,064 on the sale of 25,000 Corvus Gold Inc. shares for net proceeds of $16,065).

8. Exploration and evaluation assets

The Company has interests in mineral properties, the details of which follow for the years ended March 31, 2013 and 2012:

(Expressed in Canadian Dollars)

	Canada	Nevada	Alaska	Total
	$	$	$	$
March 31, 2012	**1,604,589**	**556,548**	**3,010,265**	**5,171,402**
Acquisitions during the year				**-**
Expenditures	-	42,533	414,523	**457,055**
Expenditures recovered	(111,000)	(89,392)	-	**(200,392)**
Net acquisition costs during the year	**(111,000)**	**(46,859)**	**414,523**	**256,663**
Exploration expenditures during the year				
Assaying	322,124	38,809	-	**360,933**
Consulting - geology	1,000,877	152,491	78,642	**1,232,009**
Consulting - geophysical	-	26,835	2,275	**29,110**
Consulting - geochemical	-	506	-	**506**
Contract labour	-	-	-	**-**
Camp and exploration support	139,113	13,571	1,742	**154,426**
Drilling	1,793,054	366,824	2,048	**2,161,926**
Environmental	165,486	-	-	**165,486**
Preliminary economic assessment	33,198	-	-	**33,198**
Land and tenure	121,500	113,689	14	**235,203**
Travel and accommodation	135,816	45,829	17,054	**198,699**
Equipment rental	285,260	-	-	**285,260**
Maps and reports	2,539	-	9,046	**11,585**
Reclamation	783	-	-	**783**
	3,999,749	758,554	110,821	**4,869,124**
Expenditures recovered during the year	(3,999,749)	(649,723)	-	**(4,649,472)**
Net exploration expenditures during the year	**-**	**108,831**	**110,821**	**219,652**
Mineral property costs w ritten off during the year	-	(179,882)	-	**(179,882)**
March 31, 2013	**1,493,589**	**438,638**	**3,535,609**	**5,467,836**

Canada includes: New man Todd
Nevada includes: Painted Hills, Richmond Summit, Root Spring, Cooks Creek, Oasis, Baker, Seven Devils, Queens, Larus, Long Island and Gold Cloud
Alaska includes: Shumagin and Unga-Popof

Property	Balance - March 31, 2012	Acquisition costs	Acquisition costs recovered	Exploration expenditures	Exploration expenditures recovered	Mineral property costs written off	Balance - March 31, 2013
	$	$	$	$	$	$	$
Newman Todd	**1,604,589**	-	(111,000)	3,999,749	(3,999,749)	-	**1,493,589**
Nevada General	**121,245**	-	-	104,139	(6,072)	(108,539)	**110,773**
Eagle Basin	**71,343**	-	-	-	-	(71,343)	**-**
Painted Hills	**39,973**	-	-	2,128	-	-	**42,101**
Richmond Summit	**36,450**	-	-	1,730	-	-	**38,180**
Root Spring	**16,528**	14,813	(45,207)	515,798	(516,165)	-	**(14,233)**
Cooks Creek	**94,632**	-	(36,625)	15,359	(15,363)	-	**58,003**
Oasis	**53,166**	-	-	6,356	-	-	**59,522**
Baker Spring	**8,950**	-	(7,560)	102,003	(101,497)	-	**1,896**
Seven Devils	**114,261**	27,720	-	11,041	(10,626)	-	**142,396**
Shumagin	**3,005,260**	414,523	-	110,821	-	-	**3,530,604**
Unga-Popof	**5,005**	-	-	-	-	-	**5,005**
	5,171,402	**457,056**	**(200,392)**	**4,869,124**	**(4,649,472)**	**(179,882)**	**5,467,836**

Nevada General includes: Queens, Larus, Long Island, and Gold Cloud

(Expressed in Canadian Dollars)

	General	Canada	Nevada	Alaska	Total
	$	$	$	$	$
March 31, 2011	**-**	**1,628,498**	**637,105**	**-**	**2,265,603**
Acquisitions during the year					**-**
Expenditures	-	70,000	43,458	1,378,377	**1,491,835**
Expenditures recovered	-	(97,000)	(103,808)	-	**(200,808)**
Net acquisition costs during the year	**-**	**(27,000)**	**(60,350)**	**1,378,377**	**1,291,027**
Exploration expenditures during the year					
Assaying	-	732,830	106,555	84,300	**923,685**
Consulting - geology	3,250	1,057,540	323,106	234,057	**1,617,953**
Consulting - geophysical	-	-	118,021	4,447	**122,468**
Consulting - geochemical	-	-	14,356	-	**14,356**
Contract labour	-	-	-	48,430	**48,430**
Camp and exploration support	-	236,804	22,937	675,477	**935,218**
Drilling	-	2,276,580	320,701	507,364	**3,104,645**
Environmental	-	-	-	-	**-**
Preliminary economic assessment	-	-	-	-	**-**
Land and tenure	-	97,000	193,152	1,021	**291,173**
Travel and accommodation	-	131,829	25,261	44,548	**201,638**
Equipment rental	-	399,064	-	29,874	**428,938**
Maps and reports	-	2,728	109	2,370	**5,207**
Reclamation	-	11,238	-	-	**11,238**
Road access	-	2,200	-	-	**2,200**
	3,250	4,947,813	1,124,198	1,631,888	**7,707,149**
Expenditures recovered during the year	-	(4,944,722)	(975,923)	-	**(5,920,645)**
Net exploration expenditures during the year	3,250	3,091	148,275	1,631,888	**1,786,504**
Mineral property costs written off during the year	(3,250)	-	(168,482)	-	**(171,732)**
March 31, 2012	**-**	**1,604,589**	**556,548**	**3,010,265**	**5,171,402**

Canada includes: Newman Todd
Nevada includes: Eagle Basin, Painted Hills, Richmond Summit, Root Spring, Cooks Creek, Oasis, Baker Spring, Seven Devils, Queens, Opal Hill, Larus, Long Island, Black Hawk, and Gold Cloud
Alaska includes: Shumagin and Unga-Popof

Property	Balance - March 31, 2011	Acquisition costs	Acquisition costs recovered	Exploration expenditures	Exploration expenditures recovered	Mineral property costs written off	Balance - March 31, 2012
	$	$	$	$	$	$	$
General	**-**	-	-	3,250	-	(3,250)	**-**
Newman Todd	**1,628,498**	70,000	(97,000)	4,947,813	(4,944,722)	-	**1,604,589**
Nevada General	**189,644**	5,443	(5,005)	99,645	-	(168,482)	**121,245**
Eagle Basin	**65,765**	-	-	5,578	-	-	**71,343**
Painted Hills	**28,068**	-	-	11,905	-	-	**39,973**
Richmond Summit	**25,599**	-	-	10,851	-	-	**36,450**
Root Spring	**66,476**	13,278	(63,388)	131,906	(131,744)	-	**16,528**
Cooks Creek	**94,086**	4,421	(4,487)	93,588	(92,976)	-	**94,632**
Oasis	**72,753**	-	(25,923)	692,714	(686,378)	-	**53,166**
Baker Spring	**13,337**	-	(5,005)	65,443	(64,825)	-	**8,950**
Seven Devils	**81,377**	20,316	-	12,568	-	-	**114,261**
Shumagin	**-**	1,373,372	-	1,631,888	-	-	**3,005,260**
Unga-Popof	**-**	5,005	-	-	-	-	**5,005**
	2,265,603	**1,491,835**	**(200,808)**	**7,707,149**	**(5,920,645)**	**(171,732)**	**5,171,402**

Nevada General includes: Queens, Opal Hill, Larus, Long Island, Black Hawk and Gold Cloud

A. Newman Todd Property, Red Lake District, Ontario, Canada

In 2007, the Company acquired a 100% interest in the Newman Todd area properties (comprised of several properties) by issuing 700,000 common shares to the vendor. The mineral claims are subject to a 1% net smelter return ("NSR") royalty provided that the total NSR royalties payable on any claims within the property do not exceed 2.75%. Should a mine be placed into production, the Company is required to issue common shares with a value in the aggregate of $1,000,000. Should production exceed 250,000 ounces of gold, the Company is required to issue additional common shares with a value of $1,000,000.

On November 2, 2009, the Company entered into an option agreement with Central Resources Corp. (“Central”) whereby Central had the option to earn up to a 60% undivided interest in the Company’s 100% owned Newman Todd Property in Red Lake, Ontario, subject to making certain payments to the Company. On November 15, 2010 Central formally advised the Company that it would not be continuing with the option on the Newman Todd property

On November 19, 2010, the Company entered into an option agreement with Confederation whereby Confederation can earn up to a 70% undivided interest in the Company’s 100% owned Newman Todd Property in Red Lake, Ontario.

Under the terms of the agreement, Confederation can earn an initial 50% interest in the project by funding $5,000,000 in exploration and development work, issuing shares of Confederation and making payments to the Company as follows:

Incurring exploration and development expenditures, as to:
- $2,000,000 by November 19, 2011 (incurred);
- $1,500,000 by November 19, 2012 (incurred);
- $1,500,000 by November 19, 2013 (incurred).

Cash payments and share issuances of Confederation to the Company, as to:
- $50,000 and 100,000 shares on signing (received);
- $50,000 and 100,000 shares by November 19, 2011 (received);
- $75,000 and 150,000 shares by November 19, 2012 (received);
- $75,000 and 150,000 shares by November 19, 2013.

Upon having earned an initial 50% interest in the project, Confederation can earn an additional 20% interest by providing a Preliminary Economic Assessment of the property, at Confederation’s cost, and issuing 500,000 shares of Confederation to the Company. In addition, to maintain the second option in good standing, Confederation will make minimum annual expenditures of $250,000 commencing on the third anniversary and until the earlier of (a) the full exercise of the second option, and (b) the expiry of the second option.

On April 14, 2011, the Company acquired, under joint acquisition with Confederation, a 50% interest in 18 mineral claims adjacent to the Newman Todd project (the “Todd Property”). Of the 50% interest acquired by the parties from the vendor, Confederation acquired an undivided 35% interest in the Todd Property (being 70% of vendor’s interest) and the Company acquired an undivided 15% interest in the Todd Property (being 30% of the vendor’s interest) for the sum of $70,000. The remaining 50% interest in the claims is held by Rubicon Minerals Corporation.

B. Nevada Properties, USA

(a) AngloGold-Ashanti Agreements
On March 9, 2005, the Company entered into a Data Base Purchase and Buy Back Agreement with AngloGold-Ashanti North America Inc. (“AngloGold”) whereby the Company acquired the right to a 100% ownership of an exploration and geological database covering Nevada, Utah, Idaho and California ("Great Basin Database"), in consideration for the issuance of shares and making certain expenditures within the Great Basin. The agreement was subject to AngloGold retaining the right to back into projects for a 60% interest by making certain additional expenditures on specified properties. On May 8, 2008, the Company completed the purchase of the database, eliminating AngloGold’s back-in option on

(Expressed in Canadian Dollars)

various properties, and the agreement was terminated. Pursuant to a subsequent agreement, the back-in rights on properties acquired prior to May, 2008 (Richmond Summit, Cooks Creek, Root Spring and Oasis) were converted to royalties of 1% to 2%, depending on the price of gold.

Nevada Properties and AngloGold Royalty:

Properties	Number of staked claims and mineral leases #	AngloGold royalty %
Baker	22	-
Cooks Creek	66	1-2
Gold Cloud	20	-
Larus	7	-
Long Island	40	-
Oasis	13	1-2
Painted Hills	14	-
Queens	4	-
Richmond Summit	10	1-2
Root Spring	124	1-2
Seven Devils	70	-

During the year ended March 31, 2013, the Company reduced its Nevada staked claims and mineral leases and abandoned the Eagle Basin, Opal Hill and Black Hawk properties. In connection with the abandonment of these properties, the Company wrote off capitalized expenditures in the aggregate amount of $87,592. The Company also expensed $92,290 in respect of general exploration expenditures incurred in Nevada during the year ended March 31, 2013.

(b) <u>Baker Property – Lease Agreement</u>
On June 14, 2011, the Company entered into a mining lease agreement with Newmont USA Limited, a subsidiary of Newmont Mining Corporation (“Newmont”), whereby Newmont may lease the property in consideration for a 2.5% NSR and the following:

Cash payments to the Company
- US$5,000 on signing of the agreement (received);
- US$7,500 on or before June 14, 2012 (received);
- US$10,000 on or before June 14, 2013;
- US$20,000 on or before June 14, 2014;
- US$30,000 on or before June 14, 2015 and annually thereafter.

Incur expenditures on the property
- US$75,000 on or before June 14, 2012 (incurred);
- an additional US$150,000 on or before June 14, 2013.

(Note 16)

(c) <u>Cooks Creek Property – Option Agreement</u>
On February 25, 2011, the Company entered into an agreement, subsequently amended, with Catalina Metals Corp. (now True Grit Resources Ltd. (“True Grit”)), whereby True Grit has the option to earn a 60% interest in the Cooks Creek Property in consideration for the following:

Cash payments to the Company

- $35,000 on approval by the Exchange (the "Approval Date"), received on March 7, 2011 (received);
- $35,000 on or before March 7, 2013 (received);
- $55,000 on or before March 7, 2014;
- $75,000 on or before March 7, 2015.

Share issuances to the Company

- 100,000 common shares within 5 days of Approval Date (received);
- 20,000 common shares(1) on or before March 7, 2013 (received);
- 20,000 common shares(1) on or before March 7, 2014;
- 20,000 common shares(1) on or before March 7, 2015;
- 20,000 common shares(1) on or before March 7, 2016.

(1) Post-consolidation True Grit common shares. The common shares of True Grit were consolidated on November 5, 2012, as to 5 old common shares for one new common share.

Exploration expenditures on the Property

- $125,000 on or before March 7, 2012 (incurred);
- $575,000 on or before March 7, 2014;
- $800,000 on or before March 7, 2015;
- $1,000,000 on or before March 7, 2016.

Upon having earned an initial 60% in the property, True Grit can elect to earn an additional 10% interest by expending a further $2,000,000 in exploration expenditures.

(d) Oasis Property

The property is comprised of 13 claims acquired by staking. AngloGold holds a 2% NSR royalty. On October 30, 2009, the Company acquired two associated placer claims, which are subject to a 1.5% NSR with pre-production royalties payable as to US$9,000 per year (paid) for years 1-3, US$12,000 per year for years 4 to 8, and US$15,000 per year for years 9 to commercial production. The NSR can be purchased for US$800,000 at any time. On November 26, 2012, the Company terminated the purchase agreement dated October 30, 2009 to acquire the two associated placer claims.

Option Agreement

On April 22, 2010, the Company entered into agreement with Centerra (U.S.) Inc. ("Centerra"), whereby Centerra had the option to earn a 75% interest in the property in consideration for making staged payments to the Company in the aggregate of US$227,000 (US$67,000 received) and incurring exploration expenditures in the aggregate of US$4,000,000 (US$1,665,000 incurred). Centerra withdrew from the agreement on February 21, 2012.

(e) Root Spring Property – Option Agreement

On June 6, 2011, the Company entered into an option agreement, subsequently amended on October 17, 2012, with Brocade Metals Corp. ("Brocade"), whereby Brocade has the option to earn a 70% interest in the property in consideration for the following:

Cash payments to the Company

- $20,000 on the signing of the agreement (received);
- $30,000 on or before December 31, 2011 (received);
- $30,000 on or before December 31, 2012 (received);
- $30,000 annually on or before December 31, 2013, 2014, 2015 and 2016.

Share issuances to the Company

- 100,000 shares on the signing of the agreement (received);

- 100,000 shares on or before December 31, 2011 (received);
- 60,000 shares on or before December 31, 2012 (received),
- 60,000 shares annually on or before December 31, 2013, 2014, 2015 and 2016.

Incur expenditures on the Property
- $100,000 on or before December 31, 2011 (incurred);
- an additional $400,000 on or before December 31, 2012 (incurred);
- an additional $250,000 on or before December 31, 2013;
- an additional $500,000 on or before December 31, 2014;
- an additional $750,000 on or before December 31, 2015;
- an additional $1,000,000 on or before December 31, 2016.

(f) Seven Devils Property

The property is comprised of 54 claims acquired by staking and 16 leased claims. The leased claims are subject to a 2% NSR. Pursuant to an agreement, as amended, in respect of the leased claims, the Company is required to make quarterly advance minimum royalty payments of US$5,000 from October 1, 2009 to July 1, 2012 (paid), US$7,500 from October 1, 2012 to July 1, 2013 (paid), US$7,500 each on or before October 1, 2013 and December 1, 2013, and US$10,000 thereafter, as well as minimum annual exploration expenditures of US$150,000 until the Company has prepared and delivered a positive prefeasibility study.

(g) Seven Devils and Long Island Properties – First Right of Refusal

On August 30, 2012, the Company entered into an agreement with True Grit, whereby the Company granted the exclusive first right of refusal on the Seven Devils and the Long Island properties to True Grit for a period of six months, in consideration for payment of the Bureau of Land Management of the US Department of the Interior (the “BLM”) fees (received) and the County (“County”) fees (received). Upon receipt of the BLM and County fees, True Grit earned the first right of refusal to enter into a formal option agreement to earn a 70% interest in the properties, and to conduct exploration programs and incur exploration expenditures on the properties for a period of six months. The agreement with True Grit expired on February 28, 2013.

C. Alaska Properties, USA

(a) Shumagin Property

On May 19, 2011, the Company entered into an option agreement with NGAS Production Co. (“NGAS”), a subsidiary of Magnum Hunter Resources Corp. (“Magnum”), to acquire, subject to underlying advance royalty payments of US$2,000 per month to a maximum of US$450,000, a 100% interest in the Shumagin Project, in consideration for making:

Cash payments to NGAS:
- US$100,000 on signing of the agreement (paid);
- US$500,000 on or before July 15, 2011 (paid);
- US$250,000 on or before January 1, 2012 (paid).

Share issuances to NGAS:
- US$250,000 by the issuance of common shares of the Company on or before June 30, 2011 (issued)
- US$250,000 by issuance of common shares of the Company on or before January 1, 2012 (issued)

Cash payment or share issuances to NGAS:
- At the option of NGAS, a final option payment of US$1,500,000 in cash (US$1,000,000 on or before September 1, 2012 and US$500,000 on or before September 1, 2013) or the number of common shares of the Company equivalent to US$1,500,000 on or before October 1, 2012

On August 31, 2012, NGAS elected to be paid US$1,000,000 in cash on September 1, 2012 and US$500,000 in cash on or before September 1, 2013. With respect to the US$1,000,000 due September 1, 2012, NGAS granted the Company an extension of 180 days from and after September 1, 2012 to make the US$1,000,000 payment due to NGAS, in consideration for making cash payment to NGAS of US$100,000 on signing of the extension agreement (paid), and issuing in the aggregate 875,000 shares in stages, as to 125,000 shares on the TSX approval of the extension agreement (issued), and 125,000 shares each on the 30th, 60th, 90th, 120th, 150th and 180th days after September 1, 2012 (all issued).

In respect of the US$1,000,000 originally due on September 1, 2012 and subsequently extended to February 28, 2013, NGAS granted the Company a second extension of 180 days to September 1, 2013, to make the US$1,000,000 payment due to NGAS, in consideration for making:

Cash payment to NGAS:
- US$100,000 on signing of the extension agreement (paid)

Share issuances to NGAS:
- 125,000 shares on the TSX approval of the extension agreement (issued);
- 125,000 shares on or before March 31, 2013 (issued);
- 125,000 shares on or before April 30, 2013 (issued subsequent to March 31, 2013);
- 125,000 shares on or before May 31, 2013 (issued subsequent to March 31, 2013);
- 125,000 shares on or before June 30, 3013 (issued subsequent to March 31, 2013);
- 125,000 shares on or before July 31, 2013;
- 125,000 shares on or before August 30, 2013.

(b) Unga-Popof Property

On June 9, 2011, the Company entered into agreement with Full Metal Minerals Ltd. ("Full Metal") to acquire 60% of Full Metal's interest in the Unga-Popof Property in consideration for the following:

Cash payments to Full Metal
- US$5,000 on signing of the agreement (paid)
- US$70,000 within five business days of finalization of the underlying agreements as negotiated by Full Metal
- US$75,000 on or before August 1, 2012
- US$75,000 on or before August 1, 2013
- US$75,000 on or before August 1, 2014.

Share issuances to Full Metal
- 250,000 common shares of the Company with 5 business days of the finalization of the underlying agreements by Full Metal
- 250,000 common shares of the Company on or before August 1, 2012
- 250,000 common shares of the Company on or before August 1, 2013
- 250,000 common shares of the Company on or before August 1, 2014.

Incur expenditures on the Property
- US$500,000 on or before August 1, 2012
- an additional US$1,000,000 on or before August 1, 2013
- an additional US$1,500,000 on or before August 1, 2014
- an additional US$2,000,000 on or before August 1, 2015.

In addition, the Company has the option of earning an additional 15% interest by producing a Bankable Feasibility Study and issuing an additional 1,000,000 common shares of the

(Expressed in Canadian Dollars)

Company to Full Metal. The Unga-Popof Property is subject to three underlying agreements, two of which have been executed.

9. Property and equipment

	Cost				Accumulated Amortization				Net	
	March 31, 2011	**Additions**	**Dispositions**	**March 31, 2012**	**March 31, 2011**	**Additions**	**Dispositions**	**March 31, 2012**	**March 31, 2011**	**March 31, 2012**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Computer equipment	66,416	7,571	-	73,987	51,551	5,597	-	57,148	14,865	**16,839**
Equipment	26,197	819	-	27,016	16,224	2,076	-	18,300	9,973	**8,716**
Automobiles	29,100	-	-	29,100	11,785	5,194	-	16,979	17,315	**12,121**
Leasehold improvements	9,814	-	-	9,814	7,851	1,963	-	9,814	1,963	**-**
Total	**131,527**	**8,390**	**-**	**139,917**	**87,411**	**14,830**	**-**	**102,241**	**44,116**	**37,676**

	Cost				Accumulated Amortization				Net	
	March 31, 2012	**Additions**	**Dispositions**	**March 31, 2013**	**March 31, 2012**	**Additions**	**Dispositions**	**March 31, 2013**	**March 31, 2012**	**March 31, 2013**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Computer equipment	73,987	3,924	-	77,911	57,148	5,641	-	62,789	16,839	**15,122**
Equipment	27,016	-	-	27,016	18,300	1,743	-	20,043	8,716	**6,973**
Automobiles	29,100	-	-	29,100	16,979	3,518	-	20,497	12,121	**8,603**
Total	**130,103**	**3,924**	**-**	**134,027**	**92,427**	**10,902**	**-**	**103,329**	**37,676**	**30,698**

10. Loans payable

On May 12, 2011, the Company issued an unsecured promissory note for principal of $100,000, bearing interest at 8% per annum, calculated annually and maturing on or before July 12, 2011. The loan was repaid with interest of $1,556 on July 21, 2011. On May 16, 2011, the Company issued an unsecured promissory note for principal of $70,000, bearing interest at 3% per annum, calculated annually and maturing on or before May 16, 2012. The loan was repaid with interest of $570 on August 29, 2011.

11. Capital stock

Authorized: Unlimited number of common shares without par value

Issued at March 31, 2013: 73,436,215 common shares

During the year ended March 31, 2013, the Company:

- Closed, in December, 2012, the first tranche of a non-brokered private placement of 4,892,000 units at $0.15 per unit for total gross proceeds of $733,800. The units were comprised of one common share in the capital of the Company and one-half non-transferable share purchase warrant, with each full warrant allowing for the purchase of one additional common share in the capital of the Company at $0.25 per share until June 20, 2014. In connection with the private placement, the Company paid finders' fees of $35,375, issued 235,830 finders' warrants valued at $31,153 and incurred other expenses of $11,179. The finders' warrants were issued under the same terms as the warrants issued to the participants.
- Issued 100,000 common shares in connection with the exercise of incentive stock options, for gross proceeds of $25,000.
- Issued in the aggregate, 1,125,000 common shares valued at $186,250 in connection with the acquisition of the Shumagin property.

During the year ended March 31, 2012, the Company:

- Closed, on July 14, 2011, a non-brokered private placement of 12,917,999 units at a price of $0.35 per unit for gross proceeds of $4,521,300. Each unit consists of one common share and one-half of one non-transferable share purchase warrant. Each share purchase warrant allows for the purchase of one additional common share of the Company at $0.60 per common share until July 14, 2013. In connection with the private placement, the Company paid finders' fees in cash of $244,665 and other expenditures of $36,723, and issued 699,043 share purchase warrants valued at $42,781. The warrants have an accelerated expiry provision, such that four months after the warrants are issued, the Company may give notice that said warrants will expire thirty days from the date of the notice, unless previously exercised by the purchaser, provided that for a period of ten consecutive trading days the weighted average closing price of the Company's common shares on the Exchange exceeds $0.90 per share.

(Expressed in Canadian Dollars)

- Issued a total of 235,000 common shares in connection with the exercise of incentive stock options, for total gross consideration of $35,250.
- Issued a total of 1,132,875 common shares valued in total at $500,000, in connection with the acquisition of the Shumagin Property.

Share purchase warrants

As at March 31, 2013 and 2012, the Company had the following share purchase warrants outstanding as follows:

	March 31, 2013		March 31, 2012	
Expiry Date	Number of Warrants #	Weighted Average Exercise Price $	Number of Warrants #	Weighted Average Exercise Price $
July 14, 2013	7,158,042 [a]	0.60	7,158,042 [a]	0.60
June 20, 2014	2,681,830 [b]	0.25	-	-
	9,839,872	0.51	7,158,042	0.60

(a) The warrants were valued at $42,781 using the Black-Scholes pricing model with the following assumptions: risk-free interest rate: 1.46%; expected stock price volatility: 55.55% and expected warrant life in years: 2.

(b) The warrants were valued at $31,153 using the Black-Scholes pricing model with the following assumptions: risk-free interest rate: 1.13%; expected stock price volatility: 235.83% and expected warrant life in years: 1.5.

The following table presents changes in warrants for the year ended March 31, 2013 and 2012:

	March 31, 2013		March 31, 2012	
	Number of Warrants #	Weighted Average Exercise Price $	Number of Warrants #	Weighted Average Exercise Price $
Outstanding at beginning of year	7,158,042	0.60	7,158,042	0.60
Issued during the year	2,681,830	0.25	-	-
Outstanding at end of year	9,839,872	-	7,158,042	0.60

Stock options

The Company has a 20% stock option plan, which allows the Board of Directors to grant options to directors, officers, employees and consultants. The maximum term of the options is five years. Options vest as to 25% at the date of grant and an additional 25% each six months thereafter.

As at March 31, 2013 and 2012, the Company had stock options outstanding to directors, employees and consultants as follows:

(Expressed in Canadian Dollars)

March 31, 2013			
Outstanding Number of Options #	Exercisable Number of Options #	Expiry Date	Exercise Price $
740,000	740,000	September 16, 2014	0.15
1,600,000	1,600,000	October 28, 2015	0.18
150,000	150,000	February 23, 2016	0.30
500,000	500,000	September 7, 2016	0.50
400,000	400,000	September 30, 2016	0.53
2,750,000	1,375,000	May 18, 2017	0.29
400,000	200,000	July 26, 2017	0.20
6,540,000	**4,965,000**		

March 31, 2012			
Outstanding Number of Options #	Exercisable Number of Options #	Expiry Date	Exercise Price $
625,000	625,000	May 4, 2012	0.25
270,000	270,000	January 18, 2013	0.20
1,240,000	1,240,000	September 16, 2014	0.15
1,700,000	1,275,000	October 28, 2015	0.18
150,000	112,500	February 23, 2016	0.30
250,000	125,000	August 11, 2016	0.41
500,000	250,000	September 7, 2016	0.50
500,000	250,000	September 30, 2016	0.53
5,235,000	**4,147,500**		

The following table presents changes in stock options for the year ended March 31, 2013 and 2012:

	March 31, 2013		**March 31, 2012**	
	Outstanding Number of Options #	Weighted Average Exercise Price $	Outstanding Number of Options #	Weighted Average Exercise Price $
Outstanding at beginning of year	5,235,000	0.26	4,795,000	0.19
Granted	3,150,000	0.28	1,250,000	0.49
Exercised	(100,000)	0.25	(235,000)	0.15
Expired	(795,000)	0.23	-	-
Forfeited	(950,000)	0.26	(575,000)	0.24
Outstanding at end of year	6,540,000	0.27	5,235,000	0.26

Share-based payments

During the year ended March 31, 2013, stock options allowing for the acquisition of up to 3,150,000 shares were granted. The fair value of these stock options is recognized as share-based payments expense over the vesting period of the options.

The fair value of stock options granted in 2013 is estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

(Expressed in Canadian Dollars)

	2013
Risk-free interest rate	1.43%
Expected dividend yield	0.00%
Expected stock price volatility	173.17%
Expected option life in years	5

12. Related party transactions

(a) The Company conducts the majority of its management, administrative and exploration activities through a services contractor in which a director is a shareholder. For the years ended March 31, 2013 and 2012, the Company was charged $192,518 (2012: $697,073) for exploration costs and $3,924 (2012: $8,389) for capital assets. The Company was also charged $825,496 (2012: $818,066) to reimburse office and administrative costs as follows:

	March 31, 2013	**March 31, 2012**
	$	**$**
Contract wages*	491,234	373,540
Travel and promotion	60,001	150,687
Investor relations	120,960	161,280
Rent	117,602	85,287
Office and miscellaneous	32,395	40,822
Telephone	3,304	6,450
	825,496	818,066

* incl. $252,000 compensation for the Chief Executive Officer (“CEO”) & a Director (2012: $180,000 for the CEO)

As at March 31, 2013, the Company owed $661,573 (2012: $209,354) to that contractor. The amount due to this related party is without interest and is due on demand. These transactions were made in the normal course of operations and are recorded at the exchange amount, being the amount agreed upon by the related parties.

(b) During the year, the Company was charged $42,000 (2012: $42,000) by a company whose principal is the Chief Financial Officer. At March 31, 2013, the Company owed $8,400 to that company (2012: $3,360).

(c) Compensation of key management personnel for the years ending March 31, 2013 and 2012 is summarized as follows:

	March 31, 2013	**March 31, 2012**
	$	**$**
Fees for the CEO, CFO and a Director	294,000	222,000

Key management personnel were not paid post-retirement benefits, termination benefits, or other long-term benefits during the years ended March 31, 2013 and 2012.

(d) At March 31, 2013, the Company was owed, without interest and on demand, $47,059 (2012: $40,410) by a company related by virtue of common directorship, in respect of the Cooks Creek property.

13. Segmented information

(Expressed in Canadian Dollars)

The Company has one operating segment, mineral exploration and development and operates in two geographical segments, Canada and the United States. The capital assets and total assets identifiable with these geographical areas are as follows:

	March 31, 2013	March 31, 2012
	$	$
Capital Assets (including mineral properties and deposits)		
Canada	1,523,112	1,637,573
United States	3,982,850	3,578,933
	5,505,962	5,216,506

	March 31, 2013	March 31, 2012
	$	$
Total Assets		
Canada	1,872,106	2,180,984
United States	3,982,850	3,578,933
	5,854,956	5,759,917

14. Commitments

During 2013, the Company renewed the agreement for the rental of office premises until March 31, 2017. The cost of the premises is shared between the Company and other companies, such that the Company's proportionate share of minimum annual rental payments is as follows:

	$
Calendar 2013 (remainder of year)	38,787
Calendar 2014	53,655
Calendar 2015	56,241
Calendar 2016	58,827
Calendar 2017	14,868
	222,378

15. Income Tax

As at its March 31, 2013 fiscal year end, the Company has accumulated losses for Canadian income tax purposes of approximately $4,253,000, which expire at various dates commencing 2015.

The reconciliation of income tax provision computed at statutory rates to the reported income tax provision is as follows:

	2013	2012
	$	$
	30.0%	30.0%
Income tax benefit computed at Canadian statutory rates	(594,428)	(551,782)
Other timing differences	132,954	(89,419)
Change in valuation allowance	463,781	652,013
	2,307	10,812

(Expressed in Canadian Dollars)

Significant components of the Company's future tax assets and liabilities are as follows:

	2013 $	2012 $
Future income tax assets		
Tax basis of mineral property interests in excess of carrying value	1,097,917	1,064,617
Tax basis of equipment in excess of carrying value	22,088	28,842
Marketable securities	15,888	10,350
Non-refundable mining income tax credit	43,192	43,192
Non-capital losses carried forward	1,674,641	1,242,944
	2,853,726	2,389,945
Valuation allowance	(2,853,726)	(2,389,945)
Future income tax assets, net	-	-

16. Subsequent events

- In connection with the acquisition of the Shumagin property, the Company issued 125,000 common shares in the capital of the Company each on April 23, 2013, May 23, 2013 and June 20, 2013, valued at $8,750, $10,000 and $8,125, respectively.
- On April 22, 2013, the Company was advised by Newmont that it was terminating the lease agreement for the Baker property.
- Subsequent to March 31, 2013, the Company relinquished some of its claims on the Richmond Summit,