CONFEDERATION MINERALS LTD.

Consolidated Financial Statements

Year Ended June 30, 2013

(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Confederation Minerals Ltd.

We have audited the accompanying consolidated financial statements of Confederation Minerals Ltd., which comprise the consolidated statement of financial position as at June 30, 2013, and the consolidated statements of operations and comprehensive loss, cash flows and changes in equity for the year 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.

Auditors' 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 auditors' 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 in our audit is sufficient and appropriate to provide a basis for our audit opinion.

1200 - 609 Granville Street, P.O. Box 10372, Pacific Centre, Vancouver, B.C., Canada V7Y 1G6
Telephone (604) 687-0947 Fax (604) 687-6172

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Confederation Minerals Ltd. as at June 30, 2013 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Matters

The consolidated financial statements of Confederation Minerals Ltd. for the year ended June 30, 2012 were audited by another auditor who expressed an unmodified opinion on those statements on October 25, 2012.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada — Chartered Accountants

October 24, 2013

CONFEDERATION MINERALS LTD.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Notes	June 30, 2013	June 30, 2012
		$	$
ASSETS			
Current assets			
Cash and cash equivalents		270,981	96,899
Short-term investment	5	1,810,985	8,962,775
Marketable securities	6	1,340,000	-
Receivables	7	799,158	123,133
Prepaid expenses	8	66,518	35,417
Total current assets		4,287,642	9,218,224
Non-current assets			
Exploration and evaluation assets	9	10,817,065	8,706,134
Intangible assets	9	-	455,422
Total non-current assets		10,817,065	9,161,556
Total assets		15,104,707	18,379,780
LIABILITIES			
Current liabilities			
Payables and accruals	12	313,110	514,391
Income tax payable	13	-	518,223
Total liabilities		313,110	1,032,614
EQUITY			
Equity attributable to shareholders			
Share capital	14	19,847,270	19,581,335
Reserves		2,560,143	3,078,871
Deferred share based payment		(14,678)	(39,838)
Accumulated deficit		(8,150,825)	(6,221,380)
Accumulated other comprehensive income (loss)		549,687	(3,442)
Non-controlling interest		-	951,620
Total equity		14,791,597	17,347,166
Total liabilities and equity		15,104,707	18,379,780

These consolidated financial statements are authorized for issue by the Board of Directors on October 24, 2013. They are signed on the Company's behalf by:

On behalf of the Board:

"Brian Bapty" Director — *"Lawrence Dick"* Director

Brian Bapty — Lawrence Dick

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

CONFEDERATION MINERALS LTD.
Consolidated Statements of Operations and Comprehensive Loss
(Expressed in Canadian Dollars)

For the year ended June 30,	Notes	2013	2012
		$	$
Expenses			
Consulting fees	15	880,541	922,144
Filing fees		41,978	45,304
Foreign exchange loss (gain)		-	41
Insurance		55,033	14,808
Meals and entertainment		15,608	30,100
Office expenses		97,985	35,729
Professional fees		300,254	69,041
Share-based payments	14	102,842	1,314,394
Shareholder information		45,664	60,689
Transfer agent fees		21,821	11,275
Travel and accommodation		122,284	88,837
Wages	15	191,093	48,685
Loss before undernoted		(1,875,103)	(2,641,047)
Interest and miscellaneous income		54,499	96,029
Unrealized gain from marketable securities	6	300,000	-
Impairment of exploration and evaluation assets		-	(210)
Loss before income tax		(1,520,604)	(2,545,228)
Income tax (expenses) recovery	13	412,446	(178,000)
Loss from continuing operations		(1,108,158)	(2,723,228)
Loss from discontinued operations	11	(949,967)	(849,471)
Loss for the year		(2,058,125)	(3,572,699)
Loss attributable to:			
Shareholders of the Company		(1,929,445)	(3,211,845)
Non-controlling interest		(128,680)	(360,854)
		(2,058,125)	(3,572,699)
Other comprehensive income (loss)			
Unrealized gain on marketable securities	6	549,687	-
Foreign currency translation		-	27,831
Total comprehensive loss for the period		(1,508,438)	(3,544,868)
Net comprehensive loss attributable to:			
Shareholders of the Company		(1,379,758)	(3,196,128)
Non-controlling interest		(128,680)	(348,740)
		(1,508,438)	(3,544,868)

Loss per share (note 16)

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

CONFEDERATION MINERALS LTD.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

For the Year Ended June 30,	2013	2012
	$	$
Cash provided by (used in):		
Operating activities		
Net loss for the year from continuing operations	(1,108,158)	(2,723,228)
Items not involving cash:		
Interest income	(54,499)	(96,029)
Share-based payments	102,842	1,314,394
Unrealized gain on whole share warrants	(300,000)	-
Deferred income tax expense (recovery)	(412,667)	(275,000)
Impairment of exploration and evaluation assets	-	-
Changes in non-cash working capital:		
Receivables	53,246	199,258
Prepaid expenses	(44,177)	(8,179)
Accounts payable and accrued liabilities	115,835	(1,048,689)
Loan receivable	-	70,000
Income tax payable	-	453,000
Cash used in continuing operating activities	(1,647,578)	(2,114,473)
Cash used in discontinued operating activities	(553,553)	(388,200)
	(2,201,131)	(2,502,673)
Investing activities:		
Sale (purchase) of short-term investment	5,669,020	3,052,488
Exploration and evaluation assets and intangible assets	(4,059,991)	(4,191,737)
Interest received	54,499	96,029
Cash used in continuing investing activities	1,663,528	(1,043,220)
Cash used in discontinued investing activities	461,685	(1,692,757)
	2,125,213	(2,735,977)
Financing activities:		
Proceeds from shares issued, net of costs	250,000	4,632,885
	250,000	4,632,885
Net change in cash and cash equivalents	174,082	(605,765)
Effect of exchange rate changes on cash	-	17,435
Cash and cash equivalents, beginning of year	96,899	685,229
Cash and cash equivalents, end of year	270,981	96,899

Supplementary cash flow information (note 17)

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

CONFEDERATION MINERALS LTD.
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Common Shares Number of Shares	Amount	Reserves	Deferred Share Based Payment	Deficit	Accumulated Other Comprehensive Income (Loss)	Non-Controlling Interest	Total Shareholder`s Equity
		$	$	$	$	$	$	$
Balance on June 30, 2011	44,350,121	14,792,879	1,209,800	(64,998)	(3,009,535)	(19,159)	-	12,908,987
Common shares issued:								
Issuance of shares for the finders fee								-
for Newman Property	100,000	47,000	-	-	-	-	-	47,000
Share-based payment	-	-	1,977,643	25,160	-	-	-	2,002,803
Exercise of purchase warrants	9,698,219	4,389,092	-	-	-	-	-	4,389,092
Exercise of agent's warrants	980,192	243,792	-	-	-	-	-	243,792
Fair value on agents warrants issued	-	74,092	(74,092)	-	-	-	-	-
Residual value applied on								
exercise of warrants	-	34,480	(34,480)	-	-	-	-	-
Business acquisition	-	-	-	-	-	-	1,300,360	1,300,360
Loss for the year	-	-	-	-	(3,211,845)	-	(360,854)	(3,572,699)
Other comprehensive income (loss)	-	-	-	-	-	15,717	12,114	27,831
Balance - June 30, 2012	55,128,532	19,581,335	3,078,871	(39,838)	(6,221,380)	(3,442)	951,620	17,347,166
Common shares issued:								
Private placements	10,000,000	1,000,000	-	-	-	-	-	1,000,000
Share issue costs	-	(54,000)	-	-	-	-	-	(54,000)
Fair value of agent warrents issued	-	(92,000)	92,000	-	-	-	-	-
Issuance of shares								
for Newman Property	150,000	46,500	-	-	-	-	-	46,500
Share-based payment	-	-	99,493	25,160	-	-	-	124,653
Distribution of Magna shares	-	(634,565)	-	-	-	-	-	(634,565)
Deconsolidation of Magna Resources Ltd.	-	-	(710,221)	-	-	3,442	(822,940)	(1,529,719)
Loss for the year	-	-	-	-	(1,929,445)	-	(128,680)	(2,058,125)
Other comprehensive income (loss)	-	-	-	-	-	549,687	-	549,687
Balance - June 30, 2013	65,278,532	19,847,270	2,560,143	(14,678)	(8,150,825)	549,687	-	14,791,597

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

1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

The Company was incorporated on November 3, 2005 under the Business Corporations Act (British Columbia) as "Medina Ventures Inc.", changed its name to "Sienna Minerals Ltd." on April 26, 2006 and changed its name to Confederation Minerals Ltd. on April 11, 2007. The Company's principal business activity is the exploration of exploration and evaluation assets.

In January 2012, the Company acquired control of Magna Resources Ltd. ("Magna") (note 10). In December 2012, the Company disposed of its controlling interest in Magna through a distribution of Magna shares to the Company's shareholders (note 11).

The Company is in the process of exploring its exploration and evaluation assets and has not yet determined whether its exploration and evaluation assets contain mineral reserves that are economically recoverable. The Company's continuing operations, and the recoverability of the amounts shown for exploration and evaluation assets are entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its exploration and evaluation assets, and on future profitable production or proceeds from the disposition of the exploration and evaluation assets. Management believes they have sufficient working capital to maintain the next twelve months of operations.

The business of exploring for and mining of exploration and evaluation assets involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations.

The financial information is presented in Canadian Dollars (CDN$), which is the functional currency of the Company.

The head office and principal address of the Company are located at Suite 1980, 1075 West Georgia Street, Vancouver, British Columbia, V6E 3C9.

2. BASIS OF PRESENTATION

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which collectively includes all applicable individual International Financial Reporting Standards and Interpretations approved by the International Accounting Standards Board (the "IASB"), and all applicable individual International Accounting Standards ("IASs") and Interpretations as originated by the Board of the International Accounting Standards Committee and adopted by the IASB, effective for the Company's reporting for the year ended June 30, 2013.

Basis of measurement

The financial statements have been prepared under the historical cost basis. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

a) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, demand deposits with financial institutions and other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. There were no cash equivalents at June 30, 2013 and 2012.

b) Mineral Exploration and Evaluation Expenditures

Pre-exploration Costs

Pre-exploration costs are expensed in the year in which they are incurred.

Exploration and Evaluation Expenditures

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

The Company may occasionally enter into farm-out arrangements, whereby the Company transfers part of a mineral interest, as consideration, for an agreement by the transfee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of comprehensive loss/income.

The Company assesses exploration and evaluation assets for impairment when 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.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as 'mines under construction'. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its controlled entities. Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date on which control ceases. All inter-company transactions, balances, income and expenses are eliminated in full upon consolidation. Details of controlled entities are as follows:

	Country of Incorporation	Percentage owned as at June 30, 2013	Percentage owned as at June 30, 2012	Principal activity
Magna Resources Ltd. ("Magna")	Canada	nil	56.47%	Exploration
American Potash LLC ("American Potash")	United States	nil	56.47%	Exploration

Non-controlling interests represent equity interests in subsidiaries owned by outside parties. Non-controlling interests consists of the non-controlling interest at the date of the original business combination plus the non-controlling interest's share in changes in equity since the date of acquisition. The share of net assets of subsidiaries attributable to non-controlling interests is presented as a component of equity. Their share of net income and comprehensive income is recognized directly in equity. Changes in the parent company's ownership interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions.

d) Foreign Currencies Translation and Transaction

The functional currency of each of the Company's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Canadian dollars which is the parent company's functional currency. The functional currency of the Company and Magna is Canadian dollars and the functional currency of American Potash is US dollars.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined. Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in the statement of loss in the period in which they arise.

The financial statements of the entities that have a functional currency different from that of the parent company ("foreign operations") are translated into Canadian dollars as follows: assets and liabilities – at the closing rate at the date of the statement of financial position, and income and expenses – at the average rate of the period (as this is considered a reasonable approximation to actual rates). All resulting changes are recognized in other comprehensive income as cumulative translation adjustments.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Impairment of Non-Financial Assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial year-end. Other non-financial assets, including exploration and evaluation assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. The Company performs impairment testing on each cash-generating unit.

An impairment loss is charged to profit or loss, except to the extent it reverses gains previously recognized in accumulated other comprehensive loss/income.

f) Financial Instruments

Financial Assets

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category into which they currently classify its assets is as follows:

Loans and Receivables

These assets, including receivables, are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Available-for-Sale Financial Assets

Non-derivative financial assets that do not meet the definition of loans and receivables are classified as available-for-sale and comprise principally the Company’s strategic investments in entities not qualifying as subsidiaries or associates. Available-for-sale investments are carried at fair value with changes in fair value recognized in other comprehensive loss. Where there is a significant or prolonged decline in the fair value of an available-for-sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment, including any amount previously recognized in other comprehensive loss, is recognized in profit or loss. If there is no quoted market price in an active market and fair value cannot be readily determined, available-for-sale investments are carried at cost.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

On sale or impairment, the cumulative amount recognized in other comprehensive loss is reclassified from accumulated other comprehensive income (loss) to profit or loss.

Marketable securities (common shares) are classified as available for sale.

Fair Value through Profit and Loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on the fair value in accordance with Company's risk management strategy. Attributable transaction costs are recognized in profit and loss when incurred. Fair value through profit or loss are measured at fair value, and changes are recognized in profit or loss.

Marketable securities (warrants), cash and cash equivalents and short-term investments are classified as fair value through profit or loss.

Impairment on Financial Assets

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Financial Liabilities

Financial liabilities, including payables and accruals, are classified as other financial liabilities, based on the purpose for which the liability was incurred, and comprise payables and accruals. These liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

g) Provisions

Rehabilitation Provision

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records, if any, the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the year in which the obligation is incurred. The nature of the rehabilitation activities include restoration, reclamation and re-vegetation of the affected exploration sites.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related exploration properties. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the year in which they occur.

Other Provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

h) Income Taxes

Income tax expense comprises current and deferred tax expense. Current tax and deferred tax expense are recognized in net income or loss except to the extent that they relate to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

i) Share Capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company’s common shares, share warrants and flow-through shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Flow-through Shares

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenditures being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognised as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Lookback Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

j) Earnings / Loss Per Share

Basic earnings/loss per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant year.

Diluted earnings/loss per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

k) Share-based Payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss. Options or warrants granted related to the issuance of shares are recorded as a reduction of share capital.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model.

All equity-settled share-based payments are reflected in reserves, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in reserves is credited to share capital, adjusted for any consideration paid.

l) Standards, Amendments and Interpretations Not Yet Effective

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for the Company's fiscal years beginning on or after July 1, 2013. The following standards and interpretations are relevant to the Company's financial statements but are not yet effective:

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2015 but is not likely to have a material impact on the Company’s financial statements.

IFRS 13 Fair Value Measurement

IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The Company is yet to assess the full impact of IFRS 13 and intends to adopt the standard no later than the accounting period beginning on July 1, 2013.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive loss/income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Exploration and Evaluation Expenditures

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after the expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

Income Taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. The Company believes it has adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

Share-based Payment Transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 14.

5. SHORT-TERM INVESTMENT

As at June 30, 2013, the Company has short-term investment of $1,810,985 of principal including $10,985 of interest. The short-term investment has an annual yield of prime minus 1.8% (June 30, 2012 - $7,440,000 and interest of $40,005).

As at June 30, 2012, the Company's subsidiary Magna had short-term investment of $1,475,000 of principal and $7,770 of interest due on January 18, 2013 which was deconsolidated at December 19, 2012 (see note 11).

(Expressed in Canadian Dollars)

6. MARKETABLE SECURITIES

		Cost	Fair Value
		$	$
Magna Resources Inc. - shares	8,000,000	426,313	1,040,000
Magna Resources Inc. - share purchase warrants	2,400,000	-	300,000
Balance - June 30, 2013		426,313	1,340,000

On December 19, 2012, the Company received an order from the Supreme Court of British Columbia approving the distribution of 21,086,656 Magna common shares to the Company's shareholders (note 11). The fair value of the 8,000,000 shares retained by the Company was determined at $426,313 and recognized as marketable securities designated as available-for-sale instruments. During the year ended June 30, 2013, the Company recognized an unrealized holding gain of $549,687, net of deferred taxes of $64,000.

At distribution, the Company retained 2,400,000 share purchase warrants that were acquired during the business acquisition (note 10). These warrants were valued at $300,000 at June 30, 2013 using the Black-Scholes pricing model using the following assumptions:

Dividend yield	0%
Risk-free interest rate	1.35%
Estimated volatility	255%
Expected life in years remaining	2.67

7. RECEIVABLES

At June 30,	2013	2012
	$	$
Share subscription receivable	750,000	-
HST - value added tax	49,158	123,133
	799,158	123,133

The share subscriptions have since been received by the Company.

8. PREPAID EXPENSES

At June 30,	2013	2012
	$	$
Current		
Prepaid expenses and deposits	66,518	35,417

(Expressed in Canadian Dollars)

9. EXPLORATION AND EVALUATION ASSETS

The exploration and evaluation assets of the Company are comprised as follows:

	June 30, 2011	Change	June 30, 2012	Change	Disposal	June 30, 2013
	$	$	$	$	$	$
Newman Todd Project	2,358,837	4,627,655	6,986,492	3,830,573	-	10,817,065
Green River Potash	-	1,719,642	1,719,642	9,748	(1,729,390)	-
	2,358,837	6,347,297	8,706,134	3,840,321	(1,729,390)	10,817,065

Newman Todd Project

	June 30, 2011	Change	June 30, 2012	Change	June 30, 2013
	$	$	$	$	$
Acquisition					
Cash payments	166,250	50,000	216,250	75,000	291,250
Share issuance	197,250	47,000	244,250	46,500	290,750
	363,500	97,000	460,500	121,500	582,000
Deferred exploration expenditure					
Advance payment	200,000	-	200,000	-	200,000
Assays and reports	114,354	717,252	831,606	346,780	1,178,386
Camp construction	38,662	65,394	104,056	11,220	115,276
Drilling	659,160	2,100,468	2,759,628	1,618,834	4,378,462
Environmental	-	-	-	121,425	121,425
Equipment installation	101,950	-	101,950	-	101,950
Field expenses	366,700	387,380	754,080	293,805	1,047,885
General administration	5,597	23,736	29,333	22,323	51,656
Metallurgy studies	-	-	-	75,706	75,706
Geological consulting	422,483	1,011,963	1,434,446	1,047,871	2,482,317
Permitting	686	1,237	1,923	783	2,706
Reclamation	-	10,000	10,000	-	10,000
Resource estimation	-	-	-	15,230	15,230
Surveys	7,068	-	7,068	-	7,068
Travel and Accommodation	78,677	213,225	291,902	155,096	446,998
	1,995,337	4,530,655	6,525,992	3,709,073	10,235,065
	2,358,837	4,627,655	6,986,492	3,830,573	10,817,065

Pursuant to an option agreement dated November 19, 2010 with Redstar Gold Corp. (“Redstar”), the Company was granted an option to acquire up to 70% of Redstar’s Newman Todd project (the “Newman Todd Project”), located in the Red Lake Mining District of Northern Ontario.

9. EXPLORATION AND EVALUATION ASSETS (continued)

To exercise the option to earn an initial 50% interest, the Company is required to incur a cumulative of $5,000,000 of work expenditures on the Property, issue to Redstar a total of 500,000 shares of the Company and make payments to Redstar totalling $250,000 in the following manner:

(a) 100,000 shares (issued) and a $50,000 payment (paid) within 10 business days of approval of the Agreement by the TSX Venture Exchange (December 22, 2010);

(b) work expenditures of $2,000,000 (incurred), 100,000 shares (issued) and a further $50,000 payment (paid) on or before the first anniversary of the Agreement;

(c) further work expenditures of $1,500,000 (incurred), a further 150,000 shares (issued) and a further $75,000 payment (paid) on or before the second anniversary of the Agreement; and

(d) further expenditures of $1,500,000 (incurred), a further 150,000 shares and a further $75,000 payment on or before the third anniversary of this Agreement.

To exercise the option to earn a further 20% interest, thereby increasing its overall interest to 70%, the Company will be required to produce, at its own cost, a preliminary assessment of the Property and issue a further 500,000 shares to Redstar on or before the sixth anniversary of the Agreement, subject to minimum annual expenditures of $250,000 during the last three years of the option period. The parties also have agreed to form a joint venture following the exercise of the option by the Company. The Property is subject to a two percent net smelter return and a fifteen percent net carried interest. The latter interest does not receive payment until capital expenditures have been recovered with interest. A finder’s fee of $132,500 was paid with respect to the Newman Todd project by cash of $66,250 and issuance of 228,448 shares at a fair value of $0.29 per share.

The Company also owns an effective 17.5% interest in certain other claims adjacent to the Newman Todd Project.

Confederation Lake (Mitchell & Belanger) Claims, Ontario

The Company holds certain claims located in the Red Lake Mining District of Ontario. These claims have a nominal carrying value.

American Potash Properties (Green River Potash and Arizona Property)

Prior to the distribution of Magna shares (see note 11), the Company had a controlling interest in Magna which has a 50% interest in American Potash LLC, which held an interest in the Green River Potash and Arizona Property. This property consisted of an option agreement to acquire a 100% interest in various exploration permits as well as pending exploration permit applications which were accounted for as intangible assets.

(Expressed in Canadian Dollars)

10. BUSINESS ACQUISITION

On November 21, 2011, the Company and Magna signed a purchase and sale agreement whereby the Company sold to Magna the 50% interest in American Potash then held by the Company.

As consideration for the purchase, Magna issued 22,420,000 common shares and 2,400,000 common share purchase warrants. Each warrant entitles the Company to purchase a further common share at a price of $0.10 until February 25, 2016.

On January 19, 2012 the transaction was completed. As a result, the Company effectively controlled Magna and Magna holds a 100% interest in American Potash, which holds potash leases and an option in respect of potash lease applications in the State of Utah.

The transaction was accounted for in accordance with IFRS 3, Business Combination, and the Company is considered to be the accounting acquirer. The purchase price allocation is listed below:

Consideration	$
Fair value of 50% interest in American Potash	1,299,200
	1,299,200
Fair Value of Net Asset Acquired	
Receivables	12,413
Prepaid	10,095
Bank indebtedness	(27,648)
Trade and other payables	(223,132)
Loan	(296,611)
Exploration and evaluation assets	2,801,633
Intangible assets	322,810
Non-controlling interest	(1,300,360)
	1,299,200

The fair value of the 50% interest of American Potash was determined based on the fair value of the purchase consideration on January 19, 2012. The non-controlling interest is measured based on the fair value of shares of Magna held by non-controlling shareholders right after this transaction.

Magna contributed to revenue of $Nil and loss of $849,471 to the Company’s result from January 20, 2012 to June 30, 2012. Acquisition related costs of $86,000 was recorded in professional fees.

(Expressed in Canadian Dollars)

10. BUSINESS ACQUISITION (continued)

In addition to the transaction, the Company subscribed for 6,666,666 common shares of Magna at $0.30 per share for gross proceeds to Magna of $2,000,000. As at June 30, 2012, Magna has an aggregate of 51,506,666 common shares and 4,800,000 common share purchases warrants exercisable at $0.10 per share issued and outstanding (on a non-diluted basis) and the Company holds 56.47% of the shares and 50% of the warrants in Magna.

11. DISTRIBUTION TO SHAREHOLDERS

On December 19, 2012, the Company received an order from the Supreme Court of British Columbia approving the distribution of 21,086,656 Magna common shares. Upon completion of the distribution, the Company's ownership interest in Magna decreased from approximately 56.47% to approximately 16%. As of December 19, 2012, the Company determined that it no longer controlled Magna, and, as a result, would no longer consolidate the operations of Magna. As a result, the Company derecognized the carrying amounts of assets, liabilities and non-controlling interest related to Magna and recognized its retained investment in Magna at its fair value. The difference between the fair and carrying values at the date of deconsolidation was recorded as a loss of $392,135 on the statement of operations and comprehensive loss, as the Company was required to recognize the fair value of the Magna's net assets which had a book value of $1,982,280 and reserves of $710,221 and accumulated comprehensive income of $3,442. The fair value was based on 40.94% of fair market value of Magna. The spin out was accounted for as a return of capital with a $634,565 charge to share capital.

The fair value of the Magna shares transferred under the Distribution is summarized in the table below:

	December 19, 2012 $
Cash	54,897
Short term investment	930,037
Prepaid	25,123
Receivables	44,368
Intangible assets	659,278
Exploration and evaluation assets	96,667
Accounts payable and accrued liabilities	(260,370)
Fair value of the Magna's net assets	**1,550,000**
Fair value of the net assets distributed to shareholders	**634,565**

(Expressed in Canadian Dollars)

11. DISTRIBUTION TO SHAREHOLDERS (continued)

The following table summarizes the results of discontinued operations for the year ending June 30, 2013 and 2012.

For the year ended June 30,	2013	2012
	$	$
General and administrative expenses	(302,599)	(1,039,177)
Loss on marketable securities	-	(18,234)
Interest and miscellaneous income	6,961	263,518
Income tax expenses	-	(55,578)
Loss on transfer of asset	(654,329)	-
Loss from discontinued operations	(949,967)	(849,471)

12. PAYABLES AND ACCRUALS

At June 30,	Note	2013	2012
		$	$
Trade		304,480	492,692
Due to related parties	15	8,630	21,699
		313,110	514,391

13. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

For the years ended June 30,	2013	2012
	$	$
Loss for the year from continuing operations before tax	(1,520,604)	(2,545,228)
Expected income tax (recovery)	(384,000)	(655,396)
Change in statutory and foreign exchange rates and other	(73,446)	352,000
Permanent differences and discontinued operations	(10,000)	603,422
Impact of flow-through shares	-	240,000
Share issue cost	(14,000)	-
Adjustment to prior years provision versus statutory tax returns	(481,000)	48,000
Change in unrecognized deductible temporary differences	550,000	(410,026)
Total income tax expense (recovery)	(412,446)	178,000
Current income tax recovery	(412,446)	453,000
Deferred income tax	-	(275,000)

(Expressed in Canadian Dollars)

13. INCOME TAXES (continued)

The Canadian income tax rate declined during the year due to changes in the law that reduced corporate income tax rates in Canada. The significant components of the Company's deferred tax assets and liabilities are as follows:

	2013	2012
	$	$
Deferred tax assets (liabilities)		
Exploration and evaluation assets	(252,000)	(324,000)
Capital loss carryforwards	106,000	-
Marketable securities	(103,000)	-
Non-capital losses	249,000	324,000
Net deferred tax assets not recognized	-	-

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	2013	Expiry Date Range	2012
	$		$
Temporary differences			
Share issue costs	442,000	2034 to 2037	640,000
Non-capital losses available for future period	3,838,000	2016 to 2033	1,612,000

Tax attributes are subject to review, and potential adjustment, by tax authorities.

14. SHARE CAPITAL

a) Authorized:

Unlimited common shares with no par value

b) Issued Share Capital:

At June 30, 2013, there were 65,278,532 common shares issued and outstanding (June 30, 2012 – 55,128,532).

c) Common Shares:

In June 2013, the Company closed a private placement consisting of 10,000,000 units at a price of $0.10 per unit for gross proceeds of $1,000,000, of which $750,000 was received subsequent to June 30, 2013. Each unit consisted of one common share and one share purchase warrant with each warrant entitling the holder to purchase one additional common share of the Company at a price of $0.15 per share for a period of one year from the closing of the offering. The Company paid a finder's fee of $54,000 and issued 540,000 warrants with the same terms as the private placement warrants. The fair value of these warrants was calculated at $92,000 using the Black-Scholes pricing model.

(Expressed in Canadian Dollars)

14. SHARE CAPITAL (continued)

On November 13, 2012, the Company issued 150,000 shares at a fair value of $0.31 per share for the Newman Todd project. See note 9 for details.

On October 27, 2011, the Company issued 100,000 common shares for the Newman Todd project at a fair value of $0.47 per share. See note 9 for details.

d) Share-based Payments

The Company has a stock option plan whereby the Company is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of each option will not be less than the discounted market price of the common shares as permitted by the TSX Venture Exchange policies. The options can be granted for a maximum term of 5 years.

Option-pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Changes in the underlying assumptions can materially affect the fair value estimates and therefore in management's opinion, existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options.

During the year ended June 30, 2013, the Company granted 550,000 (2012 – 2,700,000) stock options with a weighted average exercise price per option granted of $0.33 (2012 $0.52) and total share-based payment expense of $102,842 (2012 - $1,314,394).

The continuity of stock options for the period ended June 30, 2013 is as follows:

	Number of Options Outstanding	Weighted Average Exercise Price ($)
Balance, June 30, 2011	2,500,000	0.46
Granted, exercisable on or before July 25, 2016	150,000	0.84
Granted, exercisable on or before January 1,2014	150,000	0.47
Granted, exercisable on or before January 30,2017	2,000,000	0.57
Granted, exercisable on or before March 16,2017	400,000	0.54
Forfeited	(150,000)	0.47
Balance, June 30, 2012	5,050,000	0.52
Granted, exercisable on or before September 1, 2014	200,000	0.45
Granted, exercisable on or before April 1, 2015	200,000	0.22
Granted, exercisable on or before April 1, 2015	150,000	0.30
Forfeited	(550,000)	0.63
Balance June 30, 2013	**5,050,000**	**0.49**

(Expressed in Canadian Dollars)

14. SHARE CAPITAL (continued)

The options outstanding and exercisable at June 30, 2013, are as follows:

Number Outstanding	Exercise Price ($)	Remaining Contractual Life (Years)
350,000	0.25	0.04
300,000	0.25	2.38
1,050,000	0.45	2.60
250,000	0.69	2.66
150,000	0.84	3.07
2,000,000	0.57	3.59
400,000	0.54	3.71
200,000	0.45	1.17
200,000	0.22	1.75
150,000	0.30	1.75
5,050,000		2.79

The fair value of share options awarded to officers, directors and consultants was estimated on the dates of award using the Black-Scholes option pricing model with the following assumptions:

	2013	2012
Dividend yield	0%	0%
Risk-free interest rate	0.99-1.15%	1.03-1.74%
Estimated volatility	76-125%	122-142%
Expected life in years	2	3-5
Weighted average grant date value	0.14	0.48

f) Warrants

The continuity of warrants for the period ended June 30, 2013 is as follows:

	Number of Warrants	Weighted Average Exercise Price ($)
Balance, June 30, 2011	20,588,691	0.62
Exercised	(10,678,411)	0.43
Expired	(2,631,681)	0.11
Balance June 30, 2012	7,278,599	0.96
Granted	10,540,000	0.15
Expired	(7,278,599)	0.96
Balance June 30, 2013	**10,540,000**	**0.15**

(Expressed in Canadian Dollars)

14. SHARE CAPITAL (continued)

Full share equivalent warrants outstanding and exercisable at June 30, 2013 is as follows:

Expiry Date	Price per Share	Warrants Outstanding
June 26, 2014	$ 0.15	10,540,000

The Company issued 540,000 agent warrants as part of a finder's fee. The fair value of these warrants was calculated at $92,000 using the Black-Scholes pricing model and the following assumptions:

Dividend yield	0%
Risk-free interest rate	1.25%
Estimated volatility	86.2%
Expected life in years remaining	1

15. RELATED PARTY TRANSACTIONS

The aggregate value of transactions recorded as consulting fees relating to key management personnel and entities which they have control or significant influence were as follows:

Services provided by:	Notes	Year ended June 30, 2013	2012
		$	$
Lawrence Dick	(a)	120,000	120,000
Brian Bapty	(b)	150,000	46,981
Primarius Capital Corp.	(c)	120,000	120,000
Baron Global Financial Canada Ltd.	(d)	120,000	137,593
St. Cloud Mining Services Inc.	(e)	150,000	120,000
Compensation benefits to key management	(f)	-	633,709

(a) Lawrence Dick, the CEO of the Company provided management services throughout the year.
(b) Brian Bapty, the President of the Company received management salaries for the year.
(c) Primarius Capital Corp. is a privately held corporation controlled by a director, which provides consulting services to the Company.
(d) Pursuant to a management and advisory agreement with Baron Global Financial Canada Ltd. ("Baron"), Baron agreed to act as corporate advisor and Chief Financial Officer of the Company in return for a monthly fee.
(e) St. Cloud Mining Services Inc. is a privately held corporation controlled by a former director of Magna, who provided consulting services to the Company of which $120,000 of the fees paid in 2013 were termination payments for the cancellation of the agreement.
(f) Compensation benefits to key management personnel consists of share-based payments made during the fiscal year.

(Expressed in Canadian Dollars)

15. RELATED PARTY TRANSACTIONS (continued)

Related party payables:

Year ended June 30,	2013 $	2012 $
Lawrence Dick	8,630	926
Brian Bapty	-	18,082
Baron Global Financial Canada Ltd.	-	2,691

16. LOSS PER SHARE

The calculation of the basic and diluted loss per share for the year ended June 30, 2013 and 2012 was as follows:

Year ended June 30,	2013	2012
Loss for the year:		
From continuing operations	($1,108,158)	($2,723,228)
From discontinued operations	($949,967)	($849,471)
Weighted average number of		
common shares outstanding	55,332,231	49,282,028
Basic and diluted loss per share		
From continuing operations	($0.02)	($0.06)
From discontinued operations	($0.02)	($0.02)

17. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS:

Supplementary disclosure of non-cash investing and financing activities during the year ended June 30, 2013 and 2012 were as follows:

For the Year ended June 30,	2013	2012
	$	$
Reallocation of fair value on warrants exercised	-	108,572
Shares issued for exploration and evaluation asset payment	46,500	47,000
Fair value of agent warrants	92,000	-
Finder's fee paid	54,000	-
Share subscription receivable	750,000	-
Mineral property expenditures included within accounts payable	113,000	-
Distribution of assets of Magna Resources Ltd.	634,565	-

18. COMMITMENTS

In March 2012 the Company entered into three consulting agreements with three different related parties to provide business consulting services. Each of the three consultants will be paid a monthly fee of $10,000 for an indefinite term. If any of the consulting agreements are terminated the party will receive $240,000.

On February 1, 2012, the Company entered into a 12 month management and advisory agreement with Baron Global Financial Canada Ltd. ("Baron"), whereby Baron agreed to act as corporate advisor and CFO of the Company in return for a monthly fee of $10,000. The CFO of the Company is also a Senior Manager at Baron.

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Interest Rate Risk

The Company's interest rate risk mainly arises from changes in the interest rates on cash. Cash generates interest based on market interest rates. At June 30, 2013, the Company was not subject to significant interest rate risk.

Foreign Exchange Rate Risk

At December 19, 2012, when the Company distributed the shares to Magna, the Company was no longer subject to foreign exchange risk as all of the Company's operations are located in Canada.

Credit Risk

Credit risk arises from the non-performance by counterparties of contractual financial obligations. The Company's credit risk arises primarily with respect to money market investments.

The Company manages its credit risk by investing only in high quality financial institutions.

The Company's maximum exposure to credit risk at the reporting date is the carrying value of cash and amounts receivable.

Liquidity Risk

The Company manages liquidity risk by maintaining adequate cash balances. If necessary, the Company may raise funds through the issuance of debt, equity or sale of non-core assets. The Company ensures that there is sufficient capital to meet its obligations by continuously monitoring and reviewing actual and forecasted cash flows, and match the maturity profile of financial assets to development, capital and operating needs.

(Expressed in Canadian Dollars)

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Fair Value Hierarchy:

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities; and
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within 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 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable marker data (unobservable inputs).

Cash, short-term investments and shares of Magna are measured at fair value using Level 1. Magna warrants are measured at fair value using Level 2. The carrying value of receivables, and payables and accruals approximates their fair value due to the current nature of those financial instruments.

20. CAPITAL MANAGEMENT

The Company manages its capital, being the components of shareholders' equity, and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. 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 historically relied on the equity markets to fund its activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

21. SEGMENTAL INFORMATION

The Company has one reportable operating segment, being the acquisition and exploration of exploration and evaluation assets within Canada. Geographical information of the Company's capital assets comprising exploration properties is as follows:

Year ended June 30,	2013	2012
	$	$
Mineral Properties		
Canada	10,817,065	6,986,492
United States	-	1,719,642

22. EVENTS AFTER THE REPORTING PERIOD

a) In July 2013, 350,000 stock options were exercised for proceeds of $87,500.

22. EVENTS AFTER THE REPORTING PERIOD (continued)

b) In July 2013, the Company entered into a consulting agreement with a company to provide business consulting services. The company will be paid $10,000 per month plus expenses for a term of one year. The Company also granted the company 500,000 stock options at an exercise price of $0.24 per share for a term of one year.