

**MINNOVA CORP.
(FORMERLY AURIGA GOLD CORP.)
CONDENSED INTERIM**

FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED

JUNE 30, 2014 AND 2013

(UNAUDITED)

(Expressed in Canadian Dollars)

MINNOVA CORP.
(Formerly Auriga Gold Corp.)

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(UNAUDITED)

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian Dollars)

	June 30, 2014	March 31, 2014
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 231,726	\$ 402,312
Amounts receivable	160,601	144,295
Prepaid expenses	<u>43,379</u>	<u>28,272</u>
TOTAL CURRENT ASSETS	435,706	574,879
NON-CURRENT ASSETS		
Restricted cash equivalents (Note 3)	75,736	75,000
Equipment (Note 4)	283,486	287,075
Exploration properties and deferred exploration expenditures (Note 5)	<u>13,554,919</u>	<u>13,218,614</u>
TOTAL NON-CURRENT ASSETS	13,914,141	13,580,689
TOTAL ASSETS	<u>\$ 14,349,847</u>	<u>\$ 14,155,568</u>
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Notes 6 and 12)	\$ 1,915,183	\$ 2,044,089
Flow-through premium liability	23,853	50,685
Debentures (Note 7)	<u>1,351,150</u>	<u>1,322,479</u>
TOTAL CURRENT LIABILITIES	3,290,186	3,417,253
NON-CURRENT LIABILITIES		
Provision for closure and reclamation (Note 8)	<u>3,114,979</u>	<u>2,886,576</u>
TOTAL LIABILITIES	<u>6,405,165</u>	<u>6,303,829</u>
EQUITY		
Share capital (Note 9(b))	14,105,280	13,755,280
Share based payment reserves (Note 10)	1,103,917	1,092,012
Deficit	<u>(7,264,515)</u>	<u>(6,995,553)</u>
TOTAL EQUITY	<u>7,944,682</u>	<u>7,851,739</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 14,349,847</u>	<u>\$ 14,155,568</u>

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)

COMMITMENTS AND CONTINGENCIES (Notes 3,8,13 and 14)

SUBSEQUENT EVENT (Note 15)

APPROVED ON BEHALF OF THE BOARD:

Signed "James White" Director
Signed "Gorden Glenn" Director

See accompanying notes to the unaudited condensed interim financial statements

MINNOVA CORP.

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(Formerly Auriga Gold Corp.)**CONDENSED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**

(UNAUDITED)

(Expressed in Canadian Dollars)

Three Months Ended June 30,	2014	2013
EXPENSES		
Loss on debt settlement with shares (Note 9(b)(i))	\$ 100,000	\$ -
Stock-based payments (Note 10(a)(i))	11,905	-
General and administrative (Note 11)	51,721	52,575
Management and directors' compensation (Note 12(b))	47,000	47,000
Professional and consulting fees (Note 12(a))	35,529	27,236
Amortization (Note 4)	<u>3,589</u>	<u>13,652</u>
LOSS BEFORE BELOW ITEMS	<u>(249,744)</u>	<u>(140,463)</u>
Reversal of flow-through premium liability	26,832	-
Finance cost	<u>(46,050)</u>	<u>(89,617)</u>
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	<u>\$ (268,962)</u>	<u>\$ (230,080)</u>
Net loss per common share - basic and diluted	\$ (0.02)	\$ (0.04)
Weighted average number of shares outstanding - basic and diluted	14,902,341	5,885,133

See accompanying notes to the unaudited condensed interim financial statements

MINNOVA CORP.
(Formerly Auriga Gold Corp.)

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(UNAUDITED)

CONDENSED INTERIM STATEMENTS OF CASH FLOWS

(Expressed in Canadian Dollars)

For the Three Months Ended June 30,	2014	2013
CASH FLOWS USED IN OPERATING ACTIVITIES		
Net (loss) for the period	\$ (268,962)	\$ (230,080)
Items not involving cash:		
Amortization	3,589	13,652
Accretion of provision for closure and reclamation	17,379	17,300
Accretion of debentures	-	43,630
Loss on debt settlement with shares	100,000	-
Reversal of flow-through premium liability	(26,832)	-
Interest expense	28,671	28,671
Stock-based payments	11,905	-
	<u>(134,250)</u>	<u>(126,827)</u>
Changes in non-cash working capital balances:		
(Increase) decrease in amounts receivable	(16,306)	16,881
(Increase) decrease in prepaid expenses	(15,107)	30,624
Increase in accounts payable and accrued liabilities	121,093	69,296
	<u>89,680</u>	<u>116,801</u>
Cash flows used in operating activities	<u>(44,570)</u>	<u>(10,026)</u>
CASH FLOWS USED IN INVESTING ACTIVITIES		
(Increase) in exploration properties and deferred exploration expenditures	(125,280)	(69,804)
(Increase) in restricted cash	(736)	-
Cash flows used in investing activities	<u>(126,016)</u>	<u>(69,804)</u>
(Decrease) in cash and cash equivalents	(170,586)	(79,830)
Cash and cash equivalents, beginning of period	402,312	119,046
Cash and cash equivalents, end of period	\$ <u>231,726</u>	\$ <u>39,216</u>
Supplemental Information:		
Cash, end of period	231,726	29,216
Cash equivalents, end of period	-	10,000
Cash and cash equivalents, end of period	\$ <u>231,726</u>	\$ <u>39,216</u>
Shares issued for settlement of debt (Note 9(b)(i))	\$ 350,000	\$ -
Change in accrued property expenditures	\$ -	\$ 42,580

See accompanying notes to the unaudited condensed interim financial statements

MINNOVA CORP.**(Formerly Auriga Gold Corp.)**

(UNAUDITED)

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

(Expressed in Canadian Dollars)

	<u>Share Capital</u>		<u>Share-based Payment Reserves</u>			<u>Total</u>
	<u>Number</u>	<u>Amount</u>	<u>Stock options</u>	<u>Share purchase warrant reserve</u>	<u>Deficit</u>	
Balance, March 31, 2013	5,885,134	\$ 12,244,862	\$ 450,756	\$ 967,557	\$ (6,538,316)	\$ 7,124,859
Warrants expired	-	-	-	(18,186)	18,186	-
Loss for the period	-	-	-	-	(230,080)	(230,080)
Balance, June 30, 2013	<u>5,885,134</u>	<u>\$ 12,244,862</u>	<u>\$ 450,756</u>	<u>\$ 949,371</u>	<u>\$ (6,750,210)</u>	<u>\$ 6,894,779</u>
 Balance, March 31, 2014	 14,713,968	 \$ 13,755,280	 \$ 558,504	 \$ 533,508	 \$ (6,995,553)	 \$ 7,851,739
Common shares issued for debt settlement	714,285	350,000	-	-	-	350,000
Stock-based payments	-	-	11,905	-	-	11,905
Loss for the period	-	-	-	-	(268,962)	(268,962)
Balance, June 30, 2014	<u>15,428,253</u>	<u>\$ 14,105,280</u>	<u>\$ 570,409</u>	<u>\$ 533,508</u>	<u>\$ (7,264,515)</u>	<u>\$ 7,944,682</u>

See accompanying notes to the unaudited condensed interim financial statements

(UNAUDITED)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Minnova Corp. (formerly Auriga Gold Corp.) (the "Company") was a public company incorporated on July 19, 1994 pursuant to the laws of the Companies Act of Barbados. Since the Company's management and the principal office of the Company are located in Toronto, Ontario, a continuance (the "Continuance") of the Company from the laws of Barbados to the laws of the Province of Ontario was filed on April 21, 2010. As a result of the Continuance, the corporate legislation that governs the Company ceased to be the Barbados Act and the Company is now governed by the Business Corporations Act (Ontario). The registered office of the Company is located at 365 Bay Street, Suite 400, Toronto, Ontario, M5H 2V1. On June 26, 2014, the Company changed its name to "Minnova Corp." and commenced trading on the Toronto Stock Exchange at the opening on June 27, 2014 under the new symbol "MCI".

On January 15, 2014, the Company completed a share consolidation of its common shares of one (1) post-consolidation common share for every ten (10) pre-consolidation common shares (the "Share Consolidation"). As part of the Share Consolidation, the stock options and warrants were also consolidated and the exercise price adjusted to reflect the consolidation. The Share Consolidation has been reflected in these unaudited condensed interim financial statements and all applicable references to the number of shares, warrants and stock options and their strike price and per share information has been adjusted.

The Company's exploration operations are subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labour standards. In order for the Company to carry out its exploration activities, the Company is required to hold certain permits. There is no assurance that the Company's existing permits will be renewed or that new permits that have been or will be applied for will be granted.

Major expenditures are required to locate and establish ore reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. The recoverability of valuations assigned to mineral properties is dependent upon discovery of economically recoverable reserves, the ability to obtain necessary financing to complete development and future profitable production or proceeds from disposition.

Although the Company has taken steps to verify title to exploration properties in which it has an interest in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to other licensing requirements or regulations, unregistered prior agreements, unregistered claims, aboriginal land claims and non-compliance with regulatory requirements.

In order to meet future expenditures and cover administrative costs, the Company will need to raise additional financing. The Company has a working capital deficiency of \$2,854,480 and a deficit of \$7,264,515 as at June 30, 2014 and will require additional financing to fund its continuing exploration efforts and meet its flow-through commitment. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or available under terms acceptable to the Company. These unaudited condensed interim financial statements have been prepared on a going concern basis that assumes the Company will be able to continue to realize its assets and discharge its liabilities in the normal course of business. In the event the Company is not able to obtain adequate funding, there is uncertainty as to whether the Company will be able to maintain its property interests. These unaudited condensed interim financial statements do not reflect the adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to obtain adequate financing. Such adjustments could be material. Changes in future conditions could require material write downs of the carrying values of certain assets.

The unaudited condensed interim financial statements were approved by the Board of Directors on July 28, 2014.

(UNAUDITED)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

(Expressed in Canadian Dollars)

2. BASIS OF PREPARATION

Statement of Compliance

These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The accounting policies applied in these unaudited condensed interim financial statements are based on IFRS issued and outstanding as at July 28, 2014, the date the Board of Directors approved these unaudited condensed interim financial statements for issue. The same accounting policies and methods of computation are followed in these unaudited condensed interim financial statements as compared with the most recent annual financial statements as at and for the year ended March 31, 2014. Any subsequent changes to IFRS that are issued and effective as at March 31, 2015 could result in a restatement of these unaudited condensed interim financial statements.

Change in Accounting Policies

(i) IAS 32 – Financial Instruments: Presentation was amended by the IASB in December 2011 to clarify certain aspects of the requirements on offsetting. The amendments focus on the criterion that an entity currently has a legally enforceable right to set off the recognized amounts and the criterion that an entity intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. At April 1, 2014, the Company adopted this amendment and there was no material impact on the Company's unaudited condensed interim financial statements.

(ii) IAS 36 – Impairments of Assets was amended by the IASB in May 2013 to clarify the requirements to disclose the recoverable amounts of impaired assets and require additional disclosures about the measurement of impaired assets when the recoverable amount is based on fair value less costs of disposal, including the discount rate when a present value technique is used to measure the recoverable amount. At April 1, 2014, the Company adopted this amendment and there was no material impact on the Company's unaudited condensed interim financial statements.

(iii) IAS 39 – Financial Instruments: Recognition and Measurement was amended by the IASB in June 2013 to clarify that novation of a hedging derivative to a clearing counterparty as a consequence of laws or regulations or the introduction of laws or regulations does not terminate hedge accounting. At April 1, 2014, the Company adopted this amendment and there was no material impact on the Company's unaudited condensed interim financial statements.

Recent Accounting Pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after April 1, 2014 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 – Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

(Expressed in Canadian Dollars)

3. RESTRICTED CASH EQUIVALENTS

The Company has guaranteed by pledge of a guaranteed investment certificate an irrevocable standby letter of credit for \$75,000 to the Government of Manitoba as a financial assurance guarantee in connection with the PL Property closure plan (see Note 8).

4. EQUIPMENT

Cost

	Mine Buildings
Balance, March 31, 2014 and June 30, 2014	\$ 305,096

Accumulated Amortization

	Mine Buildings
Balance, March 31, 2014	\$ 18,021
Amortization for the period	3,589
Balance, June 30, 2014	\$ 21,610

Carrying Amount

	Mine Buildings
Balance, March 31, 2014	\$ 287,075
Balance, June 30, 2014	\$ 283,486

Continued...

(UNAUDITED)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

(Expressed in Canadian Dollars)

5. EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

As at June 30, 2014

	March 31, 2014 Expenditures		June 30, 2014
<i>Exploration and Evaluation Properties</i>			
Nokomis Property	\$ 2,447,341	\$ 16,700	\$ 2,464,041
PL Property	10,771,273	319,605	11,090,878
	\$ 13,218,614	\$ 336,305	\$ 13,554,919

As at March 31, 2014

	March 31, 2013 Expenditures		March 31, 2014
<i>Exploration and Evaluation Properties</i>			
Nokomis Property	\$ 2,359,765	\$ 87,576	\$ 2,447,341
PL Property	10,392,136	379,137	10,771,273
	\$ 12,751,901	\$ 466,713	\$ 13,218,614

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2014	March 31, 2014
Trade payables	\$ 1,519,651	\$ 1,674,054
Accrued and payroll liabilities	395,532	370,035
Total	\$ 1,915,183	\$ 2,044,089

The following is an aged analysis of the accounts payable and accrued liabilities:

	June 30, 2014	March 31, 2014
Less than 1 months	\$ 141,118	\$ 398,913
1 to 3 months	105,555	209,024
Over 3 months	1,668,510	1,436,152
Total	\$ 1,915,183	\$ 2,044,089

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(UNAUDITED)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

(Expressed in Canadian Dollars)

7. DEBENTURES

On August 27, 2012, the Company completed a \$900,000 non-brokered private placement debenture financing with private arm's length individuals. The debenture is unsecured, yields 10% and was due on August 21, 2013 (The debenture has not been repaid). The holders of the debenture received 65,250 common shares and the value of these shares were \$123,972. The value of the 65,250 shares was calculated by applying the market price of the shares at the time of issue. During the three months ended June 30, 2014, the Company has recorded an accretion expense of \$nil in the unaudited condensed interim statement of operations (three months ended June 30, 2013 - \$31,165).

On February 1, 2013, the Company completed a private placement of 250 units raising proceeds of \$250,000. The units are comprised of an unsecured debenture with a one year term in the principal amount of \$1,000, bearing a coupon of 10%, payable monthly and 333 common shares of the Company. The holders of the debenture received 83,325 common shares and the value of these shares was \$49,995. The value of the 83,325 shares was calculated by applying the market price of the shares at the time of issue. During the three months ended June 30, 2014, the Company has recorded an accretion expense of \$nil in the unaudited condensed interim statement of operations (three months ended June 30, 2013 - \$12,465). The debenture and accrued interest has not been repaid.

Subsequent to June 30, 2014, lenders extended the maturities of the two debentures to March 31, 2015 and the extension was approved by Toronto Stock Exchange ("TSX") (see note 15).

8. PROVISION FOR CLOSURE AND RECLAMATION

The Company has provided a letter of credit in the amount of \$75,000 to the Government of Manitoba under the terms of the closure plan on the PL Property (See Note 3). The Company further provided all assets, goods and personal property involved in the operation of the PL Property, as a security of up to \$5,000,000 for the performance of the closure plan and the rehabilitation program.

The Company's provision for closure and reclamation costs is based on management's estimates of costs to abandon and reclaim mineral properties and facilities as well as an estimate of the future timing of the costs to be incurred. The Company has estimated its total provision for closure and reclamation to be \$3,114,979 at June 30, 2014, based on a total future liability of approximately \$3,073,160, an inflation rate of 1.7% and a discount rate of 2.24%. Reclamation is expected to occur in approximately 9 years.

The following is an analysis of the provision for closure and reclamation:

Balance, March 31, 2014	\$ 2,886,576
Effect of changes in the discount rate	211,024
Accretion incurred in the period	17,379
Balance, June 30, 2014	\$ 3,114,979

During the three months ended June 30, 2014, the Company expensed \$17,379 in accretion to the unaudited condensed interim statement of operations (three months ended June 30, 2013 - \$17,300).

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(UNAUDITED)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

(Expressed in Canadian Dollars)

9. SHARE CAPITAL

(a) Authorized:

Unlimited number of common shares with no par value.

(b) Common Shares Issued:

	Number of Shares	Amount
Balance, March 31, 2013 and June 30, 2013	5,885,134	\$ 12,244,862
Balance, March 31, 2014	14,713,968	\$ 13,755,280
Common shares issued for debt settlement (i)	714,285	350,000
Balance, June 30, 2014	15,428,253	\$ 14,105,280

- (i) On June 6, 2014, the Company issued 714,285 common shares of the Company to an officer of the Company in settlement of \$250,000 accounts payable owed to the officer's company. The common shares issued were valued at \$350,000 on the date of issuance based on \$0.49 per share in accordance with the fair market value. The settlement resulted a loss of \$100,000 which was recorded in the unaudited condensed interim statements of operations for the three months ended June 30, 2014.

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(UNAUDITED)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

(Expressed in Canadian Dollars)

10. SHARE-BASED PAYMENT RESERVE

(a) Stock Options

The Company has granted options for the purchase of common shares to its directors, officers, employees and certain consultants. The purpose of the plan is to attract, retain and motivate these parties by providing them with the opportunity, through share options, to acquire a proprietary interest in the Company and to benefit from its growth. These options are valid for a maximum of 5 years from the date of issue. Vesting terms and conditions are determined by the Board of Directors at the time of the grant. The maximum number of options to be issued under the plan shall not exceed 10% of the total number of common shares issued and outstanding.

The following table shows the continuity of stock options for the periods ended June 30, 2014 and 2013:

	Number of Stock Options	Weighted Average Exercise Price
Balance, March 31, 2013 and June 30, 2013	233,500	\$ 2.70
Balance, March 31, 2014	782,500	\$ 0.90
Granted (i)	30,000	0.45
Balance, June 30, 2014	812,500	\$ 0.86

- (i) On April 17, 2014, the Company granted 30,000 stock options to CHF Investor Relations ("CHF") with each option exercisable for one common share of the Company at an exercise price of \$0.45 per common share. These options vested immediately upon grant. The grant date fair value of \$11,905 was assigned to the stock options as estimated by using the Black-Scholes option valuation model with the following assumptions: expected dividend yield of 0%, expected volatility of 238.18% based on historical prices of the Company's stock, risk-free rate of return of 1.46% and an expected life of 5 years. For the three months ended June 30, 2014 the impact on expenses was \$11,905.

The following are the stock options outstanding at June 30, 2014:

Number of Options Issued	Grant Date Fair Value (\$)	Number of Options Exercisable	Weighted Average Exercise Price (\$)	Weighted Average Remaining Contractual Life (years)	Expiry Date
10,000	4,000	10,000	2.00	0.72	March 18, 2015
17,500	26,250	17,500	2.00	0.81	April 23, 2015
30,000	80,100	30,000	3.55	1.42	December 2, 2015
125,000	225,000	125,000	2.50	3.14	August 29, 2017
600,000	223,154	600,000	0.38	4.58	January 27, 2019
30,000	11,905	30,000	0.45	4.80	April 17, 2019
812,500	570,409	812,500	0.86	4.12	

Continued...

(UNAUDITED)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

(Expressed in Canadian Dollars)

10. SHARE BASED PAYMENT RESERVE (Continued)

(b) Share Purchase Warrants

The following table shows the continuity of share purchase warrants for the periods ended June 30, 2014 and 2013:

	Number of Warrants	Weighted Average Exercise Price
Balance, March 31, 2013	949,093	\$ 4.50
Expired	(12,000)	5.00
Balance, June 30, 2013	937,093	\$ 4.40
Balance, March 31, 2014 and June 30, 2014	517,294	\$ 4.67

The following are the share purchase warrants outstanding at June 30, 2014:

Number of Warrants Issued	Grant Date Fair Value (\$)	Weighted Average Exercise Price (\$)	Weighted Average Remaining Contractual Life (years)	Expiry Date
235,294	122,913	2.50	0.03	July 11, 2014
132,000	71,595	2.50	0.08	July 30, 2014
150,000	339,000	10.00	2.59	January 30, 2017
517,294	533,508	4.67	0.79	

11. GENERAL AND ADMINISTRATIVE

Three Months Ended June 30,	2014	2013
Office and general	\$ 2,617	\$ 20,522
Salaries and benefits	-	11,078
Travel	-	11,836
Business development	28,750	-
Stock exchange and transfer agent fees	7,036	7,987
Shareholder information	12,818	-
Bank charges and interest	-	1,152
Part XII. 6 tax	500	-
General and administrative	\$ 51,721	\$ 52,575

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

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(Expressed in Canadian Dollars)

12. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

(a) The Company entered into the following transactions with related parties recorded as professional and consulting fees:

Three Months Ended June 30,	2014	2013
Irwin Lowy LLP (i)	\$ 31,076	\$ -

(i) A director of the Company is a partner at Irwin Lowy LLP, a law firm, and the fees relate to professional services provided by the firm. As at June 30, 2014, the Company owed \$20,759 (March 31, 2014 - \$24,132) to this firm and this amount is included in accounts payable and accrued liabilities. The amount is unsecured, non-interest bearing with no fixed terms of repayment.

(ii) See Note 9(b)(i).

(iii) To the knowledge of the directors and senior officers of the Company, as at June 30, 2014, no person or corporation beneficially owns or exercises control or direction over common shares of the Company carrying more than 10% of the voting rights attached to all of the common shares of the Company. The holdings can change at any time at the discretion of the owners.

None of the Company's major shareholders have different voting rights other than holders of the Company's common shares.

The Company is not aware of any arrangements, the operation of which may at a subsequent date result in a change in control of the Company. To the knowledge of the Company, the Company is not directly or indirectly owned or controlled by another corporation, by any government or by any natural or legal person severally or jointly.

(b) Remuneration of directors and key management personnel of the Company was as follows:

Three Months Ended June 30,	2014	2013
Directors fees	\$ 17,000	\$ 17,000
Amounts paid or accrued to CEO and CFO for salaries, consulting and benefits	\$ 60,000	\$ 60,000

Director fees - The Board of Directors do not have employment or service contracts with the Company. Directors are entitled to director fees and stock options for their services.

Salaries and benefits - officers are entitled to stock options, consulting fees or salaries and benefits where employment or service contracts are in place with the Company for their services.

(UNAUDITED)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

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(Expressed in Canadian Dollars)

13. ENVIRONMENTAL CONTINGENCIES

The Company's exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

14. COMMITMENTS

Pursuant to the terms of the flow-through share agreements, the Company is in the process of complying with its flow-through contractual obligations with subscribers with respect to the Income Tax Act (Canada). As at June 30, 2014, the Company is committed to incurring approximately \$107,000 in qualifying exploration expenditures in Canada by December 31, 2014. The Company has indemnified the subscribers of current and previous flow-through share offerings against any tax related amounts that become payable by the shareholder as a result of the Company not meeting its expenditure commitments.

The Company is party to a management contract. This contract contains clauses requiring additional payments of up to \$480,000 be made upon the occurrence of certain events such as a change of control. As a triggering event has not occurred, the contingent payments have not been reflected in these financial statements. Additional minimum management contractual commitments remaining under the agreement are approximately \$480,000, of which \$240,000 is due within one year.

15. SUBSEQUENT EVENT

(i) On July 11, 2014, 235,294 warrants with an exercise price of \$2.50 expired unexercised.

(ii) On July 30, 2014, 132,000 warrants with an exercise price of \$2.50 expired unexercised.

(ii) On July 25, 2014, lenders extended the maturities of the two debentures (note 7) to March 31, 2015 and the extension was also approved by TSX.