

NEVADA EXPLORATION INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited)
(Expressed in Canadian Dollars)

FOR THE NINE MONTHS ENDED JANUARY 31, 2014

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited condensed consolidated interim financial statements for the period ended January 31, 2014.

NEVADA EXPLORATION INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian Dollars)
AS AT

	January 31, 2014	April 30, 2013 (Audited)
ASSETS		
Current assets		
Cash	\$ 74,642	\$ 591,060
Accounts receivable (Notes 3 and 6)	3,718	49,803
Prepaid expenses (Note 4)	18,018	15,594
Short term investments (Note 5)	<u>3,401</u>	<u>22,109</u>
Total current assets	<u>99,779</u>	<u>678,566</u>
Non-current assets		
Equipment (Note 7)	167,660	140,655
Exploration and evaluation assets (Note 8)	4,410,525	6,407,725
Deposits and bonds (Note 9)	<u>103,500</u>	<u>94,720</u>
Total non-current assets	<u>4,681,685</u>	<u>6,643,100</u>
Total assets	<u>\$ 4,781,464</u>	<u>\$ 7,321,666</u>
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Notes 10)	\$ 173,879	\$ 108,038
Current portion of finance lease obligations (Note 11)	<u>11,874</u>	<u>-</u>
Total current liabilities	<u>185,753</u>	<u>108,038</u>
Non-current liabilities		
Finance lease obligations (Note 11)	<u>36,453</u>	<u>-</u>
Total liabilities	<u>222,206</u>	<u>108,038</u>
Equity		
Capital stock (Note 12)	15,965,009	15,965,009
Reserves (Note 13)	1,267,211	1,084,560
Deficit	<u>(12,672,962)</u>	<u>(9,835,941)</u>
Total equity	<u>4,559,258</u>	<u>7,213,628</u>
Total liabilities and equity	<u>\$ 4,781,464</u>	<u>\$ 7,321,666</u>

Nature of operations and going concern (Note 1)

Commitments (Note 15)

Subsequent event (Note 19)

Approved and authorized on behalf of the Board on March 26, 2014:

<u>“Wade Hodges”</u>	Director	<u>“Cyrus Driver”</u>	Director
Wade Hodges		Cyrus Driver	

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

NEVADA EXPLORATION INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited - Expressed in Canadian Dollars)

	Three Months Ended January 31, 2014	Three Months Ended January 31, 2013	Nine Months Ended January 31, 2014	Nine Months Ended January 31, 2013
INCOME				
Project management and consulting	\$ 40,195	\$ 44,072	\$ 139,487	\$ 167,679
Option payments (Note 8)	-	-	103,992	72,516
Interest	-	285	109	515
Total income	<u>40,195</u>	<u>44,357</u>	<u>243,588</u>	<u>240,710</u>
EXPENSES				
Amortization (Note 7)	17,484	12,476	25,698	45,918
General exploration costs	1,987	17,964	145,797	46,190
Interest and bank charges	476	362	1,343	1,203
Office expenses and other	14,915	30,306	55,608	74,038
Professional fees, consulting and investor relations (Note 6)	41,313	64,453	116,244	144,918
Project management and consulting	23,202	11,899	36,136	61,085
Rent	16,396	17,786	48,029	58,425
Salaries (Note 17)	104,681	105,350	305,519	314,365
Share-based payment (Notes 6 and 13)	-	53,745	-	109,436
Travel	1,750	2,474	18,155	6,544
Total operating expenses	<u>(222,204)</u>	<u>(316,815)</u>	<u>(752,529)</u>	<u>(862,122)</u>
Loss from operations	<u>(182,009)</u>	<u>(272,458)</u>	<u>(508,941)</u>	<u>(621,412)</u>
OTHER GAIN (LOSS)				
Gain on sale of equipment	28,743	902	28,743	13,953
Unrealized gain (loss) on marketable securities (Note 5)	(1,701)	9,014	(18,708)	9,014
Write-off of exploration and evaluation assets (Note 8)	-	-	(2,632,919)	-
Total other gain (loss)	<u>27,042</u>	<u>9,916</u>	<u>(2,622,884)</u>	<u>22,967</u>
Net loss for the period	<u>(154,967)</u>	<u>(262,542)</u>	<u>(3,131,825)</u>	<u>(598,445)</u>
OTHER COMPREHENSIVE INCOME				
Currency translation adjustment	<u>296,155</u>	<u>4,535</u>	<u>477,455</u>	<u>56,769</u>
Comprehensive income (loss) for the period	<u>\$ 141,188</u>	<u>\$ (258,007)</u>	<u>\$ (2,654,370)</u>	<u>\$ (541,676)</u>
Basic and diluted loss per common share	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.02)</u>	<u>\$ (0.01)</u>
Weighted average number of common shares outstanding	<u>128,065,900</u>	<u>122,196,335</u>	<u>128,065,900</u>	<u>119,405,542</u>

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

NEVADA EXPLORATION INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Unaudited - Expressed in Canadian Dollars)

	Capital Stock		Reserves					Total Equity
	Shares (Note 12)	Amount (Note 12)	Options (Note 13)	Warrants (Note 13)	Currency Translation	Total Reserves	Deficit	
Balance, May 1, 2012	117,815,851	\$ 15,072,716	\$ 1,320,749	\$ 199,166	\$ (196,294)	\$ 1,323,621	\$ (9,560,393)	\$ 6,835,944
Private placement	10,000,000	1,000,000	-	-	-	-	-	1,000,000
Shares for debt	200,000	20,000	-	-	-	-	-	20,000
Shares for property	50,049	5,468	-	-	-	-	-	5,468
Share issuance costs – cash	-	(43,951)	-	-	-	-	-	(43,951)
Share issuance costs - warrants	-	(128,376)	-	128,376	-	128,376	-	-
Share issuance costs – agent warrants	-	(15,226)	-	15,226	-	15,226	-	-
Share-based payment	-	-	109,436	-	-	109,436	-	109,436
Options expired	-	-	(237,888)	-	-	(237,888)	237,888	-
Warrants expired	-	56,625	-	(56,625)	-	(56,625)	-	-
Other comprehensive income	-	-	-	-	56,769	56,769	-	56,769
Net loss for the period	-	-	-	-	-	-	(598,445)	(598,445)
Balance, January 31, 2013	128,065,900	\$ 15,967,256	\$ 1,192,297	\$ 286,143	\$ (139,525)	\$ 1,338,915	\$ (9,920,950)	\$ 7,385,221
Balance, May 1, 2013	128,065,900	\$ 15,965,009	\$ 884,585	\$ 286,143	\$ (86,168)	\$ 1,084,560	\$ (9,835,941)	\$ 7,213,628
Options expired	-	-	(90,612)	-	-	(90,612)	90,612	-
Options cancelled	-	-	(188,966)	-	-	(188,966)	188,966	-
Warrants expired	-	-	-	(15,226)	-	(15,226)	15,226	-
Other comprehensive income	-	-	-	-	477,455	477,455	-	477,455
Net loss for the period	-	-	-	-	-	-	(3,131,825)	(3,131,825)
Balance, January 31, 2014	128,065,900	\$ 15,965,009	\$ 605,007	\$ 270,917	\$ 391,287	\$ 1,267,211	\$ (12,672,962)	\$ 4,559,258

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

NEVADA EXPLORATION INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited - Expressed in Canadian Dollars)

	Nine Months Ended January 31, 2014	Nine Months Ended January 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	\$ (3,131,825)	\$ (598,445)
Items not affecting cash:		
Amortization	25,698	45,918
Accrued interest	-	(230)
Gain on sale of equipment	(28,743)	(13,953)
Share-based payment	-	109,436
Write-off of exploration and evaluation assets	2,632,919	-
Unrealized (gain) loss on marketable securities	18,708	(9,014)
Changes in non-cash working capital items:		
Accounts receivable	46,085	(43,462)
Prepaid expenses	(2,424)	813
Accounts payable and accrued liabilities	<u>65,841</u>	<u>(98,872)</u>
Net cash used in operating activities	<u>(373,741)</u>	<u>(607,809)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of equipment	(8,903)	(12,177)
Proceeds from sale of equipment	22,348	17,719
Proceeds from exploration and evaluation option	47,884	24,975
Exploration and evaluation expenditures	<u>(193,632)</u>	<u>(340,089)</u>
Net cash used in investing activities	<u>(132,303)</u>	<u>(309,572)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Share issuance costs	-	956,049
Repayment of finance lease obligations	<u>(1,551)</u>	<u>(5,853)</u>
Net cash provided by (used in) financing activities	<u>(1,551)</u>	<u>950,196</u>
Effect of foreign exchange	<u>(8,823)</u>	<u>(12,605)</u>
Change in cash for the period	(516,418)	20,210
Cash, beginning of period	<u>591,060</u>	<u>777,826</u>
Cash, end of period	<u>\$ 74,642</u>	<u>\$ 798,036</u>

Supplemental disclosure with respect to cash flows (Note 14)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Nevada Exploration Inc. (the “Company” or “NGE”) was incorporated on April 6, 2006 under the Canada Business Corporations Act and is in the business of acquiring and exploring mineral properties. On July 14, 2010, the Company amalgamated with its subsidiary 2107189 Ontario Inc. The Company has not yet determined whether its properties contain reserves that are economically recoverable. The amounts shown for mineral properties and related deferred exploration costs represent costs incurred to date and do not reflect present or future values. The recoverability of these capitalized costs is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves, and future profitable production.

The Company is listed on the TSX Venture Exchange (“TSX-V”) under the trading symbol “NGE” and the Company’s head office is located at Suite 1500 - 885 West Georgia Street, Vancouver, BC V6C 3E8. The Company’s registered and records office is located at 25th Floor, 700 W. Georgia St., Vancouver, BC V7Y 1B3.

These condensed consolidated interim financial statements are authorized for issue on behalf of the Board of Directors on March 26, 2014.

Going concern

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) on a going concern basis that presumes the realization of assets and discharge of liabilities in the normal course of business. There are material uncertainties related to adverse conditions and events that cast substantial doubt on the Company’s ability to continue as a going concern.

During the period ended January 31, 2014, the Company incurred a comprehensive loss of \$2,654,370 (2013 – \$541,676) and as at that date, the Company had accumulated deficit of \$12,672,962 (April 30, 2013 – \$9,835,941), a working capital deficiency of \$85,974 (April 30, 2013 – working capital surplus of \$570,528) and negative cash flows from operations of \$373,741 (2013 – \$607,809). These factors create material uncertainties that may cast substantial doubt upon the Company’s ability to continue as a going concern.

As is common with junior mining companies, the Company continues to seek capital through various means including the issuance of equity and/or debt to finance its on-going and planned exploration activities and to cover administrative costs.

In order to continue as a going concern and to meet its corporate objectives, the Company will require additional financing through debt or equity issuances or other available means. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

Recovery of the carrying value of the mining claims and related deferred exploration expenditures are dependent upon the discovery of economically recoverable resources, the ability of the Company to develop necessary financing to continue exploration and development, the ability of the Company to secure and maintain title and beneficial interest in the properties, entering into agreements with others to explore and develop the properties and upon future profitable production or proceeds from disposition of such properties.

These condensed consolidated interim financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue operations. Such adjustments would be material.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting* (“IAS 34”), as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the IFRS Interpretations Committee (IFRICs). Accordingly, they do not include all of the information required for full annual financial statements by International Financial Reporting Standards (“IFRS”) for complete financial statements for year-end reporting purposes. Results for the period ended January 31, 2014, are not necessarily indicative of future results.

The accounting policies applied by the Company in these condensed consolidated interim financial statements other than as noted in Note 2 (b) are the same as those applied by the Company in its most recent annual audited consolidated financial statements as at and for the year ended April 30, 2013 as filed on SEDAR at www.sedar.com.

(b) New Accounting Standards and Amendments to Existing Standards

The Company has not applied the following new or revised standards and amendments that have been issued but are not yet effective for the Company’s January 31, 2014 reporting period:

- (i) Effective for annual periods beginning on or after January 1, 2014
 - Amendments to IAS 32, *Financial Instruments: Presentation*
 - Amendments to IAS 36, *Impairment of Assets*
- (ii) Effective for annual periods beginning on or after January 1, 2015
 - New standard IFRS 9, *Financial Instruments, Classification and Measurement*

The Company is currently assessing the impact that these standards will have on the Company’s condensed consolidated interim financial statements. The Company plans to adopt these standards as soon as they become effective for the Company’s reporting period.

3. ACCOUNTS RECEIVABLE

The Company’s receivables arise from two main sources: Goods and Services Tax (“GST”) receivable due from Canadian government taxation authorities and trade accounts receivable. These are broken down as follows:

	January 31, 2014	April 30, 2013
GST receivable	\$ 3,384	\$ 5,906
Due from a related party (Note 6)	-	43,595
Accounts receivable	<u>334</u>	<u>302</u>
Total	\$ 3,718	\$ 49,803

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4. PREPAID EXPENSES

The prepaid expenses for the Company are as follows:

	January 31, 2014	April 30, 2013
Security deposit for rental of premises	\$ 18,018	\$ 15,594

5. SHORT TERM INVESTMENTS

As at January 31, 2014

	Number	Cost	Carrying Value
Spruce Ridge Resources Ltd. – Shares	170,068	\$ 25,000	\$ 3,401

As at April 30, 2013

	Number	Cost	Carrying Value
Spruce Ridge Resources Ltd. – Shares	170,068	\$ 25,000	\$ 22,109

During the year ended April 30, 2013, the Company received 170,068 shares with an initial value of \$25,000 from Spruce Ridge Resources Ltd. (“Spruce Ridge”) as a partial payment on the option agreement entered into on the Fletcher Junction property (Notes 6 and 8). During the period ended January 31, 2014, the Company revalued the shares based on the market price at January 31, 2014 resulting in an unrealized loss of \$18,708 (2013 – gain of \$9,014).

The Company classified this investment as fair value through profit or loss and determined the fair value of the Spruce Ridge shares based on the market price per share of \$0.02 at January 31, 2014 (\$0.13 at April 30, 2013). This resulted in a carrying value of \$3,401 as at January 31, 2014 (\$22,109 as at April 30, 2013) for the 170,068 shares.

6. RELATED PARTY TRANSACTIONS

During the period ended January 31, 2014, the Company:

- i) paid or accrued \$40,930 in professional fees to a firm in which the Chief Financial Officer of the Company is a partner.

During the period ended January 31, 2013, the Company:

- i) paid or accrued \$48,800 in professional fees to a firm in which the Chief Financial Officer of the Company is a partner.
- ii) Granted 1,000,000 stock options to independent directors of the Company resulting in share-based payment of \$97,959; and

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6. RELATED PARTY TRANSACTIONS (cont'd...)

iii) entered into an Exploration and Option to Joint Venture Agreement with Spruce Ridge on the Company's Fletcher Junction Project (Note 8) and received 170,068 shares (Note 5) as partial payment on the option. At that time, an Officer and Director of Spruce Ridge was also a Director of the Company.

As at January 31, 2014, the Company had \$Nil (April 30, 2013 - \$43,595) in accounts receivable from Spruce Ridge as a result of the services provided.

The amounts included in accounts payable and accrued liabilities which are due to related parties are as follows:

	January 31, 2014	April 30, 2013
Due to a firm of which the Chief Financial Officer is a partner	\$ 28,440	\$ 15,000
Due to Spruce Ridge	<u>-</u>	<u>25,187</u>
	<u>\$ 28,440</u>	<u>\$ 40,187</u>

7. EQUIPMENT

	Vehicles	Exploration equipment	Computer equipment	Total
Cost				
Balance, April 30, 2013	\$ 71,176	\$ 233,766	\$ 105,302	\$ 410,244
Additions	49,878	-	8,903	56,692
Disposal	(40,708)	(85,069)	-	(125,777)
Effect of translation	<u>5,731</u>	<u>20,947</u>	<u>11,555</u>	<u>40,323</u>
Balance, January 31, 2014	\$ 86,077	\$ 169,644	\$ 125,760	\$ 381,481
Accumulated amortization				
Balance, April 30, 2013	\$ 71,176	\$ 174,707	\$ 23,706	\$ 269,589
Disposal	(40,708)	(65,928)	-	(106,636)
Amortization	2,389	18,274	5,035	25,698
Effect of translation	<u>5,836</u>	<u>16,516</u>	<u>2,818</u>	<u>25,170</u>
Balance, January 31, 2014	\$ 38,693	\$ 143,570	\$ 31,559	\$ 213,821
Carrying amounts				
As at April 30, 2013	\$ -	\$ 59,059	\$ 81,596	\$ 140,655
As at January 31, 2014	<u>\$ 47,384</u>	<u>\$ 26,074</u>	<u>\$ 94,201</u>	<u>\$ 167,660</u>

Included in exploration equipment at January 31, 2014 was database under construction with a cost of \$79,932 (April 30, 2013 - \$63,848). No amortization has been taken on this computer equipment in the current period.

Included in vehicles at January 31, 2014 was asset under finance lease with a cost of \$49,878 (April 30, 2013 - \$118,745) and accumulated amortization of \$2,494 (April 30, 2013 - \$98,666). The Company recorded amortization of \$2,494 (2013 - \$17,665) on the asset under finance lease.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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8. EXPLORATION AND EVALUATION ASSETS

For the period ended January 31, 2014:

	AW	FJ	KC	HP	SGV	BU	JU	RP	SP	WF	TOTAL
Acquisition costs											
Balance – beginning of period	\$ 198,809	\$ 221,255	\$ 772,938	\$ 78,902	\$ -	\$ 424,247	\$ 175,991	\$ 207,301	\$ 352,806	\$ 219,903	\$ 2,652,152
Additions - cash	18,316	18,316	81,385	21,742	45,966	-	-	-	-	-	185,725
Option payments received	-	(22,348)	-	-	-	-	-	-	-	-	(22,348)
Effect of translation	<u>22,491</u>	<u>22,501</u>	<u>88,495</u>	<u>10,425</u>	<u>4,761</u>	<u>8,289</u>	<u>3,438</u>	<u>4,050</u>	<u>6,893</u>	<u>4,297</u>	<u>175,640</u>
Balance – end of period	<u>239,616</u>	<u>239,724</u>	<u>942,818</u>	<u>111,069</u>	<u>50,727</u>	<u>432,536</u>	<u>179,429</u>	<u>211,351</u>	<u>359,699</u>	<u>224,200</u>	<u>2,991,169</u>
Exploration costs											
Balance – beginning of period	646,081	1,032,098	75,649	799,528	-	902,446	61,265	65,405	87,396	85,705	3,755,573
Geological	1,257	-	-	6,650	-	-	-	-	-	-	7,907
Effect of translation	<u>67,054</u>	<u>106,910</u>	<u>7,836</u>	<u>83,508</u>	<u>-</u>	<u>17,631</u>	<u>1,197</u>	<u>1,278</u>	<u>1,707</u>	<u>1,674</u>	<u>288,795</u>
Balance – end of period	<u>714,392</u>	<u>1,139,008</u>	<u>83,485</u>	<u>889,686</u>	<u>-</u>	<u>920,077</u>	<u>62,462</u>	<u>66,683</u>	<u>89,103</u>	<u>87,379</u>	<u>4,052,275</u>
Write-off	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,352,613)</u>	<u>(241,891)</u>	<u>(278,034)</u>	<u>(448,802)</u>	<u>(311,579)</u>	<u>(2,632,919)</u>
Total costs	\$ 954,008	\$ 1,378,732	\$ 1,026,303	\$ 1,000,755	\$ 50,727	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,410,525

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8. EXPLORATION AND EVALUATION ASSETS (cont'd...)

For the year ended April 30, 2013:

	AW	FJ	KC	HP	BU	JU	RP	SP	WF	TOTAL
Acquisition costs										
Balance – beginning of year	\$ 164,063	\$ 267,010	\$ 644,510	\$ 56,520	\$ 399,961	\$ 156,360	\$ 192,187	\$ 301,753	\$ 200,844	\$2,383,208
Additions – cash	30,976	-	108,309	20,886	16,242	16,294	11,183	44,363	14,889	263,142
Additions – shares	-	-	5,463	-	-	-	-	-	-	5,463
Option payments received	-	(49,950)	-	-	-	-	-	-	-	(49,950)
Effect of translation	<u>3,770</u>	<u>4,195</u>	<u>14,656</u>	<u>1,496</u>	<u>8,044</u>	<u>3,337</u>	<u>3,931</u>	<u>6,690</u>	<u>4,170</u>	<u>50,289</u>
Balance – end of year	<u>198,809</u>	<u>221,255</u>	<u>772,938</u>	<u>78,902</u>	<u>424,247</u>	<u>175,991</u>	<u>207,301</u>	<u>352,806</u>	<u>219,903</u>	<u>2,652,152</u>
Exploration costs										
Balance – beginning of year	624,356	1,012,327	54,234	764,783	869,907	60,104	64,165	85,739	84,080	3,619,695
Geochemistry	5,446	-	1,761	-	9,975	-	-	-	-	17,182
Geophysics	-	-	11,361	-	-	-	-	-	-	11,361
Geological	2,677	40	6,489	19,585	3,753	-	-	-	-	32,544
Travel	1,351	161	370	-	1,699	-	-	-	-	3,581
Effect of translation	<u>12,251</u>	<u>19,570</u>	<u>1,434</u>	<u>15,160</u>	<u>17,112</u>	<u>1,161</u>	<u>1,240</u>	<u>1,657</u>	<u>1,625</u>	<u>71,210</u>
Balance – end of year	<u>646,081</u>	<u>1,032,098</u>	<u>75,649</u>	<u>799,528</u>	<u>902,446</u>	<u>61,265</u>	<u>65,405</u>	<u>87,396</u>	<u>85,705</u>	<u>3,755,573</u>
Total costs	\$ 844,890	\$1,253,353	\$ 848,587	\$ 878,430	\$1,326,693	\$ 237,256	\$ 272,706	\$ 440,202	\$ 305,608	\$6,407,725

8. EXPLORATION AND EVALUATION ASSETS (cont'd....)

Awakening (AW)

The Awakening Project is located in Humboldt County, Nevada, approximately 50 km north-northwest of Winnemucca, Nevada. The Company has a 100% interest in 206 (2013 – 206) claims (approx. 16.7 km²) at Awakening.

On July 1, 2008, the Company entered into a Mining Lease agreement with DIR Exploration Inc. (“DIR”) on 15 claims (approx. 120 hectares). Based on the results of the Company’s work to date at the Awakening Project, the Company has focused its exploration on areas within the claims controlled directly by NGE; accordingly, NGE terminated the Mining Lease during the year ended April 30, 2013.

On June 4, 2010, the Company entered into an Exploration and Option to Joint Venture Agreement with Northgate Minerals Corp. (“Northgate”), whereby Northgate could earn a joint venture interest in the Awakening Gold Project.

In January, 2011, Northgate was acquired by AuRico Gold Inc. (“AuRico”), and during the year ended April 30, 2012, AuRico elected to terminate the Agreement and retains no interest in the project.

Fletcher Junction (FJ)

The Fletcher Junction Project is located in Mineral County, Nevada, approximately 30 km southwest of Hawthorne, Nevada. The Company has a 100% interest in 117 (2013 – 117) claims (approx. 9.6 km²) at the Fletcher Junction Project, subject to a 1.25% net smelter return royalty (“NSR”).

During the year ended April 30, 2013, the Company entered into an Exploration and Option to Joint Venture Agreement with Spruce Ridge Resources Ltd. (“Spruce Ridge”), whereby Spruce Ridge had the right to earn a 70% joint venture interest in the property, subject to an additional 15% upon completion of the earn-in and feasibility report, by:

- a) funding US\$2,600,000 in qualifying expenditures over 4 years; and
- b) making US\$300,000 in payments over 3 years of which Spruce Ridge may elect to pay up to 50% of the payments by issuing common shares to the Company. Upon signing the agreement, Spruce Ridge paid the Company US\$25,000 and issued 170,068 shares to the Company with an initial value of US\$25,000 (Note 5).

During the period ended January 31, 2014, Spruce Ridge terminated the Exploration and Option to Joint Venture Agreement and paid US\$22,000 to settle outstanding obligations under the agreement and consequently retains no interest in the project.

Kelly Creek (KC)

The Kelly Creek Project is located in Humboldt County, Nevada, approximately 40 km north-northwest of Battle Mountain, Nevada. The Company has a 100% interest in 430 (2013 – 430) claims (approx. 34.8 km²) at Kelly Creek.

On January 1, 2009, the Company entered into a Mining Lease and Option to Purchase Agreement with Genesis Gold Corporation (“Genesis”). Genesis has 100% interest in 254 (2013 – 254) claims (approx. 20.2 km²) at Kelly Creek. Under the Agreement, the Company is the Operator and has the option to purchase 100% of the Genesis claims for 100,000 common shares (50,000 shares issued in 2011, 50,000 shares issued in 2010) and US\$1,500,000, subject to a 1.5% Net Smelter Return Royalty (“Royalty”). The Company also has the option to purchase one half of the royalty (0.75%) for US\$750,000. The share issuance transaction is measured at fair value of the shares issued as the fair value of the option payment could not be reliably measured.

8. EXPLORATION AND EVALUATION ASSETS (cont'd....)

Kelly Creek (KC) (cont'd...)

The Company shall pay to Genesis advance royalty payments as follows:

1 st anniversary	\$	5,000	(paid)
2 nd anniversary		10,000	(paid)
3 rd anniversary		10,000	(paid) ⁱ⁾
4 th anniversary		10,000	(paid)
5 th and each subsequent anniversaries		50,000	

i) 50% was paid in cash and another 50% was paid through the issuance of 50,049 shares during the year ended April 30, 2013.

Hot Pot (HP)

On September 16, 2005, the Company entered into a Mining Lease Agreement on 8.8 km² at the Hot Pot Project located in Humboldt County, Nevada, approximately 30 km northwest of Battle Mountain, Nevada. Under the terms of the agreement, the Company is required to make annual payments of US\$20,000 on each anniversary, and the agreement is subject to a 3% NSR to the property owner. The Company also controls 6 (2013 – 6) claims (approx. 50 hectares) at Hot Pot. All of the Company’s mineral interests at Hot Pot are subject to a 1.25% NSR.

On September 16, 2009, the Company entered into an Exploration Agreement with International Enexco Ltd. (“Enexco”) whereby Enexco could earn a 51% interest in the Hot Pot Property by drilling 6,000 meters (19,600ft) over three years, with the option to earn an additional 19%, for 70% total, by drilling another 3,000 meters (9,800ft) during the fourth year. During the year ended April 30, 2012, Enexco elected to terminate the agreement and retains no interest in the project.

Grass Valley Project

On February 27, 2012, the Company announced the signing of agreement with McEwen Mining Inc, (“MMI”), a two-year Exploration Agreement to generate new gold projects in a 25,000 hectare (95 sq mi) study area in north central Nevada (referred to as the Area of Interest or “AOI”) using the Company’s hydrogeochemistry exploration technology.

Under the agreement, the Company is engaged to complete a hydrogeochemistry sampling program across the large AOI to identify and delineate discrete new target areas in exchange for a service fee. Any projects that MMI acquires within the AOI will be deemed Designated Properties. Upon acquiring a Designated Property, MMI will pay the Company the greater of US\$25,000 or US\$100 per claim, and grant the Company a 30% carried interest in the Designated Property. MMI will be the manager of the Designated Properties, will have sole discretion on the nature and timing of all exploration and development activities at the Designated Properties, and will be solely responsible for payment of all costs incurred in respect of the Designated Properties. If MMI completes a Production Decision Report on a Designated Property that MMI deems sufficient to base a decision to commence production, the Designated Property will advance under a Joint Venture agreement.

On September 24, 2012, the Company announced that MMI elected to designate a new gold project in Grass Valley, Nevada, as a Designated Property. The Grass Valley Project consists of approximately 59 square kilometres (23 sq mi) of unpatented mining claims and is located along the western side of Grass Valley in central Nevada, approximately 16 kilometres (10 mi) south of Barrick Gold Corp.’s Cortez Hills, the world’s largest primary gold producer in 2011. As per the terms of the Exploration Agreement, MMI has granted the Company a 30% carried interest in the property and paid the Company \$72,516 (US\$73,500) which has been recognized as option payments income for the year ended April 30, 2013.

8. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Grass Valley Project (cont'd...)

Under the agreement, if MMI elects to continue maintaining the Designated Property, MMI agrees to pay the Company the following staged payments:

1 st anniversary	US\$ 100,000	(received)
2 nd anniversary	100,000	
3 rd anniversary	100,000	
4 th anniversary	100,000	
5 th and each subsequent anniversaries	250,000	

South Grass Valley (SGV)

During the period ended January 31, 2014, the Company established the South Grass Valley Project by staking 186 unpatented mining claims (15km²). The Project is located in Lander County, north-central Nevada, approximately 50 kilometres (32 miles) south southwest of Barrick Gold Corp.'s Cortez Pipeline property.

Bull Creek (BU)

The Bull Creek Project is located in Humboldt County, Nevada, approximately 60 km west-northwest of Winnemucca, Nevada. The Company held a 100% interest in 108 (2013 – 108) claims (approx. 8.7 km²) at Bull Creek. During the period ended January 31, 2014, the Company realigned its land holdings in Nevada and decided to drop its land position in the Bull Creek Project. The Company wrote off all associated costs of \$1,352,613 during the period ended January 31, 2014.

Jungo (JU)

The Jungo Property is located in both Humboldt and Pershing Counties, Nevada, approximately 60 km west of Winnemucca, Nevada. The Company held a 100% interest in 108 (2013 – 108) claims (approx. 8.7 km²) at Jungo. During the period ended January 31, 2014, the Company realigned its land holdings in Nevada and decided to drop its land position in the Jungo Property. The Company wrote off all associated costs of \$241,891 during the period ended January 31, 2014.

Rye Patch (RP)

The Rye Patch Project is located in Pershing County, Nevada, approximately 30 km northeast of Lovelock, Nevada. The Company held a 100% interest in 41 (2013 – 41) claims (approx. 3.3 km²) at Rye Patch, as well as Mining Lease Agreements covering another 70 hectares.

During the period ended January 31, 2014, the Mining Lease Agreements expired and the Company dropped its claims at the Rye Patch Project. The Company wrote off all associated costs of \$278,034 during the period ended January 31, 2014.

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8. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Sand Pass (SP)

The Sand Pass Project is located in Humboldt County, Nevada, approximately 10 km north of Winnemucca, Nevada. The Company held a 100% interest in 89 (2013 – 89) claims (approx. 16.6 km²) at Sand Pass, as well as a Mining Lease Agreement covering another 940 hectares. During the period ended January 31, 2014, the Company terminated the Mining Lease Agreement, and dropped all its claims at Sand Pass. The Company wrote off all associated costs of \$448,802 during the period ended January 31, 2014.

Whiskey Flats (WF)

The Whiskey Flats Project is located in Mineral County, Nevada, approximately 20 km south of Hawthorne, Nevada. The Company held a 100% interest in 99 (2012 – 123) claims (8.0 km²) at Whiskey Flats. During the period ended January 31, 2014, the Company realigned its land holdings in Nevada and decided to drop its land position in the Whiskey Flats Project. The Company wrote off all associated costs of \$311,579 during the period ended January 31, 2014.

9. DEPOSITS AND BONDS

	January 31, 2014	April 30, 2013
Security deposits ⁽¹⁾	\$ 11,500	\$ 11,500
Reclamation bond deposits ⁽²⁾	<u>92,000</u>	<u>83,220</u>
	<u>\$ 103,500</u>	<u>\$ 94,720</u>

(1) Security deposits consist of \$11,500 guaranteed investment certificate (“GIC”) maturing on August 3, 2014 and bearing interest at prime less 2%. The GIC is used to secure the credit limit on a credit card.

(2) Reclamation bond deposits are required by the U.S. Bureau of Land Management (“BLM”) and the U.S. Forest Service (“USFS”) to ensure that any reclamation and clean-up work required on the Company’s properties will be completed to the satisfaction of the BLM and the USFS. The Company did not have any asset retirement obligations as of January 31, 2014 and April 30, 2013.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities for the Company are as follows:

	January 31, 2014	April 30, 2013
Customer prepayments	\$ -	\$ 12,151
Trade payables	15,285	7,766
Due to related parties (Note 6)	28,440	40,187
Due to key management personnel (Note 17)	92,328	-
Accrued liabilities	<u>37,826</u>	<u>47,934</u>
Total	<u>\$ 173,879</u>	<u>\$ 108,038</u>

11. FINANCE LEASE OBLIGATIONS

The Company has a finance lease obligation for a leased vehicle, with blended monthly payments of principal and interest of \$51,847 (US\$46,550) and bearing interest at a rate of 2.90% per annum.

	January 31, 2014	April 30, 2013
Finance lease obligations	\$ 51,847	\$ -
Deduct: amount representing interest	<u>(3,520)</u>	<u>-</u>
Present value of minimum lease payments due	48,327	-
Less: current portion	<u>(11,874)</u>	<u>-</u>
Non-current portion	\$ 36,453	\$ -

The total of principal repayments of the finance lease obligations that are due within the next one year is \$11,874, and the remaining portion for \$36,453 is due between fiscal year 2015 to 2019.

12. CAPITAL STOCK

a) Authorized share capital:

As at January 31, 2014, the authorized share capital of the Company was:
Unlimited number of common shares without par value;
Unlimited number of preferred shares without par value;
All issued shares are fully paid.

b) Issued share capital:

During the period ended January 31, 2014, the Company did not have any share activities.

During the period ended January 31, 2013, the Company:

- i) settled outstanding indebtedness to a vendor of \$20,000 through the issuance of 200,000 common shares of the Company at a deemed price of \$0.10 per common share, and the Company issued 50,049 common shares of the Company at a deemed price of \$0.11 per common share as part of the annual payment due under a mining lease with Genesis on the Kelly Creek Project (Note 8).
- ii) completed a non-brokered private placement by issuing 10,000,000 Units at a price of \$0.10 per Unit for total gross proceeds of \$1,000,000. Each Unit consists of one common share and one-half of one non-transferable common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of \$0.15 for a period of one year. Fair value allocated in connection to these warrants was \$128,376. In connection with the private placement, the Company:

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12. CAPITAL STOCK

b) Issued share capital: (cont'd...)

- a) paid cash share issuance costs of \$43,951; and
- b) issued 369,200 agent warrants with a fair value of \$15,226, where each agent warrant entitles the holder to purchase one common share at a price of \$0.15 for a period of one year. In the absence of a reliable measurement of the services received, the services have been measured at the fair value of the agent warrants issued.

13. RESERVES

a) Options

The Company has a stock option plan under which it 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 stock of the Company. Under the plan, the exercise price of each option equals the market price, minimum price or a discounted price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of five years, and generally vest over a 3 year period, or as determined by the Company's directors.

During the period ended January 31, 2014, the Company granted Nil (2013 – 1,100,000) stock options resulting in share-based payment expense of \$Nil (2013 - \$106,802).

During the period ended January 31, 2014, the Company recorded share-based payment expense of \$Nil (2013 - \$2,634) for options granted in the prior period which vested during the period.

A continuity of share purchase options for the period ended January 31, 2014 is as follows:

Expiry date	Exercise price	April 30, 2013	Expired	Cancelled	January 31, 2014	Exercisable
June 10, 2013	\$ 0.15	200,000	(200,000)	-	-	-
September 30, 2014	0.16	250,000	-	-	250,000	250,000
September 30, 2014	0.10	900,000	-	-	900,000	900,000
November 17, 2014	0.10	600,000	-	-	600,000	600,000
December 31, 2015	0.10	3,100,000	-	(150,000)	2,950,000	2,950,000
August 9, 2016	0.10	2,250,000	-	(1,850,000)	400,000	400,000
September 25, 2017	0.11	600,000	-	(500,000)	100,000	100,000
December 4, 2017	0.12	500,000	-	-	500,000	500,000
Total		8,400,000	(200,000)	(2,500,000)	5,700,000	5,700,000
Weighted average exercise price		\$ 0.10	\$ 0.15	\$ 0.10	\$ 0.10	\$ 0.10
Weighted average remaining life of options outstanding					1.79 years	

Option pricing models require the use of estimates and assumptions including the expected volatility. Changes in underlying assumptions can materially affect the fair value estimates. The following weighted average assumptions were used for the Black-Scholes valuation of options granted during the period:

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13. RESERVES (cont'd...)

a) Options (cont'd...)

	January 31, 2014	January 31, 2013
Share price	-	\$0.10
Risk-free interest rate	-	1.36%
Expected life of options	-	5 years
Annualized volatility based on historical volatility	-	141.31%
Dividend rate	-	0.00%
Forfeiture rate	-	0.00%
Fair value per option	-	\$0.09

b) Warrants

During the period ended January 31, 2014, the Company issued Nil (2013 - 5,369,200) warrants.

A continuity of share purchase warrants for the period ended January 31, 2014 is as follows:

Expiry date	Exercise price	April 30, 2013	Granted	Expired	January 31, 2014	Exercisable
December 24, 2013 ⁱ⁾	\$ 0.15	369,200	-	(369,200)	-	-
December 24, 2014	0.15	5,000,000	-	-	5,000,000	5,000,000
April 16, 2014 ⁱⁱ⁾	0.14	5,278,000	-	-	5,278,000	5,278,000
Total		10,647,200	-	(369,200)	10,278,000	10,278,000
Weighted average exercise price		\$ 0.15	\$ -	\$ 0.15	\$ 0.14	\$ 0.14

i) Agent's warrants

ii) Includes 728,000 agent's warrants

The following weighted average assumptions were used for the Black-Scholes valuation of warrants granted during the period:

	January 31, 2014	January 31, 2013
Share price	-	\$0.14
Risk-free interest rate	-	1.12%
Expected life of warrants	-	1 year
Annualized volatility based on historical volatility	-	80.91%
Dividend rate	-	0.00%
Fair value per warrant	-	\$0.03

14. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

During the period ended January 31, 2014, the Company had the following significant non-cash transaction:

- i) incurred equipment costs of \$17,800 included in accounts payable and accrued liabilities;
- ii) reclassified fair value of \$90,612 from reserves to deficit for 200,000 stock options expired;
- iii) reclassified fair value of \$188,966 from reserves to deficit for 2,500,000 stock options cancelled; and
- iv) reclassified fair value of \$15,226 from reserves to deficit for 369,200 warrants expired.

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14. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS (cont'd...)

During the period ended January 31, 2013, the Company had the following significant non-cash transactions:

- i) incurred equipment costs of \$17,782 included in accounts payable and accrued liabilities;
- ii) issued 50,049 shares with a fair market value of \$5,468 as part of the annual payment due under a mineral lease;
- iii) issued 200,000 shares with a fair value of \$20,000 for debt; and
- iv) received 170,068 shares of Spruce Ridge with a value of \$25,000 as part of an option payment on the Fletcher Junction property.

15. COMMITMENTS

The Company has the following commitments:

- a) The Company has entered into a lease agreement for premises expiring on November 30, 2014. Lease commitments are US\$4,630 per month for the first year, and US\$4,769 per month for the second year.
- b) The Company has various commitments relating to its exploration and evaluation assets as disclosed in Note 8.

16. SEGMENTED INFORMATION

The Company operates in one industry segment, being the acquisition, exploration and development of resource properties. Geographic information is as follows:

	January 31, 2014	April 30, 2013
Non-current assets:		
United States		
Equipment	\$ 167,660	\$ 140,655
Exploration and evaluation assets	4,410,525	6,407,725
Deposits and bonds	<u>92,000</u>	<u>83,220</u>
	<u>\$ 4,670,185</u>	<u>\$ 6,631,600</u>
	Nine Months Ended January 31, 2014	Nine Months Ended January 31, 2013
Income:		
United States		
Project management and consulting	\$ 139,487	\$ 167,679
Option payments	<u>103,992</u>	<u>72,516</u>
	<u>\$ 243,479</u>	<u>\$ 240,195</u>

17. KEY MANAGEMENT COMPENSATION

Of the \$305,519 in salary expenses, \$251,836 is for key management personnel, defined as those persons having authority and responsibility for planning, directing and controlling activities of the Company, directly or indirectly including any director (whether executive or otherwise) of the Company. The Company's key management personnel include the following: Chief Executive Officer, Chief Operating Officer, and Vice President of Corporate Development.

Remuneration of key management of the Company is as follows:

	Nine Months Ended January 31, 2014	Nine Months Ended January 31, 2013
Salaries	\$ 251,836	\$ 256,320

The amount included in accounts payable and accrued liabilities which is due to key management personnel is as follows:

	January 31, 2014	April 30, 2013
Due to key management personnel (Note 10)	\$ 92,328	\$ -

18. CAPITAL AND FINANCIAL RISK MANAGEMENT

Capital management

In order to maintain its capital structure, the Company, is dependent on equity funding and when necessary, raises capital through the issuance of equity instruments, primarily comprised of common shares and incentive stock options. In the management of capital, the Company includes the components of equity as well as cash.

The Company prepares annual estimates of exploration expenditures and monitors actual expenditures compared to the estimates to ensure that there is sufficient capital on hand to meet ongoing obligations. The Company's investment policy is to invest any excess cash in highly liquid short-term deposits with terms of one year or less and which can be liquidated after thirty days without interest penalty. The Company currently has insufficient capital to fund its exploration programs and is reliant on completing equity financings to fund further exploration. The Company is not subject to any externally imposed capital requirements.

There were no changes in the Company's approach to capital management during the period ended January 31, 2014.

Fair value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly;
and
- Level 3 – Inputs that are not based on observable market data.

18. CAPITAL AND FINANCIAL RISK MANAGEMENT (cont'd...)

Fair value (cont'd...)

Short term investments are measured at level 1 of the fair value hierarchy. The fair value of short term investments is measured at the market price of the common shares held at the measurement date. The carrying value of cash, accounts receivable (excluding GST receivable), deposits and bonds, finance lease obligations and accounts payable and accrued liabilities approximated their fair value because of the short-term nature of these instruments.

Financial risk factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and deposits and bonds. Management believes that the credit risk concentration with respect to cash is remote as it maintains accounts with highly-rated financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage, as outlined in the discussion on capital management. It also manages liquidity risk by continuously monitoring actual and projected cash flows. The Board of Directors reviews and approves the Company's operating and capital budgets, as well as any material transactions out of the normal course of business.

As at January 31, 2014, the Company had a cash balance of \$74,642 (April 30, 2013 - \$591,060) to settle current liabilities of \$185,753 (April 30, 2013 - \$108,038). The Company will require financing from lenders, shareholders and other investors to generate sufficient capital to meet its short term business requirements.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and equity prices.

(a) Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions is subject to floating rate of interest. The interest rate risks on cash, deposits and bonds and on the Company's finance lease obligations are not considered significant.

(b) Foreign currency risk

The Company is exposed to financial risk arising from fluctuations in foreign exchange rates and the degree of volatility of these rates. A significant portion of the Company's expenses is denominated in US dollars. Consequently, certain assets, liabilities and operating expenses are exposed to currency fluctuations. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

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18. CAPITAL AND FINANCIAL RISK MANAGEMENT (cont'd...)

Financial risk factors (cont'd...)

Market risk (cont'd...)

(b) Foreign currency risk (cont'd...)

Net assets denominated in foreign currency and the Canadian dollar equivalents at January 31, 2014 are as follows:

	CDN	USD
Current assets	\$ 84,294	\$ 75,681
Non-current assets	4,670,185	4,193,019
Current liabilities	<u>(110,150)</u>	<u>(98,896)</u>
	<u>\$ 4,644,329</u>	<u>\$ 4,169,804</u>

Net exposure

Based on the above net exposures as at January 31, 2014, and assuming all other variables remain constant, a 1% change in the value of the US dollar against the Canadian dollar would result in an increase/decrease of \$46,443 in profit or loss.

19. SUBSEQUENT EVENT

Subsequent to January 31, 2014, the Company granted 3,050,000 stock options to directors and officers of the Company. These stock options are exercisable on or before March 2, 2019, at a price of \$0.10 per share.