**EXPLOREX RESOURCES INC.**

**FORM 2A - LISTING STATEMENT**

Dated: April 23, 2015



SCHEDULE "A" – Audited Financial Statements of Explorex Resources Inc. for the years ended March 31, 2014, 2013, and 2012, and Interim Financial Statements for the period ended December 31, 2014.

SCHEDULE "B" – Management Discussion & Analysis of Explorex Resources Inc. for the years ended March 31, 2014, 2013, and 2012, and for the period ended December 31, 2014.

## 2. Corporate Structure

### 2.1 Name and Address

The Issuer's full corporate name is "Explorex Resources Inc." (the "Issuer") and its addresses are as follows:

| | |
|---|---|
| Head Office and Mailing Address: | 214 - 1118 Homer Street<br>Vancouver, British Columbia<br>V6B 6L5 |
| Registered and Records Office: | Suite 1780, 400 Burrard Street,<br>Vancouver, British Columbia<br>V6C 3A6 |

### 2.2 Incorporation

The Issuer was incorporated pursuant to the *Business Corporations Act* (British Columbia) (the "BCBCA") under the name "EXPLOREX CAPITAL LTD." on January 6, 2011 as a "capital pool company" as that term is defined by the policies of the TSXV. The Issuer changed its name to "EXPLOREX RESOURCES INC." on June 11, 2012 in connection with the completion of its Qualifying Transaction as that term is defined by the policies of the TSXV.

### 2.3 Inter-Corporate Relationships

The Issuer does not have any material subsidiaries.

### 2.4 Fundamental Change or Proposed Acquisition

The Issuer is not requalifying in this Listing Statement.

### 2.5 Non-Corporate Issuers and Issuer Incorporated Outside of Canada

This section is not applicable to the Issuer as it is a British Columbia company.

## 3. General Development of the Business

### 3.1 General Development

The Issuer was incorporated under the BCBCA on January 6, 2011 as "Explorex Capital Ltd.", and changed its name to "Explorex Resources Inc." on June 11, 2012. The Issuer was previously classified as a capital pool company as defined by the policies of the TSXV. On June 11, 2012 the Issuer completed its Qualifying Transaction and graduated from being a CPC to a Tier 2 mining issuer on the TSXV.

The Issuer is currently engaged in the acquisition, exploration and evaluation of its mineral property interests located in Eastern Canada. All of the Issuer's activities to date have been of an exploratory nature. The objective of the Issuer is to develop mineral properties to a stage where they can be operated profitably.

The common shares of the Issuer are currently listed on the TSXV under the symbol "EX" and shall be delisted from the TSX Venture Exchange upon the listing of the shares of the Issuer on the Canadian Securities Exchange.

Concurrent with the completion of its Qualifying Transaction on June 11, 2012 the Issuer closed a non-brokered private placement for 1,417,500 units in the Issuer at a price of $0.20 per unit, where each unit consisted of one (1) common share and one (1) non-transferable share purchase warrant for the purchase of one (1) further common share of the Issuer within one (1) year after issuance at the price of $0.30 per share.

In order to facilitate future financing of the Issuer, the Board proceeded with a share consolidation comprised of two (2) old shares for one (1) new share. Effective at the opening of trading on June 12, 2014 the post-consolidated shares of the Issuer commenced trading on the TSXV.

On July 17, 2014, the Issuer closed a non-brokered private placement of 2,100,000 units at a price of $0.055 per unit, where each unit consisted of one (1) post-consolidated common share and one (1) non-transferable post-consolidated share purchase warrant for the purchase of one (1) further post-consolidated common share of the Issuer within five (5) years after issuance at the price of $0.075 per share.

In March, 2015, the Issuer closed a non-brokered private placement in 2 tranches of an aggregate of 1,400,544 shares at a price of $0.11 per share for gross proceeds of $154,010.

3.2 Significant Acquisition

The Issuer has not completed an acquisition or disposition or proposed any significant probable acquisition or disposition for which financial statements would be required under National Instrument 41-101.

3.3 Trends

As of the date of the Listing Statement, the Issuer plans to focus on its Arlington Property, as described under the heading "Narrative Description of the Business" as well as any other projects it may acquire from time to time. The financing and exploration and development of the Issuer's properties are subject to a number of factors, including laws and regulations in the areas of taxation, environmental, permitting and others, hiring qualified people, and obtaining necessary services in jurisdictions where the Issuer operates. The current trends relating to these factors are favourable but could change at any time and negatively affect the Issuer's operations and business. Please refer to "Narrative Description of the Business" for risk factors affecting the Issuer. Other than as disclosed herein, the Issuer is not aware of any trends, uncertainties, demands, commitments or events which are reasonably likely to have a material effect on the Issuer's business financial condition or results of operations.

## 4. Narrative Description of the Business

4.1 General

(1) *Issuer's Business*

The business objective of the Issuer is to identify, evaluate, acquire and explore mineral properties for the purposes of identifying a mineral resource deposit for the development of a mine or for the sale of the deposit or the Issuer to a senior mining company.

**Arlington Property**

In January, 2015, the Issuer staked 1 mineral tenure in the Greenwood Mining Division of British Columbia, Canada covering approximately 584.4 hectares.

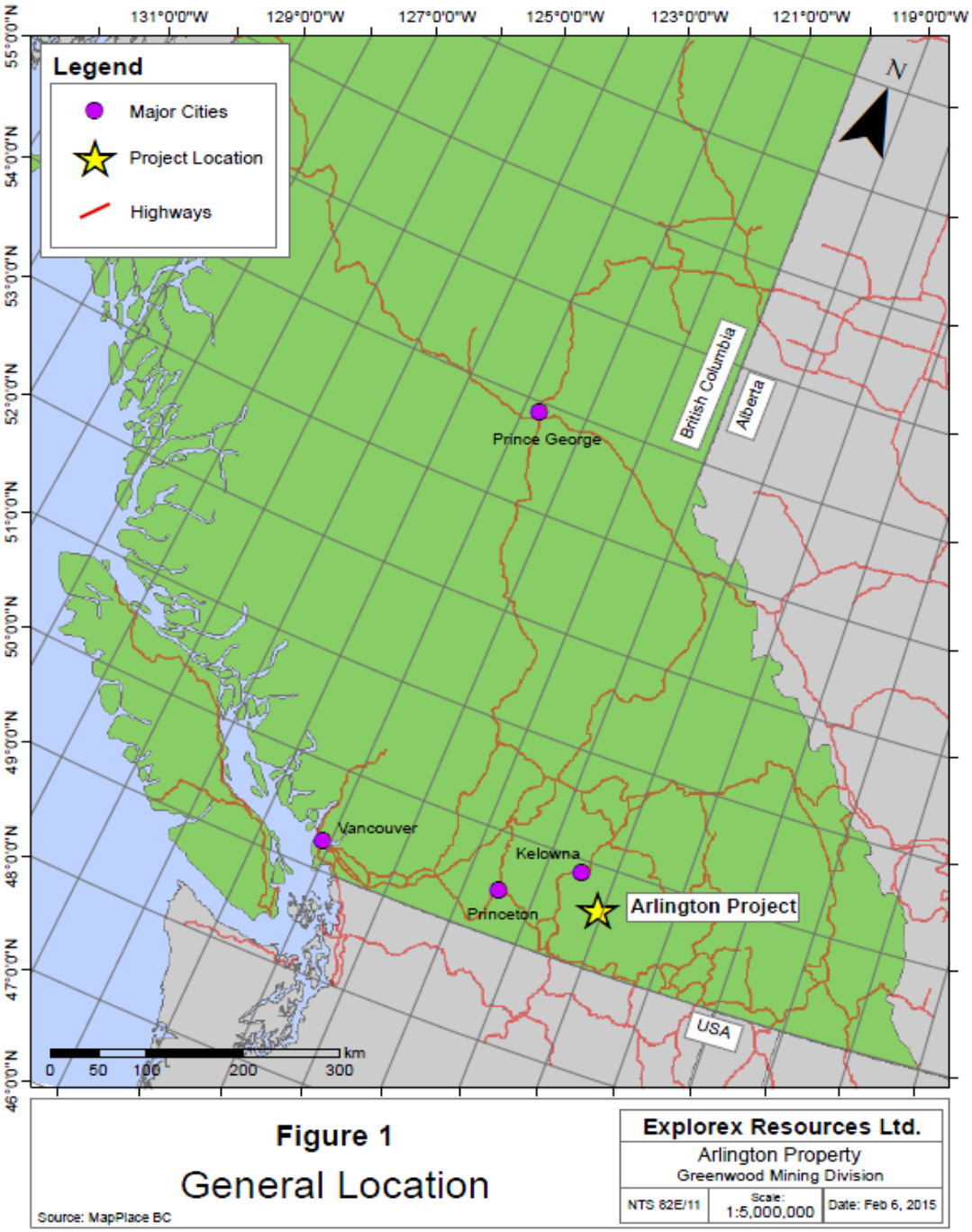


**Figure 1**

General Location

| Explorex Resources Ltd. | | |
|---|---|---|
| Arlington Property<br>Greenwood Mining Division | | |
| NTS 82E/11 | Scale: 1:5,000,000 | Date: Feb 6, 2015 |

(a) 12 Month Business Objectives

The Issuer's primary objectives over the next 12 months are as follows:

- Complete Phase 1 of the recommended work program set out in the Technical Report.
- acquire and evaluate additional complementary mineral properties to expand the Resulting Issuer's portfolio;

(b) Significant Events/Milestones

The following is a budget for a Phase I of the recommended work program included in the Technical Report totalling $55,000 to complete.

| Phase 1 Budget | Cost |
|---|---|
| Geological Mapping<br>Mapping and sampling of historical showings | $20,300 |
| Soil Geochemistry<br>Orientation survey over selected Minfile Occurrences. Sample spacing, analytical methods established by orientation survey. | $13,100 |
| Geophysical Survey<br>Magnetic and VLF-EM survey to identify geological contacts and structures | $21,600 |
| Total Phase 1 (Canadian Dollars) | $55,000 |

(c) Total Funds Available

As of March 13 2015, the Issuer had a working capital of approximately $130,000.

(d) Principal Uses of Funds

The Issuer intends to use the funds available as follows:

| | |
|---|---|
| Funds Available (as of March 13, 2015) | $ 100,000 |
| Complete Remaining Outstanding Portion of Phase I of recommended work program set in the Technical Report | $ 55,000 |
| Estimated General and Administrative Expenses (6 months) | $38,000 |
| Unallocated working capital | $7,000 |
| **Total** | **$ 100,000** |

(2) *Principal Products and Services*

Not applicable.

(3) *Production and Sales*

Not applicable.

(4) *Competitors*

See “Risks Associated With the Property – Competition”

(5) *Lending Operations*

Not applicable.

(6) *Bankruptcies, Receiverships and Similar Proceedings*

The Issuer has not been involved in any bankruptcies, receiverships or similar proceedings within the three most recently completed financial years or the current financial year.

(7) *Restructuring Transactions*

The Issuer not been involved in any material restructuring transactions within the three most recently completed financial years or completed during or proposed for the current financial year.

(8) *Social or Environmental Policies Fundamental to Operations*

None.

4.2 Companies with Asset Backed Securities

This section is not applicable to the Issuer.

4.3 Issuers with Mineral Exploration Projects

The following information regarding the property has been summarized from a technical report on the Property entitled "National Instrument 43-101 Technical Report on the Arlington Property" dated February 6, 2015 (the "Technical Report") and prepared by Rick Kemp, B.Sc., P.Geo. (the "author"). The author is an independent Qualified Person as defined by National Instrument 43-101 ("NI 43-101"). The Technical Report has been prepared in accordance with NI 43-101. A copy of the Technical Report can be reviewed under the Issuer's profile on SEDAR at www.sedar.com. The disclosure below has been taken directly from the Technical Report.

*(1) Property Description and Location*

The Arlington property is located in the Arrow Boundary District of south central British Columbia, Canada and is 17km north of Beaverdell (population ~350) and 67km south of Kelowna, B.C. along British Columbia Provincial Highway 33. The property is located on NTS map sheet 082E/11, as shown in Figure 1. The Arlington claim is centered at 49°35'13.08"N Latitude and 119°05'3.45" W Longitude. It covers the following ten Minfile occurrences ie Wallace (082ENW039), Arlington (082ENW015), DKD 4 (082ENW043), DKD 2 (082ENW041), Hall (082ENW065), BRU 21 (082ENW042), BRU22 (082ENW045), DKD 6 (082ENW044), ELK 3 (082ENW038) and HALL CREEK (082ENW033). Insert Figure 1: General Location

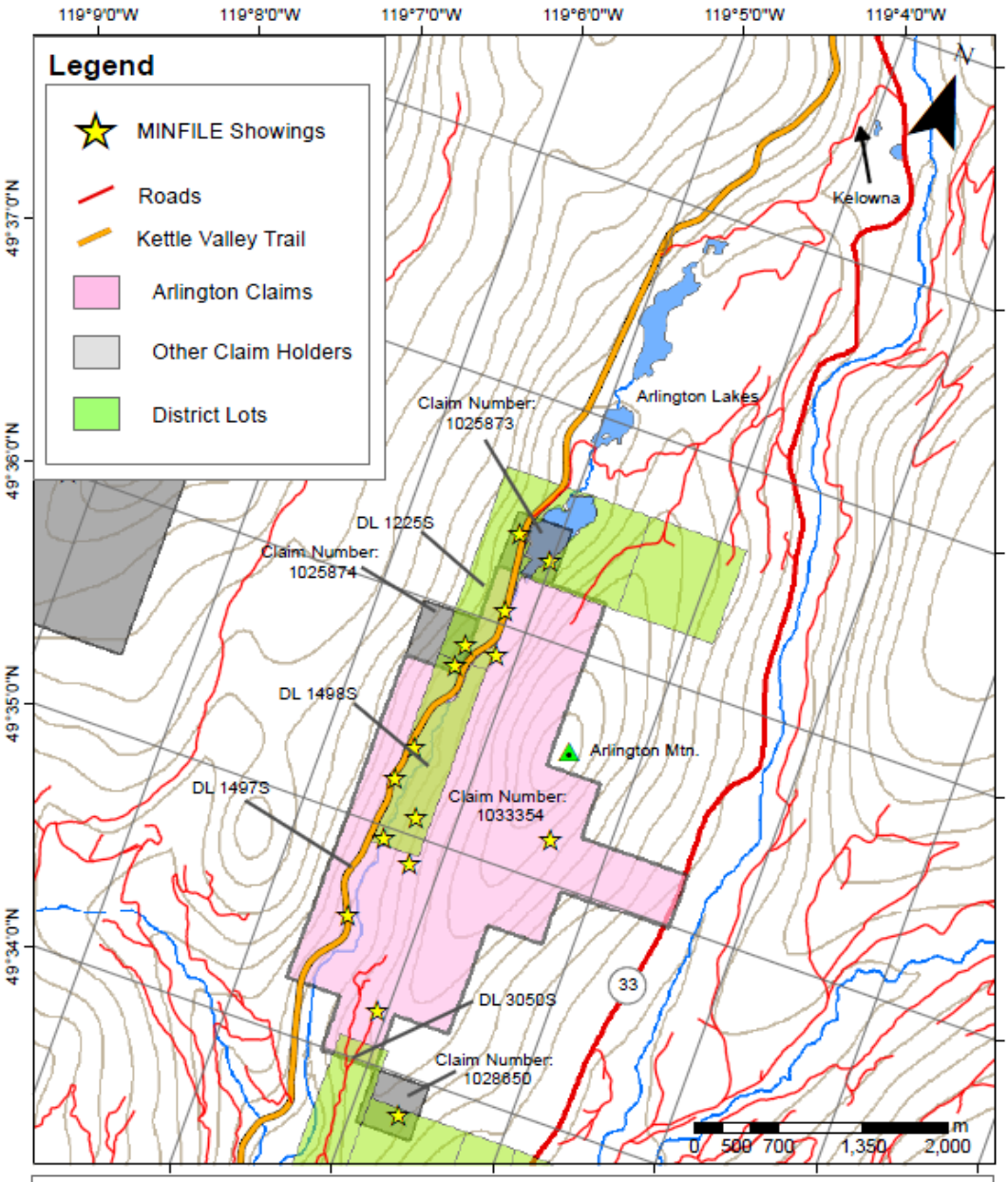


**Figure 2**

Claim Map

Source: IMapBC 2.0

| Explorex Resources Ltd. | | |
|---|---|---|
| Arlington Property<br>Greenwood Mining Division | | |
| NTS 82E/11 | Scale: 1:40,000 | Date: Feb 6, 2015 |

The property consists of one Mineral Titles Online (MTO) mineral claim with Tenure Number 1033354 as listed in Table 1 below. The claim name is Arlington and covers 586.46 hectares of land located in the Greenwood Mining Division on Mineral Titles map sheet 082E/11. The claim is in good standing until January 13, 2016. The Issuer acquired the claim through staking and is the registered owner of the Arlington claim and holds 100% interest. There are no royalties, back-in rights, payments, or other agreements or encumbrances on the Arlington property. The Arlington claim boundary is illustrated in Figure 2 along with the location of the known Minfile occurrences..

| Tenure Number | Claim Name | Registered Owner | Area (ha) | Expiry of Claim |
|---|---|---|---|---|

| | | | | |
|---|---|---|---|---|
| 1033354 | Arlington | Explorex Resources Ltd. | 586.46 | January 13, 2016 |

Mineral claims within the province of British Columbia require assessment work (such as geological, mapping, geochemical, or geophysical surveys, trenching or diamond drilling) be completed each year to maintain title to the claim. New regulations regarding work obligations to maintain tenure came into effect on July 1, 2012. As of that date, annual work requirements are determined as follows:

$5.00 per hectare for anniversary years 1 and 2
$10.00 per hectare for anniversary years 3 and 4
$15.00 per hectare for anniversary years 5 and 6
$20.00 per hectare for subsequent anniversary years

All claims in the province were set back to the year 1 requirement in 2012, regardless of the number of years which has lapsed since the claim acquisition, so that the next time a filing of assessment is made after July 1, 2012, the claim is treated as if it is year one. Thereafter the work commitment increases according to the above schedule. Work in excess of the annual requirement may be credited to future years. In lieu of assessment work, cash payments can be made to maintain title. To encourage exploration work, cash in lieu of requirements have been established at two times the requirement for assessment work.

The current expiry date of the Arlington claim is January 13, 2016. According to the new regulation changes for annual work requirements, the Arlington claim is in its first year and therefore an assessment commitment of $5.00/hectare or a total of $2,932.30 is required to advance the claim's expiry date by one year.
A Notice of Work permit from the Ministry of Forests, Lands and Natural Resource Operations is required for any surface or underground exploration involving mechanized disturbance. Reclamation bonds are generally required before final permit approval is granted. A separate permit is required for timber disturbance necessary to carry out the work program. As of the effective date of this report, there is no valid work permit for the site.

The Arlington property is located immediately south of Arlington Lakes with Hall Creek closely bounding the western claim boundary. Arlington Mountain is centered on the eastern side of the property. British Columbia Provincial Highway 33 crosses the most easterly portion of the property. The decommissioned Kettle Valley Railroad (KVR) right-of-way traverses the claim from north to south which closely follows Hall Creek (Figure 2).

The Property is located on Crown Land, the Issuer holds the under surface rights only. There are four separate District Lots which overlap the Arlington property along its southern, western and northern claim boundary. The District Lots are located within the Similkameen Division of the Yale Land District and are referenced as District Lot (DL) 3050S, DL 1497S, DL 1498S and DL 1225S (Figure 2) . Interests underlying the District Lots include Licenses' of Occupation for the purpose of Commercial Recreation activities ie tour guiding along the Kettle Valley Railway right-of-way, Permits for forestry roads and bridges along Hall Creek by Interfor Corporation and Reserve/Notation interest over the Kettle Valley Railway corridor for recreation purposes held by the Ministry of Forests, Lands and Natural Resources operations. Other stake holders in the immediate area of the Arlington claim include Guide Outfitter Peter Grosch whose permit covers 190,000 ha of land including the Arlington claim. There is a Trapline permit which extends well beyond the limits of the Arlington property covering 63,760 ha of land under licence TR0812T032. There are currently three active grazing licences issued in the immediate area of the property. Two of the licences are located on the east side of the claim crossing that portion of the property located east of Highway 33. The remaining grazing licence covers the Arlington property and

well beyond covering 8,700 ha of crown land. At the south end of the property there is an active ongoing silviculture obligation by Interfor Corporation covering 46.7 ha of land. Along the northern claim boundary there is an active Tree Farm licence which crosses onto the Arlington claim totaling 121 ha. There is a Forest Recreation Tenure covering the southern portions of Arlington Lakes which encroaches onto the claim in the far NW corner of the property.

There are no First Nations reserves, treaty lands, or treaty related lands on or in the vicinity of the property. However, the Province is legally obligated to consult and accommodate (where required) First Nations on land and resource decisions that could impact their Aboriginal Interests. While the Province is responsible for ensuring adequate and appropriate consultation and accommodation, it may involve the proponent in the procedural aspects of consultation. Proponents are encouraged to engage with First Nations as early as possible in the planning stages to build relationships and for information sharing purposes. There are currently five First Nations who may have community interests encompassing the area of the Arlington claim. These First Nation organizations include the Okanagan Indian Band, Penticton Indian Band, the Okanagan Nation Alliance, Lower Similkameen Indian Band and the Upper Nicola Indian Band.

A large area designated as ungulate winter range for mule deer overlaps the property. Special restrictions affect silviculture activities within the winter range area, but these restrictions do not apply to any work (such as mineral exploration and development) that falls under the Mineral tenure Act.

Historical records document numerous old workings within the claim as evidenced by the presence of overgrown pits, trenches, shafts, open cuts and short adits which may pose as potential public safety hazards. There are no significant waste dumps associated with the historic workings on the property and they do not, in the author's opinion, constitute a significant environmental liability. There are no former mill or tailings sites on the property.
As shown in Figure 2, the Arlington property adjoins three active mineral claims that are not owned by the Issuer . The economy of the Carmi / Beaverdell area has historically relied largely, or entirely, on the local natural resources. Exploration and mining activities in the region are generally regarded favorably.

*(2) Accessibility, Climate, Local Resources, Infrastructure and Physiography*

There is excellent road access to the property. From Kelowna, access is south along Highway 33 for 67km to the Arlington Lakes access road. Turn west (right) onto the Arlington Lake road and follow the road for approximately 4km. A semi-open British Columbia Forest Service campsite is located near the old Kettle Valley Railway station of Lakevale located on the most southerly lake which is located at the northern boundary of the Arlington claim.

Limited services, including room, board and groceries are available in the community of Beaverdell. Most services needed for exploration are available in either Rock Creek, located 48km to the south of Beaverdell at the junction of BC Provincial Highways 33 and 3 or in Kelowna located 67km to the north of the community of Beaverdell. A small sawmill in Beaverdell provides lumber for local needs. Three phase power lines follow Highway 33 through the town of Beaverdell if needed for future mine development. Water sources are locally available within the claim from Hall Creek and bounding tributaries. The closest full service international airport is located in Kelowna with regularly scheduled air service to Vancouver, Calgary and USA destinations. There is a small dirt airstrip located in Beaverdell which services both private and charter aircraft. With a recent history of mining in the Greenwood District, there are also ample personnel available with experience in mineral exploration and development. Exploration services such as drilling equipment or equipment rentals that are unavailable in Beaverdell can generally be found in the regional centers of Kelowna and Penticton.

The property is located immediately south of Arlington Lakes, a north trending series of lakes located near the headwaters of Hall Creek. Arlington Lakes are located at an elevation of 1052m covering 18.5 ha of land. The lakes average 9m in depth and are ice free from late April to early November and host medium sized Rainbow trout. The British Columbia Forest Service maintains a 23 site camp ground located on the southern most lake near the old train station of Lakevale located along the Kettle Valley Railroad. The camp ground is four kilometers west of Highway 33 and accessed by a two wheel drive road. To the southeast of Arlington Lakes is Arlington Mountain which is located in the East central portion of the claim reaching a height of 1,320m. The Kettle Valley Railroad right-of-way closely parallels Hall Creek which traverses the claim from north to south along the western claim boundary. Many historical logging roads are noted on the claim east of Hall Creek. These decommissioned roads and trails are accessed from the south departing Highway 33 near the hamlet of Carmi. The deactivated forestry roads provide excellent access to the central portions of the property by foot or Quad. With little work these routes could be upgraded for four wheel drive vehicles if required.

The Arlington property is situated in the Okanagan Highlands of the Southern Interior Physiographic Region. Elevations range from 960m in the Hall Creek valley to just over 1,320m on Arlington Mountain. The vegetation consists of fir, larch, spruce and pine with stands of aspen, cottonwood and birch defining the valley bottoms. There are several open marshy areas along the upper part of Hall Creek. Water sources for exploration can be locally acquired from the south flowing drainage of Hall Creek.

The climate of the Arlington property area is typical of the mountainous regions of south central and southwestern British Columbia, with warm wet summers and cold snowy winters. Year round development and mining would be possible. Field exploration seasons are best conducted from May through October as snow accumulations on the property have been reported from October through to May. The mean annual precipitation in the area of the claim is approximately 481mm and 153cm of snow, and annual average temperatures range from -12 degrees Celsius to 15.5 degrees Celsius.
Outcrop exposure on the property is variable to less than 5%. In general, rock exposure is better in the steeper portions of the property and is scarce on the gentler slopes. Best exposures are located along the Kettle Valley Railway right-of-way. The scarcity of outcrop in the low slope areas hampers prospecting and mapping efforts.

*(3) History*

Regional Exploration History

Regionally, the area received considerable attention with the discovery of placer gold at Rock Creek during the mid-1850's and again after the establishment of the Canada – Unites States International Boundary and the subsequent discovery of the Fairview Mines and Camp McKinney. Later in the early parts of the 1900's, the West Kettle River area became prominent with prospectors resulting from the general lack of access to areas north of the border and the discovery of high grade ruby silver on Wallace Mountain in 1889. The majority of the significant properties were staked on Wallace Mountain, Carmi and the Arlington Lakes area from 1896 to 1900. The major producing mines in the Beaverdell silver-lead-zinc vein camp were the Wellington, Sally and Rob Roy, Beaver and Beaverdell mines, with numerous other small workings throughout the area. The first ore shipment from the Beaverdell camp was in 1896. The Beaverdell Mine was the longest producing mine in the area, almost continuously between 1913 and 1991. During this period 1,198,829 tonnes of ore were mined from which 1,076,005,759 grams of silver, 520,197 grams of gold, 11,598,238 kilograms of lead and 13,900,078 kilograms of zinc were recovered.

There is no historical mineral resource, mineral reserve estimate or production on or from the Arlington property.

The Kettle Valley branch of the Canadian Pacific Railway was started in 1910. It traversed the Beaverdell-Carmi area and by 1913, rail steel had been laid as far as Arlington Lakes. With the influx of settlers; wagon roads and trails were established throughout the area and in the next decade many promising mineral discoveries were made in the area.

Property History and Previous Work

On the Arlington property numerous old and overgrown pits, trenches, shafts and short adits have been located and documented by previous workers on the property. Much of this historical work is centered on the Kettle Valley Railway right-of-way, the timing of this historical work is assumed to be from the early part of the century.

Historical exploration work in the area of the Arlington property is limited in scope. As detailed below, three eras of limited exploration activity occurred during the early 1970's, 1987 and 1996. The source of this information is from the British Columbia Geological Survey Branch, Assessment Report Indexing System (ARIS) website as listed in section 27.0 of this report.

**1970** Durocop Mines Ltd. (AR 2804). A 15 day geological survey was completed over the Elk 1-12 claims which covered the central and southern lakes of the Arlington chain of lakes and extended a further 915m to the south of Arlington Lakes. The survey was designed to create a geological map of the property and in the process document mineralization encountered. The report describes samples collected from mineralized outcrop yet none were submitted for analysis. The results of the program determined that mineralization (pyrite, chalcopyrite, molybdenum) is best developed within the Permian-Triassic aged Anarchist Group comprising intercalated volcanics and sediments and the Jurassic aged Nelson Plutonic suite dominantly granodiorite to quartz diorite in composition. Mineralization is associated with shear zones which typically contain irregular veins of white quartz and are variably mineralized with pyrite, chalcopyrite, molybdenum and lesser pyrrhotite, magnetite with copper and iron carbonates and oxides. The location of the Elk 3 Minfile showing resulted from this work.

**1971** D. Ellison (AR 3352). A seven day field program was completed on the DKD 1 to 6 mineral claims owned by D. Ellison of Kelowna, B.C. The claims are roughly centered on the KVR right-of-way and Hall Creek and are located approximately 1.6 kilometers south of Arlington Lakes. In October 1971 a pace and compass grid was established over which a magnetometer survey was completed using a McPhar M700 magnetometer. Approximately 6.8 miles of magnetic surveys were completed over lines established at 400 foot intervals with readings taken at 100 foot intervals and tightened to 25 foot station intervals in anomalous areas. The survey lines were oriented in a northwest-southeast direction and aided in mapping geological contacts. During the course of the survey, outcrop areas were identified while sites with chalcopyrite mineralization were noted. The results of this work identified the location of the DKD 2, DKD 4 and DKD 6 Minfile showings. No samples were submitted for analysis. The results of the magnetometer survey identified a north-south trending magnetic anomaly up to 50,000 gammas in strength. Located showings of chalcopyrite mineralization are coincident with the anomaly. The geological contact between the gneissic diorite and mafic diorite was established, in part, on the basis of the magnetic anomaly.

**1973** K.F. Brunning (AR 4461). A seven day field program was completed in May 1973 over the Lakevale property which included a soil geochemical and geological survey to determine the potential of the property and to delineate areas of interest. The property includes the DKD claims 1-6 and the newly acquired BRU claims 15-23 which extends the coverage to the north and east of the DKD claim group.. Mapping located several areas with old workings and outcrop exposures with quartz veining, shearing and sulphide enrichment.

The results of the surveys determined that the altered Jurassic aged diorite to quartz diorite is the best host for shear controlled quartz veins with chalcopyrite, pyrite +/- molybdenum, sphalerite and galena mineralization. The geological survey concluded that mineralization on the property occurs in three forms ie chalcopyrite, sphalerite, galena and molybdenum mineralization in quartz veins cutting altered diorite; disseminations and replacements of chalcopyrite, pyrite and specular hematite in and around shear zones within altered diorite and greenstone. This type of mineralization is the most common on the property and assays up to 2% copper have been encountered over narrow widths. And lastly, mineralization occurs less frequently as disseminations of magnetite, pyrite and chalcopyrite in highly altered basic rocks. A soil geochemical survey covered the property along east-west oriented survey lines established at 750 foot intervals. Samples were collected along the lines at 200 foot intervals. The samples were analyzed in a field laboratory utilizing the "Bloom test" for exchangeable heavy metals. The analysis is neither quantitative nor qualitative but is a fast and inexpensive method for indicating the presence of heavy metals. The result of the survey are not conclusive but indicates one major zone of metal concentration in the soils trending north-south through the center of the DKD claims measuring 4000 feet long by 1000 feet wide at its widest point. The results of this work identified the location of the DKD 2, DKD 4 and DKD 6 Minfile showings. No rock samples were submitted for analysis.

**1973** D.C. Mitchell (AR 4720). An eight day geological mapping and soil geochemical survey was completed over the Cu claims following the same year completion of geological/geochemical surveys on the adjoining BRU and DKD claims to the west. The soil geochemical survey covered the entire claim block with compass and chain grid lines oriented in an east-west direction and established at 750 foot intervals. Soil samples were collected from the B horizon at 200 foot intervals. Soil analysis was completed in the field utilizing the Bloom test for exchangeable heavy metals. The geochemical survey did not indicate any trends of anomalous heavy metal results and failed to identify the known locations of chalcopyrite enrichment. The mapping program identified three styles of mineralization on the property. The replacement of highly altered dyke rock or greenstone by massive and near massive chalcopyrite and pyrite carrying values in silver. Quartz veins along greenstone or dyke contacts usually associated with shearing carrying blebs and disseminations of chalcopyrite and pyrite and as minor disseminated chalcopyrite, magnetite and pyrite in dyke rocks. The results of this program identified numerous locations of historical surface work ie trenching, shafts and adits with quartz veining, shearing and chalcopyrite mineralization, the location of the Arlington Minfile showing resulted from this work. On the attached geology map within the report identifies the location of a 0.6m chip sample returning 0.92% Cu and 63.0g/t Ag.

**1987** Edward Carson and Associates (AR 17,030). During the period from June 18 to October 31, 1987, a program of geological mapping, prospecting and rock geochemistry was completed on the Black claim group. A portion of this work covered the Black Minfile occurrence which is currently covered by another stake holder which will be discussed later under the heading Adjacent Properties. During the course of the prospecting and geological mapping programs several areas of historical exploration activity in the form of surface trenching and test pits were located. The historical work dates back to the early parts of the century. A total of 23 rock chip samples were submitted to ACME Analytical Labs in Vancouver for analysis. Of the 23 samples submitted, nine samples are located on the present day Arlington property while the remaining samples are located on an adjoining claim. Along the north claim boundary of the Black 2 claim, a total of five rock samples were collected of which two returned anomalous results. Sample 7851 taken from "Grn Volc" returned elevated and anomalous results reporting 1.08% Cu, 0.11% Pb, 0.1% Zn and 65.4gm Ag while sample 7853 is "Cpy & Py" returning anomalous results reporting 1.6% Cu and 85.3gm Ag. These samples are close to the area of the Arlington Minfile showing. Along the western side of the Black claim group, sample number 6666 is a grab sample from the Wallace showing returning 0.15% Cu.

**1996** Madman Mining Co. Ltd. (AR 24,921). A brief prospecting, soil sampling and a VLF-EM geophysical survey was completed on the companies Arlington property. The aim of the program was to

locate and sample historic showings, conduct reconnaissance soil geochemical test lines across prospective bedrock units. VLF-EM data was collected long the soil lines. The prospecting and sampling program was centered along the KVR right-of-way. A total of six rock grab samples from six historical occurrences were submitted for analysis. Three of the six samples are located on adjoining claims contiguous with the present day Arlington property. Grab sample ARL04-L returned 0.16% Cu from mafic schist with chalcopyrite stringers, associated quartz stringers in clasts or xenoliths in granitoid rock from Minfile showing DKD-6. Grab sample ARL02-G is from minfile showing DKD-2 returning 0.21% Cu and 11.8gm/tonne Ag from a malachite and azurite stained, highly oxidized vein from a railway rock cut. Grab sample ARL01-G is from Minfile showing DKD-4 located 150m north of ARL02-G. Grab sample ARL01-G is from a malachite and azurite stained boulder broken off from a KVR rail cut from a highly oxidized vein which seems to strike E-W and dip vertically. Analytical results returned 6.1gm/tonne Au, 8.7gm/tonne Ag and 0.18% Cu. The reconnaissance soil survey consisted of three east-west lines, each 400m long and established 500m apart on the west slope of Arlington Mountain, east of Hall Creek. Soil samples were collected 25m apart. Anomalous Cu-Zn soil results are reported on the east side of the centre soil line which may extend to the eastern end of the southernmost line. The overall trend of the anomaly is north-south with anomalous results up to 150m wide. The anomaly in part coincides with outcroppings of mafic schist. The VLF-EM survey utilized Seattle as the transmitting station. The survey lines were established to far apart to correlate readings from line to line.

*(4) Geological Setting and Mineralization*

Regional Geology

The regional geology of the Penticton map sheet (NTS 82E) was mapped and compiled by D. Templeman-Kluit and published in 1989 as GSC Open File 1969.

Kluit has mapped four separate rock types in the surrounding area of the Arlington property (Figure 3) . The oldest rocks in the district belong to the Paleozoic Anarchist Group which is Carboniferous to Permian in age and has been correlated with the Wallace Formation in the Beaverdell Camp. The Anarchist Group consists of metamorphosed mafic volcanics with lesser amounts of sediments. The unit weathers to a dark grey color and is typically recessive occurring as amphibolite, greenstone, quartz chlorite schist, quartz biotite schist and minor serpentinized peridotite. The Mesozoic Nelson Plutonic Rocks are middle Jurassic in age and has been correlated with granodiorite of the Westkettle batholith which underlies the Beaverdell Mining Camp and is host to vein type Ag-Pb-Zn mineralization. The rocks are massive to generally moderately foliated and medium grey in color occurring as medium to coarse grained equigranular hornblende biotite granodiorite, quartz diorite, diorite and granite. The Nelson Plutonic Rocks are likely genetically related to the Okanagan Batholith. The Okanagan Batholith is the most prominent rock in the region, bordering nearly all other rock types. The Middle to Early Mesozoic Okanagan Batholith is Cretaceous and/or Jurassic in age and occurs as a massive, light grey weathered, medium to coarse grained, equigranular to porphyritic and weakly to non foliated biotite granodiorite to granite and includes undifferentiated granodiorite of the Nelson Plutonic Suite, age is poorly constrained. The Eocene Marron Group is the youngest unit in the area and is described as an undifferentiated andesite, dacite and trachyte located to the east of the property.

Property Geology

The Arlington claim is underlain by three distinct units; variations within these units are due to the degree of alteration present. The current understanding of the local geology is based on the results of historical work (Figure 4).

Diorite and quartz diorite of the Nelson Plutonic suite are the most common units underlying the claim; variations within these units are largely due to the intensity of alteration. The Diorite is grey-pink in color

and fine grained containing approximately 85% plagioclase feldspar, +/- 5% quartz and +/- 10% mafic minerals as biotite or hornblende. The diorite is most commonly gneissic; the degree of the gneissic banding is variable from quite tight to fairly broad. Alteration of the diorite becomes more apparent as one approaches the contact with the Carboniferous to Permian aged Anarchist group rocks and close to major zones of shearing. With increased proximity to the contact, the gneissic banding becomes tighter along with an increase in the intensity of shearing and fracturing. The diorite is chloritized, silicified and locally serpentinized close to the contact. Fractures and shears are developed and healed by quartz, K feldspar and epidote. The altered diorite is noted as a favorable host for quartz veining and chalcopyrite +/- galena, sphalerite, molybdenum, silver, gold mineralization.

Along the western side of the property, roughly parallel to the trace of Hall Creek, is a north-south trending horizon of at least two bodies of intensely altered basic rock. There is some speculation as to the original rock type. The GSC has mapped this horizon as Carboniferous to Permian aged Anarchist Group greenstone; other workers have interpreted this horizon as a highly altered dyke or sill like body cutting through diorite. The unit is generally a dense, dark green flaky chlorite biotite hornblende schist, frequently containing magnetite, pyrite and chalcopyrite as accessory minerals. Wherever this unit was encountered, the rock was strongly fractured and frequently brecciated with quartz, K feldspar and epidote breccia-fracture filling and veining.

In the north east and eastern portion of the property is porphyritic granite of the Okanagan Batholith. The contact between the granite and diorite is irregular and in places fingers of the porphyritic granite are noted to invade the bounding diorite as long dyke like bodies. Rocks of the Okanagan Batholith are light grey in color with sub centimeter scale quartz eyes set in a fine grained groundmass of quartz and feldspar. Where encountered, the granite is very uniform and equigranular with little to no alteration.

Structurally, the stratigraphy underlying the Arlington claim vary in strike from northwesterly in the south part of the claim to northeasterly in the northern part of the property with an apparent warp in the stratigraphy in the central portion of the claim. The stratigraphy generally dips steeply to the east or is vertically inclined. Best outcrop exposures are located along the Kettle Valley Railroad right-of-way. Here zones of shearing and fracturing are noted which generally trend at approximately 130 degrees. Many of these structural zones were found to host chalcopyrite mineralization in both quartz veins and fractured wallrock.

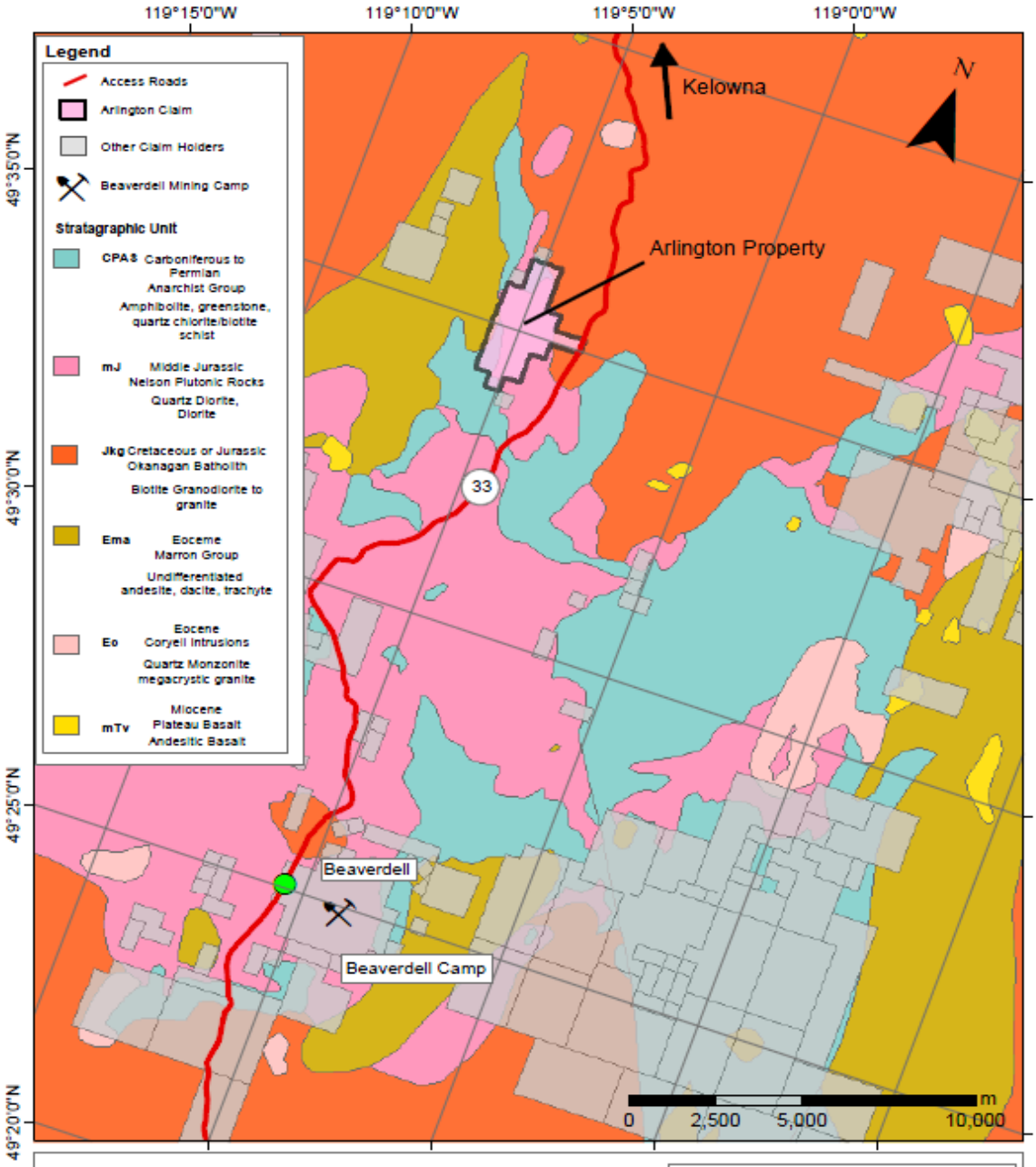


**Figure 3**

Regional Geology

Source: GSC Open File 1969

| Explorex Resources Ltd. | | |
|---|---|---|
| Arlington Property<br>Greenwood Mining Division | | |
| NTS 82E/11 | Scale: 1:150,000 | Date: Feb 6, 2015 |

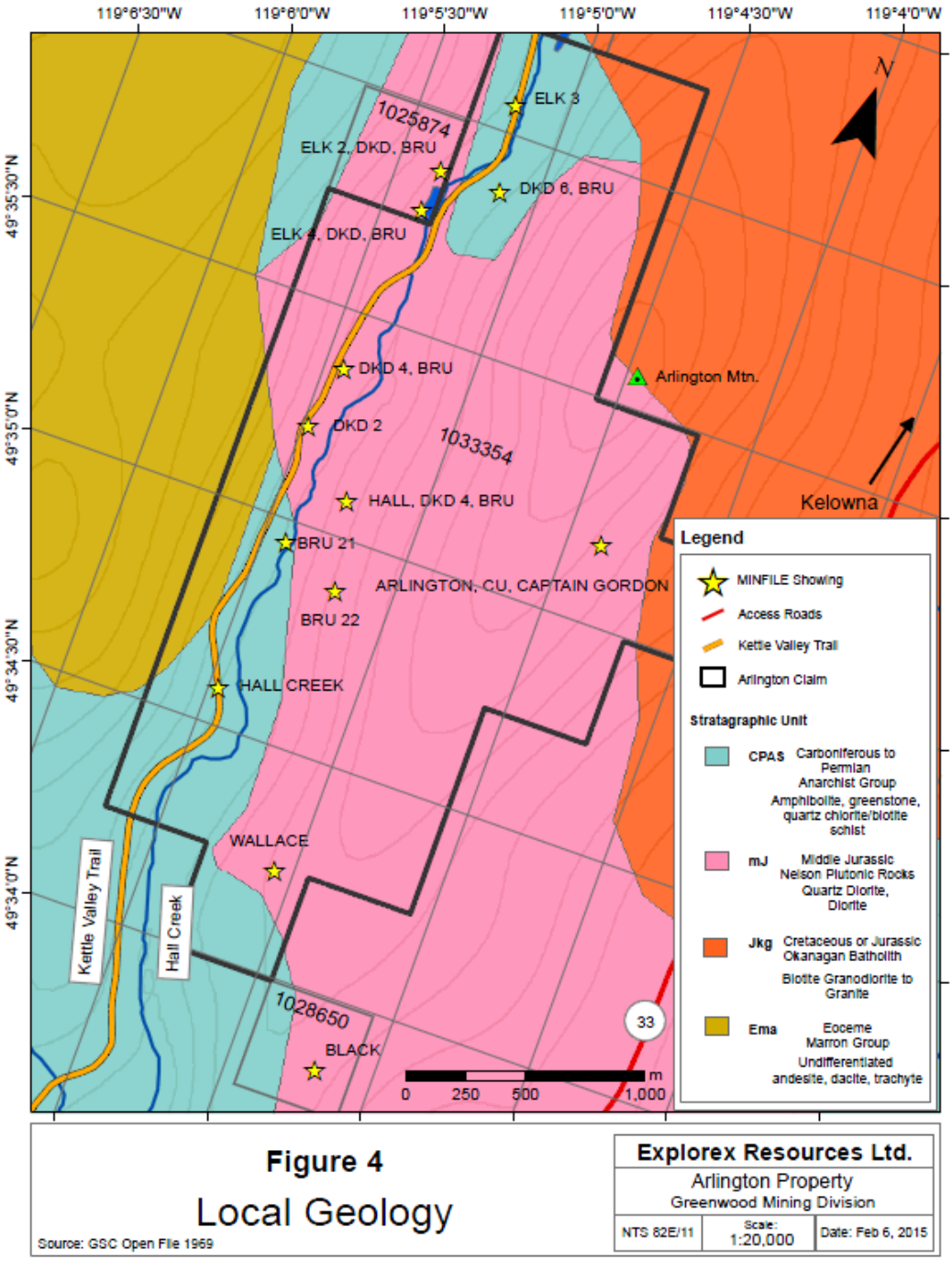


**Figure 4**

Local Geology

Source: GSC Open File 1969

| Explorex Resources Ltd. | | |
|---|---|---|
| Arlington Property<br>Greenwood Mining Division | | |
| NTS 82E/11 | Scale: 1:20,000 | Date: Feb 6, 2015 |

*(5) Exploration Information*

The Issuer has not carried out any exploration work on the Property.

*(6) Mineralization*

There are ten (10) BC Minfile showings located within the Arlington property boundary as illustrated in Figures 2 and 4. From north to south these Minfile occurrences are the ELK 3, DKD 6, DKD 4, DKD 2, ARLINGTON, HALL, BRU 21, BRU 22, HALL CREEK and WALLACE showings. All of these

showings were first discovered and worked on during the early part of the 1900's. More recent assessment work completed in the area of the Arlington property located the historical workings; brief descriptions were made of the occurrences which lack details on vein/structure geometry. Little to no sampling of the located sites were completed to characterize the mineralization of the various showings. In many cases only the visible commodities ie chalcopyrite, sphalerite, galena and molybdenum were noted. Mineralization on the Arlington property is noted to occur in three general forms.

1) Chalcopyrite, sphalerite, galena and molybdenum are hosted in quartz veins which cut altered diorite intrusive rocks.

2) Disseminations and replacements of chalcopyrite, pyrite and specular hematite in and around shear zones within a strongly jointed and altered gneissic diorite to quartz diorite intrusive hosting frequent quartz feldspar veining and greenstone rock units. The diorites to quartz diorite host are generally strongly chloritic and silicified. This style of mineralization is perhaps the most common on the property.

3) Disseminations of magnetite, pyrite and chalcopyrite in highly altered basic rocks. This style of mineralization is confined to a narrow north-south trending zone which parallels Hall Creek and the KVR right-of-way. Mapping by the G.S.C. identifies this unit as a greenstone belonging to the Anarchist Group. Previous claim holders describe this unit as a dense dark green flaky chlorite biotite hornblende schist, thought to be a dyke or sill like body.

A summary of the Minfile occurrences located within the Arlington property are outlined in Table 2. The source of the information listed in Table 2 is from historical Assessment Reports (AR) gained from the British Columbia Geological Survey Branch, Assessment Report Indexing System (ARIS) website as listed in Section 27.0 of this report.
Insert Figure 4: Local Geology

Table 2.1 Property MINFILE Details

| Minfile Name | Minfile Number | Status | Mineralization | Details |
|---|---|---|---|---|
| ELK 3 | 082ENW038 | Showing | Cpy, Py, Magnetite | No analysis |
| DKD 6 | 082ENW044 | Showing | Cpy, Py, Magnetite | Grab: 0.16% Cu Assessment Report(AR) |
| DKD 4 | 082ENW043 | Showing | Cpy | Grab: 6.1g/t Au, 8.7g/tAg,0.18% Cu AR 24,921 |
| DKD 2 | 082ENW041 | Showing | Cpy | Grab: 0.21% Cu, 11.8g/t Ag. A |
| Arlington | 082ENW015 | Showing | Cpy, Py | Chip:0.92%Cu, 63g/tAg over 0.6m AR 4,720 Grab:1.08%Cu, 0.11%Pb, 0.1%Zn, 65.4g/tAg |

| | | | | |
|---|---|---|---|---|
| Hall | 082ENW065 | Showing | Cpy | No Analysis |
| Bru 21 | 082ENW042 | Showing | Cpy | No Analysis |
| Bru 22 | 082ENW045 | Showing | Cpy, Py, Hematite | No Analysis |
| Hall Creek | 082ENW033 | Showing | Asbestos | No Analysis |
| Wallace | 082ENW039 | Showing | Scheelite, Cpy | Grab: 0.15%Cu AR |

*(7) Drilling*

The Issuer has not carried out any drilling on the Property.

*(8) Sampling and Analysis and Security of Samples*

The Issuer has not completed any sampling on the Arlington property and no employee, officer, director or associate of the Issuer has been involved in any aspect of historic sampling or historic sample preparation.

Only very limited modern exploration work has been completed on the property. In the author's opinion, much of the historical sampling on the property appears to have been generally appropriate for this property and scale of exploration, and for the era in which the data was collected. Information regarding sample preparation, security and analytical techniques for historical samples are only partially available and, generally, samples cannot be confirmed to have been collected in accordance with Exploration Best Practices Guidelines.

*(9) Mineral Resources and Mineral Reserves*

The Issuer has not performed any mineral processing or metallurgical testing on samples from the Arlington property. No current mineral resources or mineral reserves estimates as defined in NI 43-101 are being reported on the Property.

*(10) Mining Operations*

Not applicable as the Property is in exploration stage.

*(11) Exploration and Development*

The Issuer intends to undergo further exploration and development of the Property as recommended in the Technical Report.

4.4 Issuers with Oil and Gas Operations

This section is not applicable to the Issuer.

## 5. Selected Financial Information

5.1 Annual Information

The following tables set out certain selected financial information of the Issuer for the periods indicated.

Please refer to the corresponding management's discussion and analysis for a full discussion of the data, including, among other matters, the comparability of data and changes in accounting policies.

| | Nine Months Ended December 31, 2014 ($) | Year Ended March 31, 2014 ($) | Year Ended March 31, 2013 ($) | Year Ended March 31, 2012 ($) |
|---|---|---|---|---|
| **Financial results:** | - | - | - | - |
| Revenues | Nil | Nil | Nil | Nil |
| Net Income (Loss) | $ (48,966) | $ (191,162) | $ (437,673) | $ (113,757) |
| Basic & Diluted Income (Loss) per share | ($0.01) | ($0.04) | ($0.10) | ($0.06) |
| **Balance sheet data:** | - | - | - | - |
| Current assets | $42,364 | $ 78,700 | $ 254,912 | $ 328,190 |
| Total Assets | $42,364 | $ 78,700 | $ 254,912 | $ 363,250 |
| Long Term Liabilities | Nil | Nil | Nil | Nil |
| Shareholders' equity | $30,047 | $ 30,997 | $ 222,159 | $ 330,923 |
| Working Capital | $30,047 | $ 30,997 | $ 222,159 | $ 295,863 |
| **Cash flow data:** | - | - | - | - |
| Common share proceeds (gross) | 115,500 | - | 301,736 | 310,000 |

The audited financial statements of Explorex Resources Inc. for years ended March 31, 2014, 2013 and 2012 are attached hereto as Schedule A. The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS").

5.2 Quarterly Information

The following table summarizes information derived from the Issuer's financial statements for the each of the eight most recently completed quarters:

| | Dec 31 | Sep 30 | Jun 30 | Mar 31 | Dec 31 | Sep 30 | Jun 30 | Mar 31 |
|---|---|---|---|---|---|---|---|---|
| Year | 2014 | 2014 | 2014 | 2014 | 2013 | 2013 | 2013 | 2013 |
| Net Income (Loss) | $(48,966) | $(42,297) | $(41,170) | $(65,864) | $(43,105) | $(43,361) | $(38,832) | $(323,913 ) |
| Basic & Diluted Income (Loss) per share | $(0.01) | $ (0.01) | $ (0.00) | $( 0.00) | $ (0.00) | $ (0.00) | $ (0.00) | $ (0.00) |
| Total assets | $42,364 | $ 75,031 | $ 34,903 | $ 78,700 | $ 102,453 | $ 152,683 | $ 188,169 | $ 254,912 |
| Working capital | $30,047 | $ 63,031 | $ (10,173) | $ 30,997 | $ 96,861 | $ 139,966 | $ 183,327 | $ 222,159 |

The interim financial statements of Explorex Resources Inc. for period ended December 31, 2014 is attached hereto as Schedule A. The financial statements are prepared in accordance with IFRS.

5.3 Dividends

Although there are no restrictions on the Issuer's ability to pay dividends, the Issuer has not paid any dividends in the past and has no plans to pay dividends in the immediate or foreseeable future as it is in the development stage.

5.4 Foreign GAAP

This section is not applicable to the Issuer.

## 6. Management's Discussion and Analysis

6.1 Annual MD&A

The Management's Discussion and Analysis ("MD&A") of the Issuer for the audited years ended March 31, 2014, 2013 and 2012 are attached to this Listing Statement as Schedule "B". The MD&A should be read in conjunction with the Issuer's audited financial statements for the years ended March 31, 2014, 2013, and 2012 together with the notes thereto, which are incorporated by reference and attached to this Listing Statement as Schedule "A".

6.2 Interim MD&A

The MD&A of the Issuer for the unaudited financial period ended December 31, 2014 are attached to this Listing Statement as Schedule "B". The MD&A should be read in conjunction with the Issuer's unaudited financial statements for the financial period ended December 31, 2014, together with the notes thereto, which are incorporated by reference and attached to this Listing Statement as Schedule "A".

## 7. Market for Securities

The Issuer's shares are listed for trading on the TSXV under the trading symbol "EX".

## 8. Consolidated Capitalization

In order to facilitate future financing of the Issuer, the Board proceeded with a share consolidation comprised of two (2) old shares for one (1) new share. Effective at the opening of trading on June 12, 2014 the post-consolidated shares of the Issuer commenced trading on the TSXV.

## 9. Options to Purchase Securities

As of the date hereof, there were Nil outstanding options to purchase securities of the Issuer.

| | **Number of Common Shares underlying Options[1]** |
|---|---|
| Options held by executive officers, directors, past executive officers and past directors of the Issuer as a group | 275,000 |
| Options held by executive officers, directors, past executive officers and past directors of all subsidiaries of the Issuer as a group | Nil |
| Options held by all other employees or past employees of the Issuer, as a group | Nil |
| Options held by all other employees or past employees of the subsidiaries of the Issuer, as a group | Nil |
| Options held by all consultants of the Issuer, as a group | 175,000 |
| Options held by any other person or company, including any underwriters | Nil |

## 10. Description of the Securities

### 10.1 Description of Capital

The authorized capital of the Issuer consists of an unlimited number of common shares without par value. The holders of the common shares are entitled to vote at all meetings of shareholders of such common shares, to receive dividends if, as and when declared by the directors and to participate rateably in any distribution of property or assets upon the liquidation, winding-up or other dissolution of the Issuer. The common shares carry no pre-emptive rights, conversion or exchange rights, or redemption, retraction, repurchase, sinking fund or purchase fund provisions. There are no provisions requiring the holder of common shares to contribute additional capital and no restrictions on the issuance of additional securities by the Issuer. There are no restrictions on the repurchase or redemption of common shares by the Issuer except to the extent that any such repurchase or redemption would render the Issuer insolvent.

### 10.2 Debt Securities

This section is not applicable to the Issuer.

### 10.3 Not applicable

10.4 Other Securities

This section is not applicable to the Issuer.

10.5 Modification of Terms

*(a) Alterations to Rights of Common Shares*

The rights and restrictions attached to common shares of the Issuer may be modified, amended or varied by special resolution of the shareholders, unless otherwise specified in the BCBCA.

*(b) Other Methods of Modifying Rights of Common Shares*

None.

10.6 Other Attributes

No other class of securities ranks ahead of the common shares of the Issuer, nor are the rights attached to the common shares materially limited or qualified by the rights of any other class of securities.

The Issuer is permitted, pursuant to its articles, to purchase or otherwise acquire any of its shares at the price and upon the terms determined and authorized by its directors. No such purchase or acquisition of shares may occur if the Issuer has reasonable grounds for believing it is insolvent, or may become insolvent if such purchase or acquisition is made. If the Issuer purchases or acquires any of its common shares and holds them, the Issuer is not permitted to vote the shares at any shareholder's meeting, pay a dividend in respect of those shares or make any other distribution in respect of those shares.

10.7 Prior Sales

Within 12 months prior to the date of this Listing Statement, the Issuer issued by way of issuance from treasury 2,100,000 common shares and 2,000,000 common shares as follows:

| **Date Issued** | **Number of Common Shares** | **Issue Price Per Common Share** |
|---|---|---|
| July 17, 2014 | 2,100,000(1) | $0.055 |
| March, 2015 | 1,400,544 (2) | $0.11 |
| **TOTAL:** | | **-** |

(1) Pursuant to a private placement of 2,100,000 units at $0.055 whereby each unit comprised of one post-consolidated common share and one non-transferable share purchase warrant to purchase a further post-consolidated common share which can be exercised for a period of five years from the date of issuance at a price of $0.075 per share.

(2) In March, 2015, the Issuer closed a non-brokered private placement in 2 tranches of an aggregate of 1,400,544 shares at a price of $0.11 per share for gross proceeds of $154,010.

10.8 Stock Exchange Price

The table below provides the monthly or partial monthly average high and low prices and the total trading volume of the common shares from October 1, 2012 to March 31, 2015.

| **Date** | **Average High** | **Average Low** | **Total Volume Traded** |
|---|---|---|---|
| Month of March, 2015 | $0.11 | $0.11 | 213,800 |
| Month of February, 2015 | $0.16 | $0.16 | 65,800 |
| Month of January, 2015 | $0.14 | $0.14 | 12,730 |
| Quarter ended December 31, 2014 | $0.10 | $0.10 | 30,500 |
| Quarter ended September 30, 2014 | $0.13 | $0.12 | 253,040 |
| Quarter ended June 30, 2014 (1) | $0.06 | $0.06 | 115,000 |
| Quarter ended March 31, 2014 | $0.06 | $0.06 | 132,000 |
| Quarter ended December 31, 2013 | $0.05 | $0.04 | 365,330 |
| Quarter ended September 30, 2013 | $0.06 | $0.05 | 207,350 |
| Quarter ended June 30, 2013 | $0.06 | $0.05 | 290,850 |
| Quarter ended March 31, 2013 | $0.09 | $0.09 | 412,330 |

(1) The Issuer consolidated its common shares on a two (2) old shares for one (1) new share basis and the post-consolidated shares of the Issuer commenced trading on June 12, 2014.

## 11. Escrowed Securities

The following table sets out, as at the date hereof, the number and percentage of shares of the Issuer held in escrow:

| Designation of class held in escrow | Number of securities held in escrow | Percentage of class |
|---|---|---|
| Common Shares | 337,500 | 4.17% |

In connection with the Issuer's initial public offering and listing on the TSXV, 4,500,000 pre-consolidated shares of the Issuer were placed in escrow pursuant to an escrow agreement dated June 29, 2011 (the "2011 Escrow Agreement") in substantially the form of TSXV Form 2F – *CPC Escrow Agreement*. Equity Financial Trust Company was appointed the escrow agent of the 2011 Escrow Agreement.

The Issuer subsequently entered into a second escrow agreement with Equity Financial Trust Company and certain of its shareholders, the second agreement was dated May 25, 2012 (the "2012 Escrow Agreement") and involved placing in escrow a further 80,000 pre-consolidated shares of the Issuer.

TMX Equity Transfer Services Inc. is operating the transfer agency and corporate trust business in the name of Equity Financial Trust Company for a transitional period.

The shares subject to escrow are subject to the release schedule set out in Schedule B(1) to each escrow agreement, both of which are unmodified versions of the TSXV Form 2F – *CPC Escrow Agreement.* Pursuant to Schedule B(1) of Form 2F, 10% of the shares held in escrow are to be released from escrow

upon the date of issuance by the TSXV of a final exchange bulletin in connection with the Issuer's Qualifying Transaction and submission by the Issuer of all required documentation (the "Initial Release") and an additional 15% will be released on the dates that are 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release. If the resulting issuer meets the TSXV's Tier 1 minimum listing requirements either at the time the final exchange bulletin is issued or subsequently, the release of the escrowed shares will be accelerated over an 18 month period with 25% of the escrowed securities being releasable at the time of the final exchange bulletin, and 25% of the escrowed securities being releasable every 6 months thereafter. An accelerated escrow release will not commence until the Issuer has made application to the TSXV for listing as a Tier 1 issuer and the TSXV has issued a bulletin that announces the acceptance for listing of the Issuer on Tier 1 of the TSXV. The TSXV's prior consent must be obtained before a transfer within escrow of escrowed shares.

As of the date of this Listing Statement, 337,500 shares remain in escrow pursuant to the 2011 Escrow Agreement all of which are set to be released from escrow on June 11, 2015.

## 12. Principal Shareholders

As of January 31, 2015, to the knowledge of the directors and senior officers of the Issuer, no one persons beneficially owns, directly or indirectly, or exercises control or direction over, common shares carrying more than 10% of the voting rights attached to the securities of the Issuer.

To the knowledge of the Issuer, none of its voting securities are held, or are to be held, subject to any voting trust.

To the knowledge of the Issuer, no principal shareholder is an associate or affiliate of another person or company named as a shareholder.

## 13. Directors and Officers

### 13.1 Name, Address, Occupation and Security Holdings

The following table sets out the names of the directors and officers of the Issuer, the province or state, and country in which each is ordinarily resident, all offices of the Issuer held by each of them, their principal occupations and the number of common shares of the Issuer or any of its subsidiaries beneficially owned by each, directly or indirectly, or over which control or direction is exercised.

| Name, Municipality of Residence, Position with the Issuer and Date First Appointed | Principal Occupation During Last Five Years | Number of common shares held in the Issuer (1) | Percentage of Class Held or Controlled (1) |
|---|---|---|---|
| William E.A. Wishart(1)<br>*President, CEO, secretary and Director*<br>Vancouver, B.C.<br>January 6, 2011 | President, Chief Executive Officer, and a Director of the Issuer since January 2011, and previously Chief Financial Officer and Corporate Secretary from January 2011 to June 2012; Director of First Star Resources Inc. from June 2000 to December 2010, and served as President from June 2000 to November 2010 and Chairman from November 2010 to December 2010. | 1,286,500 | 15.88% |

| | | | |
|---|---|---|---|
| Gary Schellenberg[1]<br>*Director*<br>Richmond, B.C.<br>April 18, 2011 | Director of the Issuer since April 2011; President of Coast Mountain Geological Ltd. since April 1987; Director of Golden Coast Energy Corp. since February 2013; Director and Officer of International Lithium Corp. since May 2011; Director and Officer of New World Resource Corp. since October 2002; Director and Officer of TNR Gold Corp. since August 1990. | 150,000 | 1.85% |
| Shelly Jensen<br>North Vancouver, B.C.<br>*Director*<br>May 5, 2014 | Director of Issuer since May 2014; Hairstylist at Zazou Salon & Spa since December 2012; Film hairstylist since January 2008; Owner-operator of teak furniture import/export/supplier from November 2007 to December 2011; | 100,000 | 1.23% |
| Zenaida Manalo<br>Vancouver, B.C.<br>*CFO*<br>January 16, 2015 | Director of Helix Ventures Inc. since August 2013 to present; Director of Abington Resources Inc. since April 2012 to present; Director of Canaf Group Inc. since September 2006 to present. | Nil | Nil |

(1) Assumes no exercise of outstanding share purchase warrants. Includes shares held directly and indirectly. Based on an issued and outstanding of 8,100,472 shares.

13.2 Term of Directorship

The term of office of each of the present directors expires at the Issuer's next Annual General Meeting. Each director elected or appointed will hold office until the next annual general meeting of the Resulting Issuer or until his or her successor is elected or appointed, unless his or her office is earlier vacated in accordance with the Articles of the Resulting Issuer or with the provisions of the BCBCA.

13.3 Voting Interest of Directors and Officers as a Group

As a group, the directors and officers of the Issuer hold an aggregate of 1,536,500 common shares of the Issuer, representing 18.97% of the issued and outstanding common shares in the Issuer.

13.4 Board Committees

The only committee of the board of directors of the Issuer is the audit committee. The Issuer's audit committee is comprised of William E.A. Wishart, Gary Schellenberg and Shelly Jensen, all of whom are independent members of the audit committee. All members are considered to be financially literate.

13.5 Principal Occupation of Directors and Officers

Other than as disclosed herein, no director or officer of the Issuer has a principal occupation as a director or officer of a company other than the Issuer.

| ***Name of Director or Officer*** | ***Name of Other Reporting Issuer*** |
|---|---|
| **Gary Schellenberg** | Dunnedin Ventures Inc.<br>Golden Coast Energy Corp. |

| | |
|---|---|
| | International Lithium Corp.<br>New World Resource Corp.<br>TNR Gold Corp. |
| **Zenaida Manalo** | Helix Ventures Inc.<br>Abington Resources Inc.<br>Canaf Group Inc. |

13.6 Cease Trade Orders and Bankruptcy

In August of 2001, Mr. Schellenberg, acting as director (from November, 1997 to May, 2007) for Argent Mining Corp. (formerly Argent Resources Ltd., and subsequently renamed as Avion Gold Corporation) entered into an agreement to purchase two (2) producing oil and gas companies which triggered a change of business for Argent Mining Corp.

During the lengthy halt period, Argent Mining Corp. was unable to meet the minimum capital requirements and was subsequently suspended under a cease trade order in June, 2002. Argent Mining Corp. abandoned the oil and gas acquisition, acquired minerals of merit and raised sufficient capital. Trading activity for Argent Mining Corp. was reinstated in November, 2002.

On February 28, 2008, Ms. Manalo, acting as director for Canaf Group Inc. was subject to a management cease trade order issued by the British Columbia Securities Commission for failure to file a comparative financial statement for its financial year ended October 31, 2007, and Management's Discussion and Analysis for the period ended October 31, 2007. On April 25, 2008, Canaf Group Inc. received a revocation order from the British Columbia Securities Commission removing the management cease trade order.

13.7 Penalties/Sanctions Imposed on Directors/Officers

None.

13.8

Not applicable.

13.9 Bankruptcy of Director/Officer

None.

13.10 Conflicts of Interest

The directors and officers of the Issuer also serve as directors and/or officers of other companies and may be presented, from time to time, with situations or opportunities which give rise to apparent conflicts of interest. All conflicts of interest will be resolved in accordance with the BCBCA and the fiduciary duties of the Issuer's directors and officers.

13.11 Management

Below is a brief description of the key management of the Issuer.

**William E.A. Wishart**: Mr. Wishsart, age 56, is the current President and CEO of the Issuer and also serves on the Board. He has more than 30 years in managing public companies and has been a senior corporate executive and an audit committee member with a number of publicly traded companies in

Canada. He has significant experience and knowledge in managing the growth of small cap resource companies and currently sits on the board and as an executive officer for several publicly traded companies. Mr. Wishart devotes approximately 100% of his working time to the affairs of the Issuer. Mr. Wishart has not entered into a non-competition or non-disclosure agreement with the Issuer.

**Gary D.A. Schellenberg**: Mr. Schellenberg, age 56, has served as a director of the Issuer since April 2011. He also serves as a senior corporate executive or board member with a number of other publicly traded companies in Canada. Mr. Schellenberg devotes approximately 10% of his working time to the affairs of the Issuer. Mr. Schellenberg has not entered into a non-competition or non-disclosure agreement with the Issuer.

**Zenaida Manalo**: Ms. Manalo, age 61, is the current CFO of the Issuer. She has been Chief Financial Officer of the Issuer since January 16, 2015. She also acts as director and Chief Financial Officer

for several other publicly traded companies. She has over 30 years of experience in international finance, capital markets and investment banking. Ms. Manalo devotes approximately 10% of her working time to the affairs of the Issuer. Ms. Manalo has not entered into a non-competition or non-disclosure agreement with the Issuer.

**Shelly Jensen**: Ms. Jensen, age 46, has served as a director of the Issuer since May 2014. She has been involved as an investor with the Issuer since shortly after its incorporation in 2011. Ms. Jensen devotes approximately 10% of her working time to the affairs of the Issuer. Ms. Jensen has not entered into a non-competition or non-disclosure agreement with the Issuer.

## 14. Capitalization

The following information is based on there being 8,100,472 shares issued and outstanding as of March 15, 2015.

| **Issued Capital** | **Number of Securities (non-diluted)** | **Number of Securities (fully diluted)** | **%of Issued (non-diluted)** | **% of Issued (fully diluted)** |
|---|---|---|---|---|
| Public Float | | | | |
| Total outstanding (A) | 8,100,472 | 10,650,472 | 100% | 100% |
| Held by Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B) | 1,536,500 | 2,231,500 | 18.97% | 20.95% |
| Total Public Float (A-B) | 6,563,872 | 8,418,972 | 81.03% | 79.05 |
| | | | | |
| Freely-Tradeable Float | | | | |
| Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements | 337,500 | 337,500 | 4.17% | 4.17% |

| | | | | |
|---|---|---|---|---|
| or in a shareholder agreement and securities held by control block holders (C) | | | | |
| Total Tradeable Float (A- C) | 7,762,972 | 10,312,972 | 95.83% | 96.83% |

Public Securityholders (Registered)[1]

| **Class of Security** | | |
|---|---|---|
| **Size of Holding** | **Number of holders** | **Total number of securities** |
| 1 – 99 securities | - | - |
| 100 – 499 securities | - | - |
| 500 – 999 securities | - | - |
| 1,000 – 1,999 securities | - | - |
| 2,000 – 2,999 securities | - | - |
| 3,000 – 3,999 securities | 1 | 3,750 |
| 4,000 – 4,999 securities | - | - |
| 5,000 or more securities | 28 | **7,249,222**[2] |

(1) The information from the above table is from a registered shareholder list of the Issuer as at March 11, 2015 provided by the Issuer's transfer agent and adjusted to remove registered holdings by non-public securityholders.

(2) CDS & Co. is the holder of record for 5,154,003 shares and is registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms.

Public Securityholders (Beneficial)[1]

| **Class of Security** | | |
|---|---|---|
| **Size of Holding** | **Number of holders** | **Total number of securities** |
| 1 – 99 securities | 1 | 50 |
| 100 – 499 securities | 3 | 730 |
| 500 – 999 securities | 2 | 1,000 |
| 1,000 – 1,999 securities | 1 | 1,000 |
| 2,000 – 2,999 securities | 101 | 252,050 |
| 3,000 – 3,999 securities | 1 | 3,960 |
| 4,000 – 4,999 securities | 1 | 4,000 |
| 5,000 or more securities | 88 | **3,904,475** |

(1) The information from the above table is from a share range report for a record date of March 16, 2015 produced by Broadridge Financial Solutions, Inc. at the request of the Issuer.

(2) This number has been reduced from the number provided by Broadridge to take into account the disclosed holdings of non-public securityholders in the table below.

Non-Public Securityholders (Beneficial)[1]

| **Class of Security** | | |
|---|---|---|
| **Size of Holding** | **Number of holders** | **Total number of securities** |
| 1 – 99 securities | 0 | 0 |
| 100 – 499 securities | 0 | 0 |
| 500 – 999 securities | 0 | 0 |
| 1,000 – 1,999 securities | 0 | 0 |
| 2,000 – 2,999 securities | 0 | 0 |
| 3,000 – 3,999 securities | 0 | 0 |
| 4,000 – 4,999 securities | 0 | 0 |

| | | |
|---|---|---|
| 5,000 or more securities | 2 | **794,000** |
| | | |

(1) The information from the above table is from the beneficial share holdings as publicly disclosed on the System for Electronic Disclosure by Insiders (www.SEDI.ca) as at the date of this Listing Statement of the current directors, officers and insiders of the Issuer.

14.2 Provide the following details for any securities convertible or exchangeable into any class of listed securities

| **Description of Security (include conversion/exercise terms, including conversion/exercise price)** | **Number of convertible/exchangeable securities outstanding** | **Number of listed securities issuable upon conversion/exercise** |
|---|---|---|
| Share purchase warrants with an expiry date of July 17, 2019 exercisable at a price of $0.075 per warrant for the purchase of a post-consolidated common share | 2,100,000 share purchase warrants | 2,100,000 common shares |
| Incentive stock options 300,000 options exercisable at $0.10 by July 17, 2016; 125,000 options exercisable at $0.20 by August 8, 2016; and 25,000 options exercisable at $0.40 by June 17, 2017 | 450,000 options | 450,000 common shares |

14.3 There are no listed securities reserved for issuance that are not included in section 14.2.

## 15. Executive Compensation

### Compensation Discussion and Analysis

In this section "Named Executive Officer" or "NEO" means (a) the Chief Executive Officer ("CEO") (or an individual who acted in a similar capacity), (b) the Chief Financial Officer ("CFO") (or an individual who acted in a similar capacity), (c) each of the Issuer's three other most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity (except those whose total compensation does not exceed $150,000), and (d) each individual who would be a NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Issuer, nor acting in a similar capacity, at the end of that financial year.

The disclosure below relates to the Issuer's two NEOs as at the time of the most recently completed financial year, namely: (1) the Issuer's the President and CEO, William E.A. Wishart, and (2) Zenaida Manalo Chief Financial Officer.

The compensation of the executive officers is determined by the Board of Directors, based in part on recommendations from the President and CEO.

The Board evaluates individual executive performance with the goal of setting compensation at levels that they believe are comparable with executives in other companies of similar size and stage of development

operating in the same industry. In connection with setting appropriate levels of compensation, the Board base their decisions on their general business and industry knowledge and experience and publicly available information of comparable companies while also taking into account our relative performance and strategic goals.

The executive officer compensation consists of two basic elements: i) base salary; and ii) incentive stock options. The details are set out in the Summary Compensation Table.

The base salary established for each executive officer is intended to reflect each individual's responsibilities, experience, prior performance and other discretionary factors deemed relevant by the Board. In deciding on the salary portion of the compensation of the executive officers, major consideration is given to the fact that the Issuer is an early stage exploration company and does not generate any material revenue and must rely exclusively on funds raised from equity financing. Therefore, greater emphasis may be put on incentive stock option compensation.

**Summary Compensation Table**

The following table provides a summary of the compensation awarded to, earned by, paid to or payable to the Named Executive Officers (to the extent that such compensation has been determined) for the most recently completed financial year (March 31, 2014):

| Name and principal position | Year (1) | Salary ($) | Bonus ($) | Non-equity incentive plan compen-sation ($) | Option-based award ($) | Share Based Awards ($) | All Other Compensation ($) | Total Compen-sation ($) |
|---|---|---|---|---|---|---|---|---|
| William E.A. Wishart *President and CEO* | 2015 | 72,000 | Nil | Nil | Nil | Nil | Nil | 72,000(2) |
| | 2014 | 72,000 | Nil | Nil | Nil | Nil | Nil | 72,000 |
| | 2013 | 54,000 | Nil | Nil | Nil | Nil | Nil | 54,000 |
| | 2012 | Nil | Nil | Nil | 7,463(3) | Nil | Nil | 7,463 |
| Patrick Forseille *former CFO and V.P. Exploration* (4)(5) | 2014 | 19,500 | Nil | Nil | Nil | Nil | Nil | 19,500 |
| | 2013 | 12,000 | Nil | Nil | Nil | Nil | Nil | 12,000 |
| | 2012 | Nil | Nil | Nil | Nil | Nil | Nil | Nil |

(1) The Issuer's financial year end is March 31.
(2) The compensation payable to Mr. Wishart for the first 6 months of the Issuer's CSE listing are as follows: $3,000 in cash payable per month with the remaining $3,000 accruing until the completion of further financings of the Issuer.
(3) Based on the 2012 Black-Scholes fair value of $0.06 per incentive stock option using the following assumptions: volatility: 100%; expected (not actual) life of stock options: 3.36 years; dividend: $0.00 and interest rate: 1.12%.
(4) Resigned as CFO January 16, 2015.
(5) Zenaida Manalo was appointed CFO as of January 16, 2015 and is anticipated to receive stock option grants.

Stock options are granted to NEOs when the Board wishes to align the NEOs' interests with those of the shareholders. The number of stock options granted to each NEO is determined solely by the Board and will be based on the NEO's performance, his/her consulting fee, if any, and the Issuer's share price at the time these stock options are granted. The Board believes that providing NEOs a vested equity interest in

the Issuer helps align the interests of the NEOs with those of the shareholders. The granting of stock options will comply with applicable securities rules and regulations.

There was no re-pricing of stock options under the Incentive Stock Option Plan or otherwise during the Issuer's financial year ended March 31, 2014.

**Option-based Awards**

Stock options are granted to the Issuer's executives taking into account several factors including the level of responsibility of the executive as well as his or her impact or contribution to the longer-term operating performance of the Issuer. In determining the number of options to be granted to the executive officers, the Board takes into account the number of options, if any, previously granted to each executive officer and the exercise price of any outstanding options to ensure that such grants are in accordance with the policies of the Canadian Securities Exchange and closely align the interests of the executive officers with the interests of shareholders. The Board has the responsibility to grant option-based awards.

**INCENTIVE PLAN AWARDS**
**(as at the fiscal year ended March 31, 2014)**

**OUTSTANDING SHARE-BASED AWARDS AND OPTION-BASED AWARDS**

| | **Option-based Awards** | | | | **Share-based Awards** | |
|---|---|---|---|---|---|---|
| **Name** | **Number of securities underlying unexercised options (#)** | **Option exercise price ($)** | **Option expiration date** | **Value of unexercised in-the-money options[(1)] ($)** | **Number of shares or units of shares that have not vested (#)** | **Market or payout value of share-based awards that have not vested ($)** |
| William E.A. Wishart | 50,000 | $0.20 | August 8, 2016 | Nil | Nil | Nil |
| Gary Schellenberg | 25,000 | $0.20 | August 8, 2016 | Nil | Nil | Nil |
| Gary Schellenberg | 125,000 | $0.10 | July 17, 2016 | Nil | Nil | Nil |

**INCENTIVE PLAN AWARDS – VALUE VESTED OR EARNED**
**(for the fiscal year ended March 31, 2014)**

| Name | Option-based awards - Value vested during the year ($) | Share-based awards - Value vested during the year ($) | Non-equity incentive plan compensation - Value earned during the year ($) |
|---|---|---|---|
| William E.A. Wishart | Nil | Nil | Nil |
| Patrick Forseille *former CFO and V.P. Exploration* | Nil | Nil | Nil |

**Pension Plan Benefits**

The Issuer does not have any pension plans that provide for payments or benefits to any NEO at, following or in connection with their retirement, nor does the Issuer have any defined contribution plans relating to any NEO.

**Termination and Change of Control Benefits**

A management company, wholly owned by a director provides management services to the Issuer pursuant to an agreement, which can be terminated by the management company giving two (2) weeks written notice and by the Issuer upon six (6) months prior written notice.

Neither the Issuer or any of its subsidiaries has any plan or arrangement with respect to compensation to its executive officers which would result from the resignation, retirement or any other termination of employment of the executive officers' employment with the Issuer and its subsidiaries or from a change of control of the Issuer or any subsidiary of the Issuer or a change in the executive officers' responsibilities following a change in control.

**DIRECTOR COMPENSATION**

**DIRECTOR COMPENSATION TABLE**
**(for the fiscal year ended March 31, 2014)**

| Name | Fees Earned ($) | Share-based awards ($) | Option-based awards ($) | Non-equity incentive plan compen-sation ($) | Pension value ($) | All other compensation ($) | Total ($) |
|---|---|---|---|---|---|---|---|
| Paul Zdebiak [(1)] | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Gary Schellenberg | Nil | Nil | Nil | Nil | Nil | Nil | Nil |

[(1)] Resigned as of May 5, 2014 and replaced by Shelly Jensen.

The Issuer has no standard arrangement pursuant to which directors of the Issuer are compensated by the Issuer for their services in their capacity as directors other than the unissued treasury shares that may be issued upon the exercise of the directors' stock options. There has been no other arrangement pursuant to which directors were compensated by the Issuer in their capacity as directors except as disclosed herein.

**Option-based Awards for Directors**

**OUTSTANDING SHARE-BASED AWARDS AND OPTION-BASED AWARDS**

| | Option-based Awards | | | | Share-based Awards | |
|---|---|---|---|---|---|---|
| **Name** | **Number of securities underlying unexercised options (#)** | **Option exercise price ($)** | **Option expiration date** | **Value of unexercised in-the-money options[1] ($)** | **Number of shares or units of shares that have not vested (#)** | **Market or payout value of share-based awards that have not vested ($)** |
| Paul Zdebiak [1] | Nil | Nil | Nil | Nil | Nil | Nil |
| Gary Schellenberg | Nil | Nil | Nil | Nil | Nil | Nil |

[1] Resigned as of May 5, 2014 and replaced by Shelly Jensen.

**INCENTIVE PLAN AWARDS – VALUE VESTED OR EARNED**
**(for the fiscal year ended March 31, 2014)**

| Name | Option-based awards - Value vested during the year ($) | Share-based awards - Value vested during the year ($) | Non-equity incentive plan compensation - Value earned during the year ($) |
|---|---|---|---|
| Paul Zdebiak [1] | Nil | Nil | Nil |
| Gary Schellenberg | Nil | Nil | Nil |

[1] Resigned as of May 5, 2014 and replaced by Shelly Jensen.

## 16. Indebtedness of Directors and Executive Officers

### 16.1 Aggregate Indebtedness

None of the executive officers, directors or employees of the Issuer are or have been indebted to the Issuer at any time, or are or have been indebted to another entity at any time, for the purchase of securities, or where that indebtedness was the subject of a guarantee, support agreement, letter of credit or similar arrangement of understanding provided by the Issuer or a subsidiary of the Issuer.

### 16.2 Indebtedness of Directors and Officers under Programs

There are no programs of the Issuer pursuant to which the Issuer's directors or officers incurred any debt owed to the Issuer.

## 17. Risk Factors

### Exploration, Development and Operating Risks

Mining operations generally involve a high degree of risk. The Issuer's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of precious metals and other minerals and metals, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimize risk will be taken, milling operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas which may result in environmental pollution and consequent liability.

The exploration for and development of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of a mineral-bearing structure may result in substantial rewards, few properties which are explored are ultimately developed into producing mines.

Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration or development programs planned by the Issuer will result in a profitable commercial mining operation. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as quantity and quality of mineralization and proximity to infrastructure; commodity prices which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Issuer not receiving an adequate return on invested capital.

There is no certainty that the expenditures made by the Issuer towards the search and evaluation of deposits of minerals or other metals will result in discoveries of commercial quantities of precious metals or other minerals or metals.

### Risks Associated With the Property

The Issuer's Property is a high risk, speculative venture. No mineral resources or mineral reserves have been identified with respect to the Property to date and there is no certainty that the expenditures made by the Issuer towards the search and evaluation of precious metals or other metals or minerals with regard to the Property or otherwise will result in discoveries of commercial quantities of precious metals or other minerals or metals. In addition, even in the event of the successful completion by the Issuer of Phase II of the recommended work program on the Property, there is no assurance that the results of such exploration will warrant further exploration and development of the Property. In such circumstances, the Issuer may be required to acquire and focus its operations on one or more additional mineral properties. There can be no assurance that any such additional mineral properties will be available for acquisition by the Issuer or that, if available, the terms of acquisition will be favourable to the Issuer.

### Current Economic Conditions

There are significant uncertainties regarding the price of precious metals and other minerals or metals and the availability of equity financing for the purposes of mineral exploration and development. The prices of precious metals and other minerals or metals have fluctuated substantially over the past several months and financial markets have deteriorated to the point where it has become extremely difficult for

companies to raise new capital. The Issuer's future performance is largely tied to the development of its current mineral properties and the overall financial markets. Current financial markets are likely to be volatile in Canada for the remainder of the calendar year and potentially into 2015, reflecting ongoing concerns about the stability of the global economy and weakening global growth prospects. As well, concern about global growth has led to sustained drops in some commodity markets. Unprecedented uncertainty in the credit markets has also led to increased difficulties in borrowing/raising funds. Companies worldwide have been affected particularly negatively by these trends. As a result, the Issuer may have difficulties raising equity financing for the purposes of mineral exploration and development, particularly without excessively diluting present shareholders of the Issuer. These economic trends may limit the Issuer's ability to develop and/or further explore its mineral property interests.

**Operating History**

The Issuer has a very limited history of operations, is in the early stage of exploration and must be considered a start-up company. As such, the Issuer is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of revenues. There is no assurance that the Issuer will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations.

**Reliance on Limited Number of Properties**

The only property interests of the Issuer are its interest in the Property. As a result, unless the Issuer acquires additional property interests, any adverse developments affecting the Property, could have a material adverse effect upon the Issuer and would materially and adversely affect the potential mineral resource production, profitability, financial performance and results of operations of the Issuer.

**Insurance and Uninsured Risks**

The Issuer's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to the Issuer's properties or the properties of others, delays in mining, monetary losses and possible legal liability.

Although the Issuer may in the future maintain insurance to protect against certain risks in such amounts as it considers reasonable, its insurance will not cover all the potential risks associated with a mining company's operations. The Issuer may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Issuer or to other companies in the mining industry on acceptable terms. The Issuer might also become subject to liability for pollution or other hazards which may not be insured against or which the Issuer may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Issuer to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

**Environmental Risks and Hazards**

All phases of the Issuer's operations are subject to environmental regulation in the jurisdictions in which

it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for noncompliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Issuer's operations. Environmental hazards may exist on the properties on which the Issuer holds interests which are unknown to the Issuer at present and which have been caused by previous or existing owners or operators of the properties.

Government approvals, approval of aboriginal people and permits are currently, and may in the future be required in connection with the Issuer's operations. To the extent such approvals are required and are not obtained, the Issuer may be curtailed or prohibited from continuing its exploration or mining operations or from proceeding with planned exploration or development of mineral properties.

Failure to comply with applicable laws, regulations and per mitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining and exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Issuer and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

**Infrastructure**

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Issuer's operations, financial condition and results of operations.

**Land Title**

Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed. Although the Issuer has investigated its title to the Property for which it holds an option to acquire concessions or other mineral leases or licenses and the Issuer is satisfied with its review of the title to the Property, the Issuer cannot give an assurance that title to the Property will not be challenged or impugned. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify, and transfers under foreign law often are complex. The Issuer does not carry title insurance on the Property. A successful claim that the Issuer does not have title could cause the Issuer to lose its rights to the Property, perhaps without compensation for its prior expenditures relating to the Property.

The Property may now or in the future be the subject of first nations land claims. The legal nature of aboriginal land claims is a matter of considerable complexity. The impact of any such claim on the Issuer's ownership interest in the Property cannot be predicted with any degree of certainty and no

assurance can be given that a broad recognition of aboriginal rights in the area in which the Property is located, by way of a negotiated settlement or judicial pronouncement, would not have an adverse effect on the Issuer's activities. Even in the absence of such recognition, the Issuer may at some point be required to negotiate with first nations in order to facilitate exploration and development work on the Property.

**Competition**

The mining industry is competitive in all of its phases. The Issuer faces strong competition from other mining companies in connection with the acquisition of properties producing, or capable of producing, precious and base metals. Many of these companies have greater financial resources, operational experience and technical capabilities than the Issuer. As a result of this competition, the Issuer may be unable to maintain or acquire attractive mining properties on terms it considers acceptable or at all. Consequently, the Issuer's revenues, operations and financial condition could be materially adversely affected.

**Additional Capital**

When not accounting for the gain on sale of property, the Issuer had negative operating cash flow during the fiscal year ended March 31, 2014. The development and exploration of the Issuer's properties will require substantial additional financing. Failure to obtain sufficient financing may result in the delay or indefinite postponement of exploration, development or production on any or all of the Issuer's properties or even a loss of property interest. The primary source of funding available to the Issuer consists of equity financing. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Issuer.

**Liquid Marketability of Shares**

There has been no prior public market for the Issuer's shares other than the Issuer's posting of its securities on the TSX Venture Exchange or the Canadian Securities Exchange, and the market for the Issuer's shares may be illiquid from time to time, and an active trading market may not develop or, if it does develop, may not be sustained. The lack of an active market may impair shareholders' ability to sell their shares at the time they wish to sell them or at a price that they consider reasonable. The lack of an active market may also reduce the fair market value and increase the volatility of the shares. An inactive market may also impair the Issuer's ability to raise capital by selling shares and to acquire other exploration properties or interests by using its shares as consideration.

**Commodity Prices**

The price of the common shares, the Issuer's financial results and exploration, development and mining activities may in the future be significantly adversely affected by declines in the price of precious metals or other minerals. The price of precious metals or other minerals and metals fluctuates widely and is affected by numerous factors beyond the Issuer's control such as the sale or purchase of commodities by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and foreign currencies, global and regional supply and demand, the political and economic conditions of major mineral-producing countries throughout the world, and the cost of substitutes, inventory levels and carrying charges. Future serious price declines in the market value of precious metals or other minerals or metals could cause continued development of and commercial production from the Issuer's properties to be impractical. Depending on the price of precious metals or other minerals or metals, cash flow from mining operations may not be sufficient and the Issuer could be forced to discontinue production and may lose its interest in, or may be forced to sell,

some of its properties. Future production from the Issuer's mining properties is dependent upon the prices of precious metals or other minerals or metals being adequate to make these properties economic.

In addition to adversely affecting the Issuer's reserve estimates and its financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

**Government Regulation**

Any failure to obtain or maintain the necessary licenses and permits to advance the exploration of the Property will have a material adverse impact on the Issuer and its business, assets, financial condition, results of operations and prospects. The mining, processing, development and mineral exploration activities of the Issuer are subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people and other matters. Although the Issuer's mining and processing operations and exploration and development activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing operations and activities of mining and milling or more stringent implementation thereof could have a substantial adverse impact on the Issuer.

**Obtaining and Renewing Licenses and Permits**

In the ordinary course of business, the Issuer will be required to obtain and renew governmental licenses or permits for exploration, development, construction and commencement of mining at the Property. Obtaining or renewing the necessary governmental licenses or permits is a complex and time consuming process involving numerous jurisdictions, public hearings and costly undertakings on the part of the Issuer. The duration and success of the Issuer's efforts to obtain and renew licenses or permits are contingent upon many variables not within the Issuer's control, including the interpretation of applicable requirements implemented by the licensing authority. The Issuer may not be able to obtain or renew licenses or permits that are necessary to its operations, including, without limitation, an exploitation license, or the cost to obtain or renew licenses or permits may exceed what the Issuer believes they can recover from the Property. Any unexpected delays or costs associated with the licensing or permitting process could delay the development or impede the operation of a mine, which could adversely impact the Issuer's operations and profitability.

**Dividend Policy**

No dividends on the common shares have been paid by the Issuer to date. Payment of any future dividends will be at the discretion of the Issuer's board of directors after taking into account many factors, including the Issuer's operating results, financial condition and current and anticipated cash needs.

**Dilution to Common Shares**

As a result of the increase in the number of common shares issued and outstanding, the voting power of the Issuer's existing shareholders will be diluted and the subscribers will experience a diluting effect.

**Future Sales of Common Shares by Existing Shareholders**

Sales of a large number of common shares in the public markets, or the potential for such sales, could decrease the trading price of the common shares and could impair the Issuer's ability to raise capital through future sales of common shares.

**Key Executives**

The Issuer is dependent on the services of key executives, including the directors of the Issuer and a small number of highly skilled and experienced executives and personnel. Due to the relatively small size of the Issuer, the loss of these persons or the Issuer's inability to attract and retain additional highly skilled employees may adversely affect its business and future operations.

**Conflicts of Interest**

Certain of the directors and officers of the Issuer also serve as directors and/or officers of other companies involved in natural resource exploration and development and consequently there exists the possibility for such directors and officers to be in a position of conflict. Any decision made by any of such directors and officers involving the Issuer should be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Issuer and its shareholders. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest in accordance with the procedures set forth in the *Business Corporations Act* (British Columbia) and other applicable laws.

## 18. Promoters

### 18.1 Promoters

The Issuer has not retained the services of a promoter since its incorporation and does not currently employ an investor relations consultant.

### 18.2 Cease Trade Orders, Bankruptcies, Penalties and Sanctions Involving Promoters

No promoter of the Issuer was a director or executive officer of any person or company that, while the promoter was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets within the last 10 years.

No promoter of the Issuer has, within the 10 years before the date of this Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the promoter.

There have been no penalties or sanctions imposed against promoters or past promoters that would be likely to be considered important to a reasonable investor in making an investment decision.

## 19. Legal Proceedings

19.1 Legal Proceedings

There are no legal proceedings material to the Issuer to which the Issuer or any subsidiary of the Issuer is a party or of which their respective property is the subject matter that is known to the Issuer.

19.2 Regulatory Actions

There are no:

(a) penalties or sanctions imposed against the Issuer by a court relating to provincial and territorial securities legislation or by a securities regulatory authority within the three years immediately preceding the date hereof;

(b) other penalties or sanctions imposed by a court or regulatory body against the Issuer necessary to contain full, true and plain disclosure of all material facts relating to the securities being listed; and

(c) settlement agreements the Issuer entered into before a court relating to provincial and territorial securities legislation or with a securities regulatory authority within the three years immediately preceding the date hereof.

## 20. Interest of Management and Others in Material Transactions

20.1 For further particulars of the material interest, direct or indirect, of any of the following persons or companies in any transaction within the three years before the date of the Listing Statement, or in any proposed transaction, that has materially affected or will materially affect the Issuer or a subsidiary of the Issuer:

(a) any director or executive officer of the Issuer, see *"Section 6, Management's Discussion and Analysis, Related Party Transactions" and "Section 18, Promoters"*;

(b) a security holder disclosed in the Listing Statement as holding 10% or more of the Issuer's voting securities, see, *"Section 12, Principal Shareholders", "Section 6, Management's Discussion and Analysis, Related Party Transactions" and "Section 18, Promoters"*.

No associates or affiliates of any of the persons referred to above, unless as otherwise disclosed herein, have or had a material interest, direct or indirect, in any transaction within the three years before the date of the Listing Statement that has materially affected or will materially affect the Issuer or a subsidiary of the Issuer.

## 21. Auditors, Transfer Agents and Registrars

21.1 Auditor Name and Address

The auditor for the Issuer is Davidson & Company LLP, Chartered Accountants, 609 - 1200 Granville Street, Vancouver, British Columbia, V7Y 1G6.

21.2 Transfer Agent and Registrar Name

The registrar and transfer agent for the common shares of the Issuer is TMX Equity Transfer Services Inc., which is operating the transfer agency and corporate trust business in the name of Equity Financial Trust Company for a transitional period, 650 West Georgia Street, Suite 2700, Vancouver, B.C. V6B 4N9.

## 22. Material Contracts

22.1 Material Contracts for the Issuer

1. A management company, wholly-owned by William E.A. Wishart provides management services to the Issuer pursuant to an agreement dated June 11, 2012, which can be terminated by the management company giving two (2) weeks written notice and by the Issuer upon six (6) months prior written notice.

22.2 Copies of any co-tenancy, unitholders' or limited partnership agreements

None.

## 23. Interest of Experts

Davidson & Company LLP, Chartered Accountants, prepared the auditor's report for the Issuer's financial statements for the years ended March 31, 2014, 2013 and 2012. Davidson & Company LLP, Chartered Accountants, are independent in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

Rick Kemp, B.Sc., P.Geo, an independent consultant geologist of Coast Mountain Geological Ltd., a Qualified Person as defined by NI 43-101, of has reviewed and approved the technical disclosure included in this Listing Statement.

## 24. Other Material Facts

To management's knowledge, there are no other material facts that are not otherwise disclosed in this Listing Statement or are necessary for the Listing Statement to contain full, true and plain disclosure of all material facts relating to the Issuer and its securities.

## 25. Financial Statements

Financial statements required pursuant this section are attached as follows:

SCHEDULE "A" – Audited Financial Statements of Explorex Resources Inc. for the years ended March 31, 2014, 2013 and 2012, and Unaudited Interim Financial Statements for the period ended December 31, 2014.

The first certificate below must be signed by the CEO, CFO, any person or company who is a promoter of the Issuer and two directors of the Issuer. In the case of an Issuer re-qualifying following a fundamental change, the second certificate must also be signed by the CEO, CFO, any person or company who is a promoter of the target and two directors of the target.

**CERTIFICATE OF THE ISSUER**

Pursuant to a resolution duly passed by its Board of Directors, **Explorex Resources Inc.** hereby applies for the listing of the above mentioned securities on the CSE. The foregoing contains full, true and plain disclosure of all material information relating to Explorex Resources Inc. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Vancouver, British Columbia

this 23rd day of April, 2015

| | |
|---|---|
| *"William Wishart"* | *"Zenaida Manalo"* |
| William E.A. Wishart, Director, President and CEO | Zenaida Manalo, CFO |
| *"Gary Schellenberg"* | *"Shelly Jensen"* |
| Gary D.A. Schellenberg, Director | Shelly Jensen, Director |

**SCHEDULE "A"**

**AUDITED FINANCIAL STATEMENTS OF EXPLOREX RESOURCES INC. FOR THE YEARS ENDED MARCH 31, 2014, 2013 AND 2012**

**AND**

**UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2014**

# EXPLOREX RESOURCES INC.

**ANNUALFINANCIAL STATEMENTS**
**(Expressed in Canadian Dollars)**

**March 31, 2014 and 2013**

# INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Explorex Resources Inc.

We have audited the accompanying financial statements of Explorex Resources Inc., which comprise the statements of financial position as at March 31, 2014 and 2013, and the statements of operations and comprehensive loss, cash flows and changes in shareholders' equity for the years then ended, and a summary of significant accounting policies and other explanatory information.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of 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 financial statements based on our audits. We conducted our audits 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

***Opinion***

In our opinion, these financial statements present fairly, in all material respects, the financial position of Explorex Resources Inc. as at March 31, 2014 and 2013, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

***Emphasis of Matter***

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Explorex Resources Inc.'s ability to continue as a going concern.

**"DAVIDSON & COMPANY LLP"**

Vancouver, Canada Chartered Accountants

July 28, 2014

**EXPLOREX RESOURCES INC.**
STATEMENTS OF FINANCIAL POSITION
Expressed in Canadian Dollars

| | | March 31, 2014 | | March 31, 2013 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Current** | | | | |
| Cash | $ | 57,253 | $ | 226,006 |
| Amounts receivable | | 21,447 | | 28,906 |
| | $ | 78,700 | $ | 254,912 |
| **LIABILITES AND SHAREHOLDERS' EQUITY** | | | | |
| **Current** | | | | |
| Accounts payable and accrued liabilities | $ | 47,703 | $ | 32,753 |
| **Shareholders' equity** | | | | |
| Share capital (Note 4) | | 752,328 | | 752,328 |
| Share-based payments reserve (Note 4) | | 39,354 | | 39,354 |
| Deficit | | (760,685) | | (569,523) |
| | | 30,997 | | 222,159 |
| | $ | 78,700 | $ | 254,912 |

Nature and continuance of operations (Note 1)
Subsequent events (Note 9)

Approved and authorized by the Board on July XX, 2014:

*"William E. A. Wishart"*
William E. A. Wishart, Director

*"Gary Schellenberg"*
Gary Schellenberg, Director

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

**EXPLOREX RESOURCES INC.**

STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

Expressed in Canadian Dollars

| | | Year ended March 31, 2014 | | Year ended March 31, 2013 |
|---|---|---|---|---|
| **EXPENSES** | | | | |
| Consulting (Note 7) | $ | 22,500 | $ | 11,644 |
| General office | | 19,703 | | 27,297 |
| Management fees (Note 7) | | 72,000 | | 54,540 |
| Professional fees | | 37,766 | | 43,158 |
| Rent | | 19,200 | | 19,100 |
| Share-based compensation (Note 4) | | - | | 14,523 |
| Transfer agent and filing fees | | 17,688 | | 9,432 |
| Travel and automobile | | 3,276 | | 1,807 |
| **Operating expenses** | | (192,133) | | (181,501) |
| Interest income | | 971 | | 2,504 |
| Write-off of exploration and evaluation assets (Note 1) | | - | | (258,676) |
| | | 971 | | (256,172) |
| **Loss and comprehensive loss for the year** | $ | (191,162) | $ | (437,673) |
| **Basic and diluted loss per common share** | $ | (0.04) | $ | (0.10) |
| **Weighted average number of common shares outstanding** | | 4,599,928 | | 4,426,191 |

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

**EXPLOREX RESOURCES INC.**

STATEMENTS OF CASH FLOWS

Expressed in Canadian Dollars

| | Year Ended March 31, 2014 | Year Ended March 31, 2013 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Loss for the year | $ (191,162) | $ (437,673) |
| Items not affecting cash | | |
| Write-off exploration and evaluation assets | - | 258,676 |
| Share-based compensation | - | 14,523 |
| Changes in non-cash working capital items | | |
| Receivables | 7,459 | (18,397) |
| Prepaid expense | - | 25 |
| Accounts payable and accrued liabilities | 14,950 | 426 |
| Cash used in operating activities | (168,753) | (182,420) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Exploration and evaluation | - | (193,616) |
| Cash used in investing activities | - | (193,616) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Issuance of shares for cash | - | 301,736 |
| Share issuance costs | - | (17,350) |
| Cash provided by financing activities | - | 284,386 |
| **Change in cash for the year** | (168,753) | (91,650) |
| **Cash, begining of year** | 226,006 | 317,656 |
| **Cash, end of year** | $ 57,253 | $ 226,006 |

There were no significant non-cash investing or financing activities during the years presented.

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

**EXPLOREX RESOURCES INC.**

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Epressed in Canadian Dollars

| | Number of Shares | Share Capital | Share-Based Payments Reserve | Deficit | Total |
|---|---|---|---|---|---|
| Balance at March 31, 2012 | 3,725,000 | $ 428,387 | $ 34,386 | $ (131,850) | $ 330,923 |
| Shares issued for cash | 708,750 | 283,500 | - | - | 283,500 |
| Share issuance costs | - | (17,350) | - | - | (17,350) |
| Shares isssued for property | 75,000 | 30,000 | - | - | 30,000 |
| Exercise of agents'options | 91,178 | 27,791 | (9,555) | - | 18,236 |
| Share-based compensation | - | - | 14,523 | - | 14,523 |
| Loss for the year | - | - | - | (437,673) | (437,673) |
| Balance at March 31, 2013 | 4,599,928 | 752,328 | 39,354 | (569,523) | 222,159 |
| Loss for the year | - | - | - | (191,162) | (191,162) |
| Balance at March 31, 2014 | 4,599,928 | $ 752,328 | $ 39,354 | $ (760,685) | $ 30,997 |

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

## 1. NATURE AND CONTINUANCE OF OPERATIONS

Explorex Resources Inc. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on January 6, 2011.The head office of the Company is located at 214 – 1118 Homer Street, Vancouver, British Columbia, V6B 6L5. The registered office of the Company is located at Suite 1780-400 Burrard Street, Vancouver, British Columbia, V6C 3A6. The Company does not have any subsidiaries.

During the year ended March 31, 2013 the Company wrote-off all exploration and evaluation expenditures on its Porcupine Property in Canada, and is currently investigating new opportunities for investment ventures.

These financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going-concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. Accordingly, it does not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts which may differ from those shown in the financial statements.

The ability of the Company to continue as a going concern is dependent on its ability to obtain additional equity financing and achieve future profitable operations. As at March 31, 2014, the Company had working capital of $30,997, had not yet achieved profitable operations and has an accumulated deficit of $760,685 since its inception. The Company expects to incur further losses in the development of its business, all of which cast significant doubt on the Company's ability to continue as a going concern. The Company will require additional financing in order to explore new business opportunities, meet its ongoing levels of corporate overhead and discharge its liabilities as they come due. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future.

## 2. BASIS OF PRESENTATION

### Basis of presentation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") which include International Accounting Standards and Interpretations ("IFRIC") adopted by the International Accounting Standards Board ("IASB").

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. In addition, the financial statements have been prepared using the accrual basis of accounting, except for cash flow disclosure.

These financial statements are presented in Canadian dollars, which is also the Company's functional currency.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### a) Use of judgment and estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of expenses during the period. Significant areas requiring the use of management'sjudgment and estimates relate to the recoverability of amounts receivable, the determination of environmental obligations and impairment of exploration and evaluation assetsand inputs used in accounting for share-based compensation. Actual results may differ from these estimates. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

### b) Share-based compensation

The Company uses the fair value based method for measuring compensation costs. The Company grants stock options to buy common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to capital stock.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of the goods or services received.

### c) Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive. All of the stock options, agent's options and warrants currently issued (see Note 4) were anti-dilutive for the years ended March 31, 2014 and 2013.

### d) Valuation of equity units issued in private placements

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate mineral properties. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants ("Warrants"). Depending on the terms and conditions of each equity financing agreement ("Agreement"), the Warrants are exercisable into additional common shares prior to expiry at a price stipulated by the Agreement. Warrants that are part of units are assigned value based on the residual value method and included in share capital with the common shares that were concurrently issued. Warrants that are issued as payment for agency fees or other transactions costs are accounted for as share-based payments.

## 3. SIGNIFICANT ACCOUNTING POLICIES(cont'd…)

### e) Financial instruments

*Financial assets*

Financial assets are classified into one of four categories:

a) Fair value through profit or loss ("FVTPL");

b) Held-to-maturity ("HTM");

c) Loans and receivables; and

d) Available-for-sale ("AFS").

*Financial assets at fair value through profit or loss ("FVTPL")*

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 at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's risk management strategy. Attributable transaction costs are recognized in profit or loss when incurred. FVTPL are measured at fair value, and changes are recognized in profit or loss.

*Held-to-maturity ("HTM")*

These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the asset is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of operations and comprehensive loss.

*Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted on an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

*Available-for-sale ("AFS")*

Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statement of operations and comprehensive loss.

## 3. SIGNIFICANT ACCOUNTING POLICIES(cont'd…)

### e) Financial instruments (cont'd…)

The Company has classified its cash as FVTPL and its amounts receivable as loans and receivable.

*Financial liabilities*

Financial liabilities are classified into one of two categories:

a) Fair value through profit or loss; and

b) Other financial liabilities.

*Fair value through profit or loss*

This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of operations and comprehensive loss.

*Other financial liabilities*

This category includes accounts payable and accrued liabilities, all of which are recognized at amortized cost. The Company classified its financial liabilities which consisted of accounts payable and accrued liabilitiesas other financial liabilities.

*Impairment of financial assets*

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted.

For all financial assets objective evidence of impairment could include:

a) significant financial difficulty of the issuer or counterparty; or

b) default or delinquency in interest or principal payments; or

c) it becoming probable that the borrower will enter bankruptcy or financial re-organization.

## 3. SIGNIFICANT ACCOUNTING POLICIES(cont'd…)

### e) Financial instruments (cont'd…)

For certain categories of financial assets, such as receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

### f) Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recognized in respect to the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences do not result in deferred tax assets or liabilities: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

## 3. SIGNIFICANT ACCOUNTING POLICIES(cont'd…)

### g) Exploration and evaluation assets

Exploration costs are capitalized on an individual prospect basis until such time as an economic ore body is defined or the prospect is abandoned. No exploration costs are capitalized until the legal right to explore the property has been obtained. When it is determined that such costs will be recouped through successful development and exploitation, the capitalized expenditures are depreciated over the expected productive life of the asset. Costs for a producing asset are amortized on a unit-of-production method based on the estimated life of the ore reserves, while costs for the prospects abandoned are written off.

Impairment review for exploration and evaluation assets is carried out on a project by project basis, with each project representing a single cash generating unit. At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that these assets are impaired. An impairment review is undertaken when indicators of impairment arise but typically when one or more of the following circumstances apply:

- Unexpected geological occurrences are identified that render the resource uneconomic;
- Title to the asset is compromised;
- Fluctuations in the metal prices render the project uneconomic;
- Variation in the currency of operations; and
- Threat to political stability in the country of operation.

From time to time, the Company may acquire or dispose of exploration and evaluation assets pursuant to the terms of option agreements. Due to the fact that these options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as exploration and evaluation assets or recoveries when the payments are made or received.

The recoverability of the amounts capitalized for the undeveloped exploration and evaluation assets is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral claims, the ability to farm out its exploration and evaluation assets, the ability to obtain the necessary financing to complete their development and future profitable production or proceeds from their disposition thereof.

### h) Impairment of tangible and intangible assets

Tangible and intangible assets with finite useful lives 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 assets' 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.

## 3. SIGNIFICANT ACCOUNTING POLICIES(cont'd…)

### h) Impairment of tangible and intangible assets(cont'd…)

An impairment loss is charged to profit or loss except to the extent it reverses gains previously recognized in other comprehensive loss/income. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior periods. A reversal of an impairment loss is recognized in profit or loss.

### i) Accounting standards, interpretations and amendments adopted

As of April 1, 2013, the Company adopted the new and amended IFRS pronouncements in accordance with transitional provisions outlined in the respective standards. The Company has adopted the following new and amended standard without any significant effect on its financial statements. The nature and impact of the new standard is described below:

*IFRS 13 Fair Value Measurement*
IFRS 13 is a comprehensive standard for all fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes additional disclosures regarding fair value measurements. IFRS 13 had no impact on the Company's financial statements.

### a) Accounting standards issued but not yet effective

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements.

*IFRS 9 – Financial Instruments ("IFRS 9")*
In November 2009, the IASB issued IFRS 9 Financial Instruments as the first step in its 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 an entity's business model and the contractual cash flow of the financial asset. Classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument.

IFRS 9 amends some of the requirements of IFRS 7 Financial Instruments: Disclosures, including added disclosures about investments in equity instruments measured at fair value in other comprehensive income, and guidance on financial liabilities and derecognition of financial instruments. The amended standard is effective for annual periods beginning on or after January 1, 2018.

*IAS 32 – Financial Instruments: Presentation ("IAS 32")*
The IASB amended IAS 32, "Financial Instruments: Presentation" to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas:

- the meaning of 'currently has a legally enforceable right of set-off';
- the application of simultaneous realization and settlement;
- the offsetting of collateral amounts; and
- the unit of account for applying the offsetting requirements.

The amended standard is effective for annual periods beginning on or after January 1, 2014.

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

### j) Accounting standards issued but not yet effective (continued)

*IAS 36 – Impairment of Assets ("IAS 36")*

The amendments to IAS 36 restrict the requirement to disclose the recoverable amount of an asset or CGU to periods in which an impairment loss has been recognized or reversed. The amendments also expand and clarify the disclosure requirements applicable when an asset or CGU's recoverable amount has been determined on the basis of fair value less cost of disposal. The amended standard is effective for annual periods beginning on or after January 1, 2014 and should be applied retrospectively.

## 4. SHARE CAPITAL

a) Authorized share capital:

As at March 31, 2014, the authorized share capital of the Company was an unlimited number of common shares without par value. All issued shares are fully paid.

Subsequent to the year ended March 31, 2014, the Company consolidated the issued share capital on the basis of two (2) old common shares for one (1) new common share ("the Consolidation"). Outstanding stock options, agent's options and warrants were adjusted by the Consolidation ratio. All common shares and per common share amounts in these financial statements have been retroactively restated to reflect the share consolidation.

b) Issued share capital:

There were no share transactions during the year ended March 31, 2014.

During the year ended March 31, 2013, the Company completed a non-brokered private placement of 708,750 units at $0.40 per unit for gross proceeds of $283,500. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant will entitle the holder thereof to purchase one additional share of the Company at a price of $0.60 per share for a period of up to twelve months from the closing date of the private placement. The Company paid finder's fees of $17,350.

At March 31, 2014, 1,030,500 (March 31, 2013–1,717,500) common shares were held in escrow andare released pro-rata to the shareholders. 10% of the escrow shares were issued upon release of the Final Exchange Bulletin in June 2012and the remainder will be releasedin six equal tranches of 15% every six months thereafter for a period of 36 months.

**Stock option plan**

The Company has a stock option plan under which it can grant options to directors, officers, employees, and consultants for up to 10% of the issued and outstanding common shares. The exercise price of each option is based on the market price of the Company's stock at the date of grant. The options can be granted for a term of tenyears and vest as determined by the board of directors.

## 4. SHARE CAPITAL (cont'd…)

**Stock option plan**(cont'd…)

As at March 31, 2014, the following options were granted or outstanding.

| | Number of Options | Weighted Average Exercise Price |
|---|---|---|
| Outstanding, March 31, 2012 | 125,000 | $ 0.20 |
| Granted | 50,000 | 0.40 |
| Expired | - | - |
| Exercised | - | - |
| Outstanding, March 31, 2013 and 2014 | 175,000 | 0.26 |
| Options Exercisable, March 31, 2014 | 175,000 | $ 0.26 |

A summary of the Company's options outstanding as at March 31, 2014 is as follows:

| Number of Options | Exercise Price | Expiry Date |
|---|---|---|
| 125,000 | $ 0.20 | August 8, 2016 |
| 50,000 | $ 0.40 | June 17, 2017 |

Total expenses arising from share-based compensation transactions recognized during the year ended March 31, 2014 was $Nil (2013 - $14,523).

## 4. SHARE CAPITAL (cont'd…)

### Agent's Options

As at March 31, 2014, the following agent's options were granted or outstanding.

| | Number of Agent's Options | Weighted Average Exercise Price |
|---|---|---|
| Outstanding, March 31, 2012 | 150,000 | $ 0.20 |
| Exercised | (91,178) | 0.20 |
| Outstanding, March 31,2013 | 58,823 | 0.20 |
| Expired | (58,823) | (0.20) |
| Outstanding, March 31, 2014 | - | $ - |

### Share Purchase Warrants

As at March 31, 2014, the following share purchase warrants were outstanding:

| | Number of Share Purchase Warrants | Weighted Average Exercise Price |
|---|---|---|
| Outstanding, March 31, 2012 | - | - |
| Granted | 708,750 | $ 0.60 |
| Expired | - | - |
| Exercised | - | - |
| Outstanding, March 31, 2013 | 708,750 | 0.60 |
| Expired | (708,750) | (0.60) |
| Outstanding, March 31, 2014 | - | $ - |

## 4. SHARE CAPITAL (cont'd…)

The following weighted-average assumptions were used for the Black-Scholes valuation of the stock options and agent's options granted during the period:

| | March 31, 2014 | March 31, 2013 |
|---|---|---|
| Risk-free interest rate | - | 1.23% |
| Expected life of options | - | 5 years |
| Annualized volatility | - | 96.14% |
| Dividend rate | - | 0.00% |

Annualized volatility is estimated by considering historic average share price volatility of the publicly traded shares of comparable entities.

## 5. CAPITAL MANAGEMENT

Capital is comprised of the Company's shareholders' equity. As at March 31, 2014, the Company's shareholders' equity was $30,997. The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels.

The Company is dependent on the capital markets as its sole source of operating capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects. The Company is not subject to any externally imposed capital requirements. There has been no change in the Company's approach to capital management during the year ended March 31, 2014.

## 6. FINANCIAL INSTRUMENTS AND RISK

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;

Level 3 – Inputs that are not based on observable market data.

## 6. FINANCIAL INSTRUMENTS AND RISK (cont'd…)

The fair value of cash is based on level 1 inputs of the fair value hierarchy.

The fair value of the Company's receivables, accounts payable and accrued liabilities approximates their carrying values due to the short-term nature.

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 believes it has no significant credit risk.

*Liquidity risk*

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2014, the Company had a cash balance of$57,253 to settle current liabilities of $47,703.

*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 commodity and equity prices.

(a) Interest rate risk

The Company has cash balances and no interest-bearing debt. As of March 31, 2014, the Company held an interest bearing GIC term deposit with a variable interest rate. The interest rate risk on cash is not considered significant.

(b) Foreign currency risk

The Company does not have assets or liabilities ina foreign currency.

(c) Price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, and the stock market to determine the appropriate course of action to be taken by the Company.

## 7. RELATED PARTY TRANSACTIONS

During the year ended March 31, 2014,the Company entered into the following transactions with related parties:

- Paid or accrued rent of $19,200 (2013 - $19,100), management fees of $72,000 (2013 - $540) and consulting fees of $nil (2013 - $6,000) to a company controlled by a director of the Company.
- Paid or accrued management fees of $nil ($540) to the Company's corporate secretary.
- Paid or accrued professional fees of $19,500 (2013 - $12,000) to the Chief Financial Officer of the Company.
- Paid or accrued director's fees (included in consulting) fees of $nil (2013 - $5,000) to two directors of the Company.
- During the year ended March 31, 2013, the Company issued 100,000 stock options to the former Chief Financial Officer and the Company's Corporate Secretary. Upon the issuance, $14,523 in share-based compensation expense was recorded. During the year ended March 31, 2014, the Company did not issued any stock options.

*Commitments – Consulting agreements*

On August 1, 2012 and amended on July 11, 2013, the Company has entered into a consulting agreement with a director of the Company for the provision of consulting services at a current cost of $72,000 per annum. The agreement is for a term of five years. Should the Company be subject to a change in control and the consultant terminated without cause, the Company must pay an amount equal to twenty-six months of fees and an additional two months of fees for each additional full year of management completed after the first year of engagement, up to a combined maximum of forty-eight months of management fees.

## 8. INCOME TAXES

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

| | | 2014 | | 2013 |
|---|---|---|---|---|
| Loss for the year | $ | (191,162) | $ | (437,673) |
| Expected income tax (recovery) | $ | (50,000) | $ | (109,000) |
| Change in statutory rates and other | | (9,000) | | (14,000) |
| Permanent Difference | | - | | 4,000 |
| Share issue cost | | - | | (4,000) |
| Change in unrecognized deductible temporary differences | | 59,000 | | 123,000 |
| **Total income tax expense (recovery)** | **$** | **-** | **$** | **-** |

## 8. INCOME TAXES(cont'd…)

The significant components of the Company's deferred tax assets are as follows:

| | | 2014 | | 2013 |
|---|---|---|---|---|
| Deferred Tax Assets | | | | |
| Exploration and evaluation assets | $ | 82,000 | $ | 79,000 |
| Canadian elegible capital (CEC) | | 2,000 | | - |
| Share issue costs | | 11,000 | | 15,000 |
| Non-capital losses | | 134,000 | | 76,000 |
| | | 229,000 | | 170,000 |
| Unrecognized deferred tax assets | | (229,000) | | (170,000) |
| **Net deferred tax assets** | **$** | **-** | **$** | **-** |

The significant components of the Company's deductible temporary differences and unused tax losses that have not been recognized in the statements of financail position are as follows:

| | | 2014 | Expiry Date Range | | 2013 | Expiry Date Range |
|---|---|---|---|---|---|---|
| **Temporary Differences** | | | | | | |
| Exploration and evaluation assets | $ | 259,000 | No expiry date | $ | 259,000 | No expiry date |
| Investment tax credit | | 20,000 | 2031 to 2032 | | 20,000 | 2031 to 2032 |
| Canadian eligible capital (CEC) | | 6,000 | No expiry date | | - | No expiry date |
| Share issue costs | | 42,000 | 2017 to 2018 | | 61,000 | 2017 to 2018 |
| Non-capital losses available for future period | | 514,000 | 2031 to 2034 | | 302,000 | 2031 to 2033 |

## 9. SUBSEQUENT EVENTS

a) On July 17, 2014, the Company completed a non-brokered private placement of 2,100,000 units at $0.055 per unit for gross proceeds of $115,500. Each unit consist of one common share and one share purchase warrant. Each share purchase warrant will entitle the holder thereof to purchase one additional share of the Company at a price of $0.075 per share for a period of up to five years from the closing date of the private placement.

b) On July 17, 2014, the Companyhas granted options to purchase 300,000 shares to certain officers, consultants and directors of the company. The options shall be exercisable at a price of $0.10 per share and shall have a term of two years.

# EXPLOREX RESOURCES INC.
# (FORMERLY EXPLOREX CAPITAL LTD.)

**ANNUAL FINANCIAL STATEMENTS**
**(Expressed in Canadian Dollars)**

**March 31, 2013**

# INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Explorex Resources Inc.

We have audited the accompanying financial statements of Explorex Resources Inc., which comprise the statements of financial position as at March 31, 2013 and 2012, and the statements of operations and comprehensive loss, cash flows and changes in shareholders' equity for the years then ended, and a summary of significant accounting policies and other explanatory information.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of 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 financial statements based on our audits. We conducted our audits 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

We believe that the audit evidence we have obtained in our audits 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 financial statements present fairly, in all material respects, the financial position of Explorex Resources Inc. as at March 31, 2013 and 2012 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

***Emphasis of Matter***

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Explorex Resources Inc.'s ability to continue as a going concern.

**"DAVIDSON & COMPANY LLP"**

Vancouver, Canada Chartered Accountants

July 5, 2013

**EXPLOREX RESOURCES INC. (formerly Explorex Capital Ltd.)**
Statements of Financial Position
Expressed in Canadian Dollars

| | March 31, 2013 | March 31, 2012 |
|---|---|---|
| **ASSETS** | | |
| **Current** | | |
| Cash | $ 226,006 | $ 317,656 |
| Amounts receivable | 28,906 | 10,509 |
| Prepaid expense | - | 25 |
| | 254,912 | 328,190 |
| **Non-current** | | |
| Exploration and Evaluation Assets (Note 4) | - | 35,060 |
| | $ 254,912 | $ 363,250 |
| **LIABILITES AND SHAREHOLDERS' EQUITY** | | |
| **Current** | | |
| Accounts payable and accrued liabilities | $ 32,753 | $ 32,327 |
| **Shareholders' equity** | | |
| Share capital (Note 5) | 752,328 | 428,387 |
| Share-based payments reserve (Note 5) | 39,354 | 34,386 |
| Deficit | (569,523) | (131,850) |
| | 222,159 | 330,923 |
| | $ 254,912 | $ 363,250 |

Nature and continuance of operations (Note 1)

Approved and authorized by the Board on July 5th, 2013:

*"William A. E. Wishart"*
William E. A. Wishart, Director

*"Paul Zdebiak"*
Paul Zdebiak, Director

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

**EXPLOREX RESOURCES INC. (formerly Explorex Capital Ltd.)**

STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

Expressed in Canadian Dollars

| | | Years ended | | |
|---|---|---|---|---|
| | | March 31, 2013 | | March 31, 2012 |
| **EXPENSES** | | | | |
| Consulting (Note 8) | $ | 11,644 | $ | - |
| General office expenses | | 27,297 | | 5,580 |
| Management expenses (Note 8) | | 54,540 | | - |
| Professional fees | | 43,158 | | 59,530 |
| Rent (Note 8) | | 19,100 | | 12,300 |
| Share-based compensation (Note 5) | | 14,523 | | 18,656 |
| Transfer agent and filing fees | | 9,432 | | 20,113 |
| Travel | | 1,807 | | - |
| **Operating expenses** | | (181,501) | | (116,179) |
| Interest income | | 2,504 | | 2,422 |
| Write-off of exploration and evaluation assets (Note 4) | | (258,676) | | - |
| | | (256,172) | | 2,422 |
| **Loss and comprehensive loss for the year** | $ | (437,673) | $ | (113,757) |
| **Basic and diluted loss per common share** | $ | (0.05) | $ | (0.06) |
| **Weighted average number of common shares outstanding** | | 8,852,383 | | 1,907,397 |

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

**EXPLOREX RESOURCES INC. (formerly Explorex Capital Ltd.)**

STATEMENTS OF CASH FLOWS

Expressed in Canadian Dollars

| | Years Ended | |
|---|---|---|
| | March 31, 2013 | March 31, 2012 |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Loss for the year | $ (437,673) | $ (113,757) |
| Items not affecting cash | | |
| Write-off exploration and evaluation assets | 258,676 | - |
| Share-based compensation | 14,523 | 18,656 |
| Changes in non-cash working capital items | | |
| Increase in receivables | (18,397) | (10,509) |
| Decrease in prepaid expense | 25 | 1,494 |
| Decrease in due to related parties | - | (4,726) |
| Increase in accounts payable and accrued liabilities | 426 | 27,380 |
| Cash flow used in operating activities | (182,420) | (81,462) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Exploration and evaluation | (193,616) | (35,060) |
| Cash flows used in investing activities | (193,616) | (35,060) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Issuance of shares for cash | 301,736 | 310,000 |
| Share issuance costs | (17,350) | (41,500) |
| Cash flows provided by financing activities | 284,386 | 268,500 |
| **Change in cash for the year** | (91,650) | 151,978 |
| **Cash, begining of year** | 317,656 | 165,678 |
| **Cash, end of year** | $ 226,006 | $ 317,656 |

There were no significant non-cash investing or financing activities during the years presented.

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

**EXPLOREX RESOURCES INC. (formerly Explorex Capital Ltd.)**

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Epressed in Canadian Dollars

| | Number of Shares | Share Capital | Share-Based Payments Reserve | Deficit | Total |
|---|---|---|---|---|---|
| Balance at March 31, 2011 | 4,250,000 | $ 212,500 | $ - | $ (18,093) | $ 194,407 |
| Shares issued for cash | 3,200,000 | 310,000 | - | - | 310,000 |
| Share issuance costs | - | (94,113) | 15,730 | - | (78,383) |
| Share-based compensation | - | - | 18,656 | - | 18,656 |
| Loss for the year | - | - | - | (113,757) | (113,757) |
| Balance at March 31, 2012 | 7,450,000 | 428,387 | 34,386 | (131,850) | 330,923 |
| Shares issued for cash | 1,417,500 | 283,500 | - | - | 283,500 |
| Share issuance costs | - | (17,350) | - | - | (17,350) |
| Shares isssued for property | 150,000 | 30,000 | - | - | 30,000 |
| Exercise of agents'options | 182,355 | 27,791 | (9,555) | - | 18,236 |
| Share-based compensation | | - | 14,523 | - | 14,523 |
| Loss for the year | - | - | - | (437,673) | (437,673) |
| Balance at March 31, 2013 | 9,199,855 | $ 752,328 | $ 39,354 | $ (569,523) | $ 222,159 |

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

## 1. NATURE AND CONTINUANCE OF OPERATIONS

Explorex Resources Inc. (the "Company", formerly Explorex Capital Ltd.) was incorporated under the Business Corporations Act (British Columbia) on January 6, 2011 as Explorex Capital Ltd., and changed its name to Explorex Resources Inc. on June 11, 2012. The Company was classified as a Capital Pool Company ("CPC") as defined by the policies of the TSX Venture Exchange (the "Exchange"). The Company is currently engaged in the acquisition, exploration and evaluation of its mineral property interests. The Company's shares are listed on the Exchange under the symbol EX. During the current year, the Company closed its Qualifying Transaction and as such, the Company graduated from being a CPC to a Tier 2 mining issuer on the Exchange.

The head office of the Company is located at 214 – 1118 Homer Street, Vancouver, British Columbia, V6B 6L5. The registered office of the Company is located at Suite 300 – 576 Seymour Street, Vancouver, British Columbia, V6B 3K1. The Company does not have any subsidiaries.

These financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going-concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. Accordingly, it does not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts which may differ from those shown in the financial statements.

The ability of the Company to continue as a going concern is dependent on its ability to obtain additional equity financing and achieve future profitable operations. As at March 31, 2013, the Company had working capital of $222,159 had not yet achieved profitable operations and has an accumulated deficit of $569,523 since its inception. The Company expects to incur further losses in the development of its business, all of which cast significant doubt on the Company's ability to continue as a going concern. The Company will require additional financing in order to conduct its future work programs on exploration and evaluation assets, meet its ongoing levels of corporate overhead and discharge its liabilities as they come due. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future.

## 2. BASIS OF PRESENTATION

### Basis of presentation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") which include International Accounting Standards and Interpretations ("IFRIC") adopted by the International Accounting Standards Board ("IASB").

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. In addition, the financial statements have been prepared using the accrual basis of accounting, except for cash flow disclosure.

These financial statements are presented in Canadian dollars, which is also the Company's functional currency.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### a) Use of judgment and estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of expenses during the period. Significant areas requiring the use of management's judgment and estimates relate to the recoverability of amounts receivable, the determination of environmental obligations and impairment of exploration and evaluation assets and inputs used in accounting for share-based compensation. Actual results may differ from these estimates. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

### b) Share-based compensation

The Company uses the fair value based method for measuring compensation costs.The Company grants stock options to buy common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to capital stock.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of the goods or services received.

### c) Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive. All of the stock options, agent's options and warrants currently issued (see Note 5) were anti-dilutive for the years ended March 31, 2013 and 2012.

### d) Valuation of equity units issued in private placements

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate mineral properties. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants ("Warrants"). Depending on the terms and conditions of each equity financing agreement ("Agreement"), the Warrants are exercisable into additional common shares prior to expiry at a price stipulated by the Agreement. Warrants that are part of units are assigned value based on the residual value method and included in share capital with the common shares that were concurrently issued. Warrants that are issued as payment for agency fees or other transactions costs are accounted for as share-based payments.

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

### e) Financial instruments

*Financial assets*

Financial assets are classified into one of four categories:

a) Fair value through profit or loss ("FVTPL");

b) Held-to-maturity ("HTM");

c) Loans and receivables; and

d) Available-for-sale ("AFS").

*Financial assets at fair value through profit or loss ("FVTPL")*

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 at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's risk management strategy. Attributable transaction costs are recognized in profit or loss when incurred. FVTPL are measured at fair value, and changes are recognized in profit or loss.

*Held-to-maturity ("HTM")*

These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the asset is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of operations and comprehensive loss.

*Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted on an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

*Available-for-sale ("AFS")*

Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statement of operations and comprehensive loss.

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

### e) Financial instruments (cont'd…)

The Company has classified its cash as FVTPL.

*Financial liabilities*

Financial liabilities are classified into one of two categories:

a) Fair value through profit or loss; and

b) Other financial liabilities.

*Fair value through profit or loss*

This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of operations and comprehensive loss.

*Other financial liabilities*

This category includes accounts payable and accrued liabilities, all of which are recognized at amortized cost. The Company classified its financial liabilities which consisted of accounts payable and accrued liabilitiesas other financial liabilities.

*Impairment of financial assets*

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted.

For all financial assets objective evidence of impairment could include:

a) significant financial difficulty of the issuer or counterparty; or

b) default or delinquency in interest or principal payments; or

c) it becoming probable that the borrower will enter bankruptcy or financial re-organization.

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

### e) Financial instruments (cont'd…)

For certain categories of financial assets, such as receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

### f) Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recognized in respect to the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences do not result in deferred tax assets or liabilities: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

### g) Exploration and evaluation assets

Exploration costs are capitalized on an individual prospect basis until such time as an economic ore body is defined or the prospect is abandoned. No exploration costs are capitalized until the legal right to explore the property has been obtained. When it is determined that such costs will be recouped through successful development and exploitation, the capitalized expenditures are depreciated over the expected productive life of the asset. Costs for a producing asset are amortized on a unit-of-production method based on the estimated life of the ore reserves, while costs for the prospects abandoned are written off.

Impairment review for exploration and evaluation assets is carried out on a project by project basis, with each project representing a single cash generating unit. At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that these assets are impaired. An impairment review is undertaken when indicators of impairment arise but typically when one or more of the following circumstances apply:

- Unexpected geological occurrences are identified that render the resource uneconomic;
- Title to the asset is compromised;
- Fluctuations in the metal prices render the project uneconomic;
- Variation in the currency of operations; and
- Threat to political stability in the country of operation.

From time to time, the Company may acquire or dispose of exploration and evaluation assets pursuant to the terms of option agreements. Due to the fact that these options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as exploration and evaluation assets or recoveries when the payments are made or received.

The recoverability of the amounts capitalized for the undeveloped exploration and evaluation assets is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral claims, the ability to farm out its exploration and evaluation assets, the ability to obtain the necessary financing to complete their development and future profitable production or proceeds from their disposition thereof.

### h) Impairment of tangible and intangible assets

Tangible and intangible assets with finite useful lives 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 assets' 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.

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

### h) Impairment of tangible and intangible assets (cont'd…)

An impairment loss is charged to profit or loss except to the extent it reverses gains previously recognized in other comprehensive loss/income. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior periods. A reversal of an impairment loss is recognized in profit or loss.

### i) Standards issued but not yet effective

(i) Effective for annual periods beginning on or after January 1, 2013

- IFRS 13 *Fair Value Measurement*

  Defines fair value and sets out a framework for measuring fair value and disclosures about fair value measurements. It applies when other IFRS's require or permit fair value measurements. It does not introduce any new requirements to measure an asset or a liability at fair value, change what is measured at fair value in IFRS or address how to present changes in fair value.

- IFRS 10 *Consolidated Financial Statements*

  IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.

- IFRS 11 *Joint Arrangements*

  IFRS 11 describes the accounting for arrangements in which there is joint control; proportionate consolidation is not permitted for joint ventures (as newly defined). IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC 13 Jointly Controlled Entities — Non-Monetary Contributions by Venturers.

- IFRS 12 *Disclosure of Interests in Other Entities*

  IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

(ii) Effective for annual periods beginning on or after January 1, 2014

- Amendments to IAS 32, *Financial Instruments: Presentation*

  *IAS 32* clarifies the application of the offsetting rules and requires additional disclosure on financial instruments subject to netting arrangements.

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

### i) Standards issued but not yet effective *(*continued)

(iii) Effective for annual periods beginning on or after January 1, 2015

- IFRS 9 *Financial Instruments*

  IFRS 9 *Financial Instruments* replaces the current standard IAS 39 Financial Instruments: Recognition and Measurement, replacing the current classification and measurement criteria for financial assets and liabilities with only two classification categories: amortized cost and fair value.

The Company has not early adopted these revised standards and is currently assessing the impact that these standards could have on future financial statements.

## 4. EXPLORATON AND EVALUATION ASSETS

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets. The Company has investigated title to all of its exploration and evaluation assets and, to the best of its knowledge, title to all of its exploration and evaluation assets are in good standing.

**Porcupine property**

The Company entered into an option agreement ("Agreement") to acquire up to an 85% interest in several mineral claims comprising the Porcupine property in New Brunswick, Canada. The Agreement constituted the Company's Qualifying Transaction. Under the terms of the Agreement, in order to exercise the option to acquire the initial 70% interest, the Company will be required to make, over a three year period, total cash payments of $180,000 ($25,000 paid), issue a total of 850,000 common shares of the Company (150,000 common shares issued with a value of $30,000) and incur exploration expenditures of $1,000,000. The Company can acquire an additional 15% interest upon completion of a positive bankable feasibility study on or before December 31, 2018. The Agreement was subsequently amended whereby the minimum work expenditure was reduced. Subsequent to the year end March 31, 2013, the Company terminated this option agreement, accordingly, all related costs are written off to operations.

## 4. EXPLORATON AND EVALUATION ASSETS (cont'd...)

**Porcupine property** (cont'd…)

| **Porcupine property** | | **Year ended March 31, 2013** | | **Year ended March 31, 2012** |
|---|---|---|---|---|
| Acquisition costs | | | | |
| Beginning balance | $ | 25,000 | $ | - |
| Additions, during the year | | 30,000 | | - |
| Cash payments | | - | | 25,000 |
| | | 55,000 | | 25,000 |
| Deferred exploration costs | | | | |
| Beginning balance | | 10,060 | | - |
| Additions, during the year | | | | - |
| Assay | | 15,328 | | 10,060 |
| Geological consulting | | 76,520 | | - |
| Labour | | 7,800 | | - |
| Trenching | | 22,219 | | - |
| Mapping and surveying | | 33,199 | | - |
| Rental | | 13,550 | | - |
| Travel and transportation | | 25,000 | | - |
| | | 203,676 | | 10,060 |
| Less write-off of exploration and evaluation assets | | (258,676) | | - |
| Porcupine property, ending balance | $ | - | $ | 35,060 |

## 5. SHARE CAPITAL

a) Authorized share capital:

As at March 31, 2013, the authorized share capital of the Company was an unlimited number of common shares without par value. All issued shares are fully paid.

b) Issued share capital:

During the year ended March 31, 2013, the Company completed a non-brokered private placement of 1,417,500 units at $0.20 per unit for gross proceeds of $283,500. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant will entitle the holder thereof to purchase one additional share of the Company at a price of $0.30 per share for a period of up to twelve months from the closing date of the private placement. The Company paid finder's fees of $17,350.

During the year ended March 31, 2012, 200,000 seed common shares were issued at a price of $0.05 per share for total proceeds of $10,000.

The Company issued 3,000,000 common shares from its initial public offering (the "Offering") at $0.10 per share for gross proceeds of $300,000. In connection with the Offering the Company granted the agent an option to acquire an aggregate of 300,000 common shares (agent's options) at an exercise price of $0.10 per share until August 8, 2013. The agent's options were granted with a value of $15,730.The Company paid an administration fee of $10,000, a cash commission of $30,000 and $38,383 in other issuance costs.

At March 31, 2013, 3,435,000 (March 31, 2012 - 4,500,000) common shares were held in escrow and are released pro-rata to the shareholders. 10% of the escrow shares were issued upon release of the Final Exchange Bulletin in June 2012 and the remainder will be released in six equal tranches of 15% every six months thereafter for a period of 36 months.

**Stock option plan**

The Company has a stock option plan under which it can grant options to directors, officers, employees, and consultants for up to 10% of the issued and outstanding common shares. The exercise price of each option is based on the market price of the Company's stock at the date of grant. The options can be granted for a term of ten years and vest as determined by the board of directors.

## 5. SHARE CAPITAL (cont'd…)

**Stock option plan** (cont'd…)

As at March 31, 2013, the following options were granted or outstanding.

| | Number of Options | | Exercise Price |
|---|---|---|---|
| Outstanding, March 31, 2011 | - | $ | - |
| Granted | 250,000 | | 0.10 |
| Expired | - | | - |
| Exercised | - | | - |
| Outstanding, March 31, 2012 | 250,000 | | 0.10 |
| Granted | 100,000 | | 0.20 |
| Expired | - | | - |
| Exercised | - | | - |
| Outstanding, March 31, 2013 | 350,000 | $ | 0.13 |
| Options Exercisable, March 31, 2013 | 350,000 | $ | 0.13 |
| Weighted Average Fair Value of Options Granted (2012- $0.06) | | $ | 0.15 |

A summary of the Company's options outstanding as at March 31, 2013 is as follows:

| Number of options | | Exercise Price | Expiry Date |
|---|---|---|---|
| 250,000 | $ | 0.10 | August 8, 2016 |
| 100,000 | $ | 0.20 | June 12, 2017 |

Total expenses arising from share-based payment transactions recognized during the year ended March 31, 2013 was $14,523 (2012 - $18,656).

## 5. SHARE CAPITAL (cont'd…)

### Agent's Options

As at March 31, 2013, the following agent's options were granted or outstanding.

| | Number of Agent's Options | Weighted Average Exercise Price |
|---|---|---|
| Outstanding, March 31, 2011 | - | $ - |
| Granted | 300,000 | 0.10 |
| Outstanding, March 31, 2012 | 300,000 | 0.10 |
| Granted | - | - |
| Expired | - | - |
| Exercised | (182,355) | 0.10 |
| Outstanding, March 31, 2013 | 117,645 | $ 0.10 |

As of March 31, 2013, the Company had 117,645 agent's options outstanding. Each agent's option entitles the holder the right to purchase one common share at a price of $0.10 per common share until August 8, 2013.

### Share Purchase Warrants

As at March 31, 2013, the following share purchase warrants were outstanding:

| | Number of Share Purchase Warrants | Weighted Average Exercise Price |
|---|---|---|
| Outstanding, March 31, 2011 and 2012 | - | $ - |
| Granted | 1,417,500 | 0.30 |
| Expired | - | - |
| Exercised | - | - |
| Outstanding, March 31, 2013 | 1,417,500 | $ 0.30 |

As of March 31, 2013, the Company had 1,417,500 share purchase warrants outstanding. Each share purchase warrant entitles the holder the right to purchase one common share at a price of $0.30 per common share until June 11, 2013.

## 5. SHARE CAPITAL (cont'd…)

The following weighted-average assumptions were used for the Black-Scholes valuation of the stock options and agent's options granted during the period:

| | March 31, 2013 | March 31, 2012 |
|---|---|---|
| Risk-free interest rate | 1.23% | 1.12% |
| Expected life of options | 5 years | 3.36 years |
| Annualized volatility | 96.14% | 100% |
| Dividend rate | 0.00% | 0.00% |

Annualized volatility is estimated by considering historic average share price volatility of the publicly traded shares of comparable entities.

## 6. CAPITAL MANAGEMENT

Capital is comprised of the Company's shareholders' equity. As at March 31, 2013, the Company's shareholders' equity was $222,159. The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels.

The Company is dependent on the capital markets as its sole source of operating capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects. The Company is not subject to any externally imposed capital requirements. There has been no change in the Company's approach to capital management during the year ended March 31, 2013.

## 7. FINANCIAL INSTRUMENTS AND RISK

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;

Level 3 – Inputs that are not based on observable market data.

## 7. FINANCIAL INSTRUMENTS AND RISK (cont'd…)

The fair value of cash is based on level 1 inputs of the fair value hierarchy.

The fair value of the Company's receivables, accounts payable and accrued liabilities approximates their carrying values due to the short-term nature.

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 believes it has no significant credit risk.

*Liquidity risk*

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2013, the Company had a cash balance of $226,006 to settle current liabilities of $32,753.

*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 commodity and equity prices.

(a) Interest rate risk

The Company has cash balances and no interest-bearing debt. As of March 31, 2013, the Company held an interest bearing GIC term deposit with a variable interest rate. The interest rate risk on cash is not considered significant.

(b) Foreign currency risk

The Company does not have assets or liabilities in a foreign currency.

(c) Price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, and the stock market to determine the appropriate course of action to be taken by the Company.

## 8. RELATED PARTY TRANSACTIONS

On August 1, 2012, the Company signed a consulting agreement with a Director of the Company, to provide consulting services for a monthly fee of $6,000 for a period of three years.

During the year ended March 31, 2013, the Company entered into the following transactions with related parties:

- Paid or accrued rent of $19,100 (2012 - $12,300), management fees of $54,000 (2012 - $nil) and consulting fees of $6,000 (2012 - $nil) to a company controlled by a director of the Company.
- Paid or accrued management fees of $540 (2012 - $nil) to the Company's Corporate Secretary.
- Paid or accrued directors' fees (included in consulting fees) of $5,000 (2012 - $nil) to two directors of the Company.
- Paid or accrued professional fees of $12,000 (2012 - $nil) to the Chief Financial Officer of the Company.
- Issued 100,000 stock options (2012 – 250,000) to the former Chief Financial Officer and the Company's corporate secretary and recognized a related value of $14,523 (2012 - $18,656) as share-based compensation expense.

## 9. SEGMENTAL ANAYSIS

The Company operates in one business segment which is the exploration of exploration and evaluation assets and all of its operations are in Canada.

## 10. INCOME TAXES

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

| | | 2013 | | 2012 |
|---|---|---|---|---|
| Earning (Loss) for the year | $ | (437,673) | $ | (113,757) |
| | | | | |
| Expected income tax (recovery) | $ | (109,000) | $ | (30,000) |
| Permanent difference | | 4,000 | | 5,000 |
| Share issue cost | | (4,000) | | (20,000) |
| Change in unrecognized deductible temporary differences | | 109,000 | | 45,000 |
| **Total income tax expense (recovery)** | $ | - | $ | - |

The Canadian income tax rate declined during the year due to changes in the law that reduced corporate income tax rates in Canada.

Significant components of deductible temporary differences and unused tax losses that have not been recognized on the statements of financial position are as follows:

| | | 2013 | | 2012 | Expiry Date Range |
|---|---|---|---|---|---|
| **Temporary Differences** | | | | | |
| Share issue cost | $ | 61,000 | $ | 63,000 | 2014-2017 |
| Non-capital loses available for future period | | 302,000 | | 121,000 | 2031-2033 |

# EXPLOREX RESOURCES INC.
# (FORMERLY EXPLOREX CAPITAL LTD.)

**FINANCIAL STATEMENTS**
**(Expressed in Canadian Dollars)**

**MARCH 31, 2012**

# INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Explorex Resources Inc.
(formerly Explorex Capital Ltd.)

We have audited the accompanying financial statements of Explorex Resources Inc. (formerly Explorex Capital Ltd.), which comprise the statements of financial position as at March 31, 2012 and March 31, 2011 and the statements of comprehensive loss, cash flows and changes in shareholders' equity for the year ended March 31, 2012 and the period from incorporation on January 6, 2011 to March 31, 2011, and a summary of significant accounting policies and other explanatory information.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of 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 financial statements based on our audits. We conducted our audits 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

***Opinion***

In our opinion, these financial statements present fairly, in all material respects, the financial position of Explorex Resources Inc. (formerly Explorex Capital Ltd.) as at March 31, 2012 and March 31, 2011 and its financial performance and its cash flows for the year ended March 31, 2012 and the period from incorporation on January 6, 2011 to March 31, 2011 in accordance with International Financial Reporting Standards.

**"DAVIDSON & COMPANY LLP"**

Vancouver, Canada Chartered Accountants

July 26, 2012

**EXPLOREX RESOURCES INC.**
(FORMERLY EXPLOREX CAPITAL LTD.)
STATEMENTS OF FINANCIAL POSITION
EXPRESSED IN CANADIAN DOLLARS

| | March 31, 2012 | March 31, 2011 |
|---|---|---|
| **ASSETS** | | |
| **Current** | | |
| Cash | $ 317,656 | $ 165,678 |
| Receivables | 10,509 | - |
| Prepaid expense | 25 | 1,519 |
| | 328,190 | 167,197 |
| **Non-current** | | |
| Exploration and evaluation assets (Note 4) | 35,060 | - |
| Deferred financing costs | - | 36,883 |
| | $ 363,250 | $ 204,080 |
| **LIABILITES AND SHAREHOLDERS' EQUITY** | | |
| **Current** | | |
| Accounts payable and accrued liabilities | $ 32,327 | $ 4,947 |
| Due to related parties (Note 8) | - | 4,726 |
| | 32,327 | 9,673 |
| **Shareholders' equity** | | |
| Share capital (Note 5) | 428,387 | 212,500 |
| Share-based payment reserve (Note 5) | 34,386 | - |
| Deficit | (131,850) | (18,093) |
| | 330,923 | 194,407 |
| | $ 363,250 | $ 204,080 |

**Nature of operations** (Note 1)

**Subsequent events** (Notes 4, 5 and 12)

**Approved and authorized by the Board on July 26, 2012:**

*"William E.A. Wishart"*
William E.A. Wishart, CEO & Director

*"Paul M. Zdebiak"*
Paul M. Zdebiak, Director

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

**EXPLOREX RESOURCES INC.**
(FORMERLY EXPLOREX CAPITAL LTD.)
STATEMENTS OF COMPREHENSIVE LOSS
EXPRESSED IN CANADIAN DOLLARS

| | | Year Ended March 31, 2012 | | Period From Incorporation on January 6, 2011 to March 31, 2011 |
|---|---|---|---|---|
| **EXPENSES** | | | | |
| Bank charges | $ | 159 | $ | - |
| General office expenses | | 5,421 | | 52 |
| Professional fees | | 59,530 | | 13,315 |
| Rent | | 12,300 | | - |
| Share-based compensation (Note 5) | | 18,656 | | - |
| Transfer agent and filing fees | | 20,113 | | - |
| Travel | | - | | 4,726 |
| **Loss before other items** | | (116,179) | | (18,093) |
| Interest income | | 2,422 | | - |
| **Loss and comprehensive loss for the period** | $ | (113,757) | $ | (18,093) |
| **Basic and diluted loss per common share** | $ | (0.06) | $ | - |
| **Weighted average number of common shares outstanding** | | 1,907,397 | | - |

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

**EXPLOREX CAPITAL LTD.**
STATEMENTS OF CASH FLOWS
EXPRESSED IN CANADIAN DOLLARS

| | | Year Ended March 31, 2012 | | Period From Incorporation on January 6, 2011 to March 31, 2011 |
|---|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | |
| Loss for the period | $ | (113,757) | $ | (18,093) |
| Item not affecting cash | | | | |
| Share-based compensation | | 18,656 | | - |
| Changes in non-cash working capital items | | | | |
| Increase in receivables | | (10,509) | | - |
| Decrease (increase) in prepaid expense | | 1,494 | | (1,519) |
| (Decrease) increase in due to related parties | | (4,726) | | 4,726 |
| Increase in accounts payables and accrued liabilities | | 27,380 | | - |
| Net cash used in operating activities | | (81,462) | | (14,886) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | |
| Exploration and evaluation assets | | (35,060) | | - |
| Net cash used in investing activities | | (35,060) | | - |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | |
| Issuance of shares for cash | | 310,000 | | 212,500 |
| Share issuance costs | | (41,500) | | (31,936) |
| Net cash provided by financing activities | | 268,500 | | 180,564 |
| **Change in cash for the period** | | 151,978 | | 165,678 |
| **Cash, begining of period** | | 165,678 | | - |
| **Cash, end of period** | $ | 317,656 | $ | 165,678 |

Supplemental disclosure with respect to cash flows (Note 9).

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

**EXPLOREX RESOURCES INC.**
(FORMERLY EXPLOREX CAPITAL LTD.)
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
EXPRESSED IN CANADIAN DOLLARS

| | Number of Shares | Share capital | Share-based payment reserve | Deficit | Total Share-holders' Equity |
|---|---|---|---|---|---|
| Balance at January 6, 2011 | - | $ - | $ - | $ - | $ - |
| Shares issued for cash | 4,250,000 | 212,500 | - | - | 212,500 |
| Comprehensive loss for the period | - | - | | (18,093) | (18,093) |
| Balance at March 31, 2011 | 4,250,000 | 212,500 | - | (18,093) | 194,407 |
| Shares issued for cash | 3,200,000 | 310,000 | - | - | 310,000 |
| Share issuance costs | - | (94,113) | 15,730 | - | (78,383) |
| Share-based compensation | - | - | 18,656 | - | 18,656 |
| Comprehensive loss for the year | - | - | | (113,757) | (113,757) |
| Balance at March 31, 2012 | 7,450,000 | $ 428,387 | $ 34,386 | $ (131,850) | $ 330,923 |

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

## 1. NATURE OF OPERATIONS

Explorex Resources Inc. (the "Company", formerly Explorex Capital Ltd.) was incorporated under the Business Corporations Act (British Columbia) on January 6, 2011 as Explorex Capital Ltd., and changed its name to Explorex Resources Inc. on June 11, 2012. The Company was classified as a Capital Pool Company ("CPC") as defined by the policies of the TSX Venture Exchange (the "Exchange"). The Company is currently engaged in the acquisition, exploration and evaluation of its mineral property interests located in Eastern Canada. The Company's shares are listed on the Exchange under the symbol EX. Subsequent to March 31, 2012, the Company closed its Qualifying Transaction (Note 12) and as such, the Company graduated from being a CPC to a Tier 2 mining issuer on the Exchange.

The head office of the Company is located at 214 – 1118 Homer Street, Vancouver, British Columbia, V6B 6L5. The registered office of the Company is located at Suite 300 – 576 Seymour Street, Vancouver, British Columbia, V6B 3K1. The Company does not have any subsidiaries.

These financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going-concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. Accordingly, it does not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts which may differ from those shown in the financial statements. The ability of the Company to continue as a going concern is dependent on its ability to obtain additional equity financing and achieve future profitable operations. As at March 31, 2012, the Company had working capital of $295,863 and subsequent to year end the Company also raised $283,500 in financing (Note 12).

## 2. BASIS OF PRESENTATION

### Basis of presentation

The financial statements have been prepared in accordance with IFRS which include International Accounting Standards and Interpretations ("IFRIC") adopted by the International Accounting Standards Board ("IASB").

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. In addition, the financial statements have been prepared using the accrual basis of accounting, except for cash flow disclosure.

These financial statements are presented in Canadian dollars, which is also the Company's functional currency.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### a) Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of expenses during the period. Significant areas requiring the use of management estimates relate to the determination of environment obligations and impairment of exploration and evaluation assets and deferred costs and inputs used in accounting for share-based compensation. Actual results may differ from these estimates. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

### b) Deferred financing costs

Costs directly identifiable with the raising of capital will be charged against the related capital stock. Costs related to shares not yet issued are recorded as deferred financing costs. These costs will be deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related capital stock or charged to operations if the shares are not issued.

### c) Share-based compensation

The Company uses the fair value based method for measuring compensation costs. The Company grants stock options to buy common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to capital stock.

### d) Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive. All of the stock options and agent's options currently issued (see Note 5) were anti-dilutive for the year ended March 31, 2012 and the period from incorporation on January 6, 2011 to March 31, 2011.

4,500,000 common shares outstanding as of March 31, 2012 are contingently cancelable and have been excluded from the weighted average number of shares outstanding.

### e) Financial instruments

*Financial assets*

Financial assets are classified into one of four categories:

a) Fair value through profit or loss ("FVTPL");

b) Held-to-maturity ("HTM");

c) Loans and receivables; and

d) Available-for-sale ("AFS").

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

### e) Financial instruments (cont'd…)

*Financial assets at fair value through profit or loss ("FVTPL")*

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 at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's risk management strategy. Attributable transaction costs are recognized in profit or loss when incurred. FVTPL are measured at fair value, and changes are recognized in profit or loss.

*Held-to-maturity ("HTM")*

These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the asset is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of comprehensive loss.

*Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted on an active market. Such assets are initially recognized at fair value plus any direct attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

*Available-for-sale ("AFS")*

Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statement of comprehensive loss.

The Company has classified its cash as FVTPL and receivables as loans and receivables.

*Financial liabilities*

Financial liabilities are classified into one of two categories:

a) Fair value through profit or loss; and

b) Other financial liabilities.

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

### e) Financial instruments (cont'd…)

*Fair value through profit or loss*

This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of comprehensive loss.

*Other financial liabilities*

This category includes accounts payable and accrued liabilities, all of which are recognized at amortized cost. The Company classified its financial liabilities which consisted of accounts payable and accrued liabilities and due to related parties as other financial liabilities.

*Impairment of financial assets*

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted.

For all financial assets objective evidence of impairment could include:

a) significant financial difficulty of the issuer or counterparty; or

b) default or delinquency in interest or principal payments; or

c) it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

### f) Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences do not result in deferred tax assets or liabilities: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

### g) Exploration and evaluation assets

Exploration costs are capitalized on an individual prospect basis until such time as an economic ore body is defined or the prospect is abandoned. No exploration costs are capitalized until the legal right to explore the property has been obtained. When it is determined that such costs will be recouped through successful development and exploitation, the capitalized expenditures are depreciated over the expected productive life of the asset. Costs for a producing asset are amortized on a unit-of-production method based on the estimated life of the ore reserves, while costs for the prospects abandoned are written off.

Impairment review for exploration and evaluation assets is carried out on a project by project basis, with each project representing a single cash generating unit. At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that these assets are impaired. An impairment review is undertaken when indicators of impairment arise but typically when one or more of the following circumstances apply:

- Unexpected geological occurrences are identified that render the resource uneconomic;
- Title to the asset is compromised;
- Fluctuations in the metal prices render the project uneconomic;
- Variation in the currency of operations; and
- Threat to political stability in the country of operation.

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

### g) Exploration and evaluation assets (cont'd...)

From time to time, the Company may acquire or dispose of exploration and evaluation assets pursuant to the terms of option agreements. Due to the fact that these options are exercisable. entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as exploration and evaluation assets or recoveries when the payments are made or received.

The recoverability of the amounts capitalized for the undeveloped exploration and evaluation assets is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral claims, the ability to farm out its exploration and evaluation assets, the ability to obtain the necessary financing to complete their development and future profitable production or proceeds from their disposition thereof.

### h) Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective. The Company does not expect the impact of such changes on the financial statements to be material.

*IFRS 9 Financial Instruments*

In November 2009, the IASB published IFRS 9, "Financial Instruments", which covers the classification and measurement of financial assets as part of its project to replace IAS 39, "Financial Instruments: Recognition and Measurement." In October 2010, the requirements for classifying and measuring financial liabilities were added to IFRS 9. Under this guidance, entities have the option to recognize financial liabilities at fair value through earnings. If this option is elected, entities would be required to reverse the portion of the fair value change due to their own credit risk out of earnings and recognize the change in other comprehensive income. IFRS 9 is effective on January 1, 2015. Early adoption is permitted and the standard is required to be applied retrospectively.

*IFRS 10 Consolidated Financial Statements*

IFRS 10, "Consolidated Financial Statements", requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12, "Consolidation - Special Purpose Entities", and parts of IAS 27, "Consolidated and Separate Financial Statements". The standard is effective for annual periods beginning on or after January 1, 2013. Entities early adopting this standard must also adopt the other standards included in the 'suite of five' standards on consolidation, joint arrangements and disclosures: IFRS 11, "Joint Arrangements", IFRS 12, "Disclosure of Interests in Other Entities", IAS 27 (2011), "Separate Financial Statements" and IAS 28 (2011), "Investments in Associates and Joint Ventures".

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

### h) Standards issued but not yet effective (cont'd...)

*IFRS 11 Joint Arrangements*

IFRS 11, "Joint Arrangements", requires a venturer to classify its interest in a joint arrangement as a joint venture or a joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation, the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, "Interests in Joint Ventures", and SIC-13, "Jointly Controlled Entities - Non-monetary Contributions by Venturers". The standard is effective for annual periods beginning on or after January 1, 2013. Entities early adopting this standard must also adopt the other standards included in the 'suite of five' standards on consolidation, joint arrangements and disclosures: IFRS 10, "Consolidated Financial Statements", IFRS 12, "Disclosure of Interests in Other Entities", IAS 27 (2011), "Separate Financial Statements" and IAS 28 (2011), "Investments in Associates and Joint Ventures".

*IFRS 12 Disclosure of Interests in Other Entities*

IFRS 12, "Disclosure of Interests in Other Entities", establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities. The standard is effective for annual periods beginning on or after January 1, 2013. Entities early adopting this standard must also adopt the other standards included in the 'suite of five' standards on consolidation, joint arrangements and disclosures: IFRS 10, "Consolidated Financial Statements", IFRS 11, "Joint Arrangements", IAS 27 (2011), "Separate Financial Statements" and IAS 28 (2011), "Investments in Associates and Joint Ventures".

*IFRS 13 Fair Value Measurement*

IFRS 13, "Fair Value Measurement", is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

*IAS 1 Presentation of Financial Statements*

In June 2011, the IASB issued amendments to IAS 1, "Presentation of Financial Statements" to: (a) require companies to group together items within other comprehensive income ("OCI") that may be reclassified to the statement of loss; and (b) require tax associated with items presented before tax to be shown separately for each of the two groups of OCI items (without changing the option to present items of OCI either before tax or net of tax). The amendments also reaffirm existing requirements that items in OCI and income or loss should be presented as either a single statement or two separate statements. The amended standard is effective for annual periods beginning on or after July 1, 2012.

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

### h) Standards issued but not yet effective (cont'd…)

*IAS 19 Employee Benefits (Amended in 2011)*

IAS 19 (2011), "Employee Benefits", amends IAS 19, "Employee Benefits" with revised requirements for pensions and other postretirement benefits, termination benefits and other changes. The key amendments include:

- Requiring the recognition of changes in the net defined benefit liability (asset) including immediate recognition of defined benefit cost, disaggregation of defined benefit cost into components, recognition of remeasurements in other comprehensive income, plan amendments, curtailments and settlements (eliminating the 'corridor approach' permitted by the existing IAS 19);
- Introducing enhanced disclosures about defined benefit plans;
- Modifying accounting for termination benefits, including distinguishing benefits provided in exchange for service and benefits provided in exchange for the termination of employment and affect the recognition and measurement of termination benefits;
- Clarifying various miscellaneous issues, including the classification of employee benefits, current estimates of mortality rates, tax and administration costs and risk-sharing and conditional indexation features; and
- Incorporating other matters submitted to the IFRS Interpretations Committee.

The amended standard is effective for annual periods beginning on or after January 1, 2013.

The Company expects no impact from the adoption of the amendments on its financial position or performance.

## 4. EXPLORATON AND EVALUATION ASSETS

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets. The Company has investigated title to all of its exploration and evaluation assets and, to the best of its knowledge, title to all of its exploration and evaluation assets are in good standing.

**Porcupine property**

The Company entered into an option agreement ("Agreement") to acquire up to an 85% interest in several mineral claims comprising the Porcupine property in New Brunswick, Canada. The Agreement constituted the Company's Qualifying Transaction which was subsequently completed (Note 12). Under the terms of the Agreement, in order to exercise the option to acquire the initial 70% interest, the Company will be required to make, over a three year period, total cash payments of $180,000 ($25,000 paid), issue a total of 850,000 common shares of the Company (150,000 common shares issued subsequent to year end) and incur exploration expenditures of $1,000,000. The Company can acquire an additional 15% interest upon completion of a positive bankable feasibility study on or before September 30, 2018.

## 4. EXPLORATON AND EVALUATION ASSETS (cont'd...)

**Porcupine property** (cont'd…)

| Porcupine property | Year ended March 31, 2012 | Period from Incorporation on January 6, 2011 to March 31, 2011 |
|---|---|---|
| Beginning balance | $ - | $ - |
| Acquisition costs | | |
| Additions, during the period | | |
| Cash payments | 25,000 | - |
| Acquisition costs, ending balance | 25,000 | - |
| Deferred exploration costs | - | - |
| Additions, during the period | - | - |
| Geological consulting | 10,060 | - |
| Deferred exploration costs, ending balance | 10,060 | - |
| Ending balance | $ 35,060 | $ - |

## 5. SHARE CAPITAL

a) Authorized share capital:

As at March 31, 2012, the authorized share capital of the Company was an unlimited number of common shares without par value. All issued shares are fully paid.

b) Issued share capital:

During the period ended March 31, 2011, the Company issued a total of 4,250,000 seed common shares at a price of $0.05 per share for total proceeds of $212,500.

During the year ended March 31, 2012, an additional 200,000 seed common shares were issued at a price of $0.05 per share for total proceeds of $10,000.

The Company issued 3,000,000 common shares from its initial public offering (the "Offering") at $0.10 per share for gross proceeds of $300,000. In connection with the Offering the Company granted the agent an option to acquire an aggregate of 300,000 common shares (agent's options) at an exercise price of $0.10 per share until August 8, 2013. The agent's options were granted with a value of $15,730. The Company paid an administration fee of $10,000, a cash commission of $30,000 and $38,383 in other issuance costs.

**5. SHARE CAPITAL** (cont'd…)

c) At March 31, 2012, 4,500,000 common shares were held in escrow and will be released pro-rata to the shareholders as to 10% of the escrow shares upon issuance of a Final Exchange Bulletin by the Exchange and as to the remainder in six equal tranches of 15% every six months thereafter for a period of 36 months. These escrow shares may not be transferred, assigned or otherwise dealt with without the consent of the regulatory authorities. Subsequent to March 31, 2012, 450,000 common shares were released from escrow in connection with the completion of the Qualifying Transaction.

**Stock option plan**

The Company has a stock option plan under which it can grant options to directors, officers, employees, and consultants for up to 10% of the issued and outstanding common shares. The exercise price of each option is based on the market price of the Company's stock at the date of grant. The options can be granted for a term of ten years and vest as determined by the board of directors.

As at and during the year ended March 31, 2012, the following options were granted or outstanding.

| | Number of Options | | Weighted Average Exercise Price |
|---|---|---|---|
| Outstanding, January 6, 2011 and March 31, 2011 | - | | - |
| Granted | 250,000 | | 0.10 |
| Expired | - | | - |
| Exercised | - | | - |
| Outstanding, March 31, 2012 | 250,000 | $ | 0.10 |
| Options Exercisable, March 31, 2012 | 250,000 | $ | 0.10 |
| Weighted average fair value of options granted (2011 - $Nil) | | $ | 0.06 |

| Number of options | | Exercise Price | Expiry Date |
|---|---|---|---|
| 250,000 | $ | 0.10 | August 8, 2016 |

## 5. SHARE CAPITAL (cont'd…)

**Stock option plan** (cont'd…)

As at and during the year ended March 31, 2012, the following agent's options were outstanding:

| Number of options | Exercise Price | Expiry Date |
|---|---|---|
| 300,000 | $ 0.10 | August 8, 2013 |

The following weighted-average assumptions were used for the Black-Scholes valuation of the stock options and agent's options granted during the period:

| | March 31, 2012 | March 31, 2011 |
|---|---|---|
| Risk-free interest rate | 1.12% | - |
| Expected life of options | 3.36 years | - |
| Annualized volatility | 100% | - |
| Dividend rate | 0.00% | - |

Annualized volatility is estimated by considering historic average share price volatility of the publicly traded shares of comparable entities.

Total expenses arising from share-based payment transactions recognized during the year ended March 31, 2012 was $18,656 (2011 - $Nil).

## 6. CAPITAL MANAGEMENT

Capital is comprised of the Company's shareholders' equity. As at March 31, 2012, the Company's shareholders' equity was $330,923. The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels.

The Company is dependent on the capital markets as its sole source of operating capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects. The Company is not subject to any externally imposed capital requirements. There has been no change in the Company's approach to capital management during the year ended March 31, 2012.

## 7. FINANCIAL INSTRUMENTS AND RISK

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.

The fair value of cash is based on level 1 inputs of the fair value hierarchy.

The fair value of the Company's receivables, accounts payable and accrued liabilities and due to related parties approximates their carrying values due to the short-term nature.

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 believes it has no significant credit risk.

*Liquidity risk*

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2012, the Company had a cash balance of $317,656 to settle current liabilities of $32,327.

*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 commodity and equity prices.

(a) Interest rate risk

The Company has cash balances and no interest-bearing debt. As of March 31, 2012, the Company held an interest bearing GIC term deposit with a variable interest rate. The interest rate risk on cash is not considered significant.

(b) Foreign currency risk

The Company does not have assets or liabilities in a foreign currency.

## 7. FINANCIAL INSTRUMENTS AND RISK (con't…)

(c) Price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, and the stock market to determine the appropriate course of action to be taken by the Company.

## 8. RELATED PARTY TRANSACTIONS

As at March 31, 2012, $Nil (2011 - $2,019) was payable to a company controlled by a director of the Company and $Nil (2011 - $2,707) was due to a director of the Company. These amounts represent expense reimbursements to related parties and are unsecured, non-interest bearing and payable on demand.

During the year ended March 31, 2012, the Company entered into the following transactions with related parties:

- Paid or accrued rent of $12,300 (2011 - $Nil) to a company controlled by a director.
- Issued 250,000 (2011 – Nil) stock options to directors and officers with a fair value of $18,656 (2011 - $Nil).

## 9. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The Company's significant non-cash transactions during the year ended March 31, 2012 are as follows:

a) Granted agent's options with a fair value of $15,730 which was allocated to share issuance costs and share-based payment reserve.

b) Reclassified deferred financing costs of $36,883 to share issuance costs.

The Company's significant non-cash transaction during the period from incorporation on January 6, 2011 to March 31, 2011 is as follows:

a) Included in deferred financing costs is $4,947 which relates to accounts payable and accrued liabilities.

## 10. SEGMENTAL ANAYSIS

The Company operates in one business segment which is the exploration of exploration and evaluation assets and all its operations are in Canada.

## 11. INCOME TAXES

| | | 2012 | | 2011 |
|---|---|---|---|---|
| Loss before income taxes | $ | (113,757) | $ | (18,093) |
| Expected income tax recovery | $ | (30,000) | $ | (5,000) |
| Impact of future income tax rates applied versus current statutory rate | | 1,000 | | - |
| Non-deductible expenditures | | 5,000 | | - |
| Share issue costs | | (20,000) | | - |
| Change in unrecognized deductible temporary differences and other | | 44,000 | | 5,000 |
| Total | $ | - | | - |

Significant components of deductible temporary differences and unused tax losses that have not been recognized on the statements of financial position are as follows:

| | As of March 31, | | | | |
|---|---|---|---|---|---|
| | | 2012 | Expiry dates | 2011 | Expiry date |
| Share issue costs | $ | 63,000 | 2013 - 2016 | $ - | - |
| Non-capital losses | | 121,000 | 2031 - 2032 | 5,000 | 2031 |

## 12. SUBSEQUENT EVENTS

Subsequent to March 31, 2012:

a) The Company completed a non-brokered private placement of 1,417,500 units at $0.20 per unit for gross proceeds of $283,500. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant will entitle the holder thereof to purchase one additional share of the Company at a price of $0.30 per share for a period of up to twelve months from the closing date of the private placement. The Company paid finder’s fees of $17,350.

b) The Exchange accepted for filing the Company's Qualifying Transaction and related transactions as principally described in the Company's Filing Statement dated May 29, 2012. As a result, effective June 12, 2012, the Company is no longer considered a CPC. The Qualifying Transaction includes an option agreement to acquire up to an 85% interest in the Porcupine Property.

c) The Company granted 100,000 stock options exercisable at a price of $0.20 per common share for a period of five years.

# EXPLOREX RESOURCES INC.

**INTERIM FINANCIAL STATEMENTS**
(Expressed in Canadian Dollars)

**December 31, 2014**
(Unaudited ï Prepared by Management)

**NOTICE OF NO AUDITOR REVIEW OF CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of Explorex Resources Inc. for the period ended December 31, 2014 have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company and are the responsibility of the Companyôs management.

The Companyôs independent auditor has not performed a review of these interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of consolidated interim financial statements by an entityôs auditor.

# Explorex Resources Inc.

Interim Statements of Financial Position
(Expressed in Canadian Dollar)
(Unaudited)

| | | December 31, 2014 | | March 31, 2014 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Current** | | | | |
| Cash | $ | 28,504 | $ | 57,253 |
| Amounts receivable | | 13,860 | | 21,447 |
| | $ | 42,364 | $ | 78,700 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | | | |
| **Current** | | | | |
| Accounts payable and accrued liabilities | $ | 12,317 | $ | 47,703 |
| **Shareholders' equity** | | | | |
| Share capital (Note 4) | | 867,828 | | 752,328 |
| Share-based payment reserve (Note 4) | | 55,337 | | 39,354 |
| Deficit | | (893,118) | | (760,685) |
| | | 30,047 | | 30,997 |
| | $ | 42,364 | $ | 78,700 |

Nature and continuance of operations (Note 1)
Subsequent event (Note 8)

Approved and authorized by the Board on January 30, 2015

Approved on Behalf of the Board:

ñWilliam E.A Wishartò ñGary Schellenbergò

Willian E.A. Wishart, Director Gary Schellenberg, Director

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

# Explorex Resources Inc.

Interim Statements of Operations and Comprehensive Loss
(Expressed in Canadian Dollar)
(Unaudited)

| | Three Months Ended December 31, 2014 | Three Months Ended December 31, 2013 | Nine Months Ended December 31, 2014 | Nine Months Ended December 31, 2013 |
|---|---|---|---|---|
| **EXPENSES** | | | | |
| Bank charges | $ 176 | $ 44 | $ 176 | $ 159 |
| Consulting (Note 7) | 750 | 25,500 | 7,125 | 69,000 |
| General office | 2,962 | 4,399 | 11,785 | 17,708 |
| Management fees (Note 7) | 18,000 | - | 54,000 | - |
| Professional fees | 2,730 | 6,810 | 14,095 | 18,175 |
| Rent | 4,800 | 4,800 | 14,400 | 14,400 |
| Share-based compensation (Note 4) | 15,983 | - | 15,983 | - |
| Transfer agent and filing fees | 968 | 550 | 10,824 | 5,538 |
| Travel | 2,853 | 1,112 | 4,625 | 1,112 |
| **Loss before other items** | (49,222) | (43,215) | (133,013) | (126,092) |
| Interest income | 256 | 110 | 580 | 794 |
| **Loss and comprehensive loss for the period** | $ (48,966) | (43,105) | $ (132,433) | $ (125,298) |
| **Basic and diluted loss per shares** | $ (0.01) | (0.00) | $ (0.02) | $ (0.01) |
| **Weighted average number of common shares outstanding** | 6,699,928 | 4,599,928 | 5,460,233 | 4,599,928 |

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

# Explorex Resources Inc.

Interim Statements of Cash Flows
(Expressed in Canadian Dollar)
(Unaudited)

| | Three Months Ended December 31, 2014 | Three Months Ended December 31, 2013 | Nine Months Ended December 31, 2014 | Nine Months Ended December 31, 2013 |
|---|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | |
| **OPERATING ACTIVITIES** | | | | |
| Loss for the period | $ (48,966) | $ (43,105) | $ (132,433) | $ (125,298) |
| Non-Cash Items | | | | |
| Stock-based compensation | 15,983 | - | 15,983 | - |
| Change in non-cash working capital accounts | | | | |
| Receivables | 5,881 | (1,257) | 7,587 | 2,651 |
| Prepaid expense | | - | | - |
| Accounts payable and accrued liabilities | 316 | (7,124) | (35,386) | (17,003) |
| Cash used in operating activities | (26,786) | (51,486) | (144,249) | (139,650) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | |
| Issuance of share for cash | - | - | 115,500 | - |
| Cash provided by financing activities | - | - | | - |
| **Change in cash for the period** | (26,786) | (51,486) | (28,749) | (139,650) |
| Cash, beginning of period | 55,290 | 136,762 | 57,253 | 224,926 |
| **Cash, end of period** | $ 28,504 | $ 85,276 | $ 28,504 | $ 85,276 |

There were no significant non-cash investing or financing activities during the periods presented.

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

# Explorex Resources Inc.

Interim Statements of Changes in Equity
(Expressed in Canadian Dollar)
(Unaudited)

| | Number of Shares | Share Capital $ | Shared-Based Payment Reserve $ | Deficit $ | Total Shareholdersô Equity $ |
|---|---|---|---|---|---|
| **Balance, March 31, 2013** | 4,599,928 | 752,328 | 39,354 | (569,523) | 222,159 |
| Net income for the period | - | - | - | (125,298) | (125,298) |
| **Balance, December 31, 2013** | 4,599,928 | 752,328 | 39,354 | (694,821) | 96,861 |
| | | | | | |
| **Balance, March 31, 2014** | 4,599,928 | 752,328 | 39,354 | (760,685) | 30,997 |
| Shares issued for cash | 2,100,000 | 115,500 | - | - | 115,500 |
| Share-based compensation | | | 15,983 | | 15,983 |
| Net income for the period | - | - | - | (132,433) | (132,433) |
| **Balance, December 31, 2014** | 6,699,928 | 867,828 | 55,337 | (893,118) | 30,047 |

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

## 1. NATURE AND CONTINUANCE OF OPERATIONS

Explorex Resources Inc. (the ñCompanyò) was incorporated under the Business Corporations Act (British Columbia) on January 6, 2011. The head office of the Company is located at 214 ï 1118 Homer Street, Vancouver, British Columbia, V6B 6L5. The registered office of the Company is located at Suite 1780-400 Burrard Street, Vancouver, British Columbia, V6C 3A6. The Company does not have any subsidiaries.

During the year ended March 31, 2013 the Company wrote-off all exploration and evaluation expenditures on its Porcupine Property in Canada, and is currently investigating new opportunities for investment ventures.

These financial statements have been prepared using International Financial Reporting Standards (ñIFRSò) applicable to a going-concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. Accordingly, it does not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts which may differ from those shown in the financial statements.

The ability of the Company to continue as a going concern is dependent on its ability to obtain additional equity financing and achieve future profitable operations. As at December 31, 2014, the Company had working capital of $30,047, had not yet achieved profitable operations and has an accumulated deficit of $893,118 since its inception. The Company expects to incur further losses in the development of its business, all of which cast significant doubt on the Companyôs ability to continue as a going concern. The Company will require additional financing in order to explore new business opportunities, meet its ongoing levels of corporate overhead and discharge its liabilities as they come due. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future.

## 2. BASIS OF PRESENTATION

### Basis of presentation

The consolidated interim financial statements have been prepared in accordance to IAS 34 *Interim Financial Reporting* using accounting policies consistent with the International Financial Reporting Standards (ñIFRSsò) issued by the International Accounting Standards Board (ñIASBò) and Interpretations of the International Financial Reporting Interpretations Committee (ñIFRICò).

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. In addition, the financial statements have been prepared using the accrual basis of accounting, except for cash flow disclosure.

These financial statements are presented in Canadian dollars, which is also the Companyôs functional currency.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### a) Use of judgment and estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of expenses during the period. Significant areas requiring the use of managementôs judgment and estimates relate to the recoverability of amounts receivable, the determination of environmental obligations and impairment of exploration and evaluation assets and inputs used in accounting for share-based compensation. Actual results may differ from these estimates. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

### b) Share-based compensation

The Company uses the fair value based method for measuring compensation costs. The Company grants stock options to buy common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to capital stock.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of the goods or services received.

### c) Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive. All of the stock options, agentôs options and warrants currently issued (see Note 4) were anti-dilutive for the period ended December 31, 2014 and year ended March 31, 2014.

### d) Valuation of equity units issued in private placements

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate mineral properties. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants (ñWarrantsò). Depending on the terms and conditions of each equity financing agreement (ñAgreementò), the Warrants are exercisable into additional common shares prior to expiry at a price stipulated by the Agreement. Warrants that are part of units are assigned value based on the residual value method and included in share capital with the common shares that were concurrently issued. Warrants that are issued as payment for agency fees or other transactions costs are accounted for as share-based payments.

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

### e) Financial instruments

*Financial assets*

Financial assets are classified into one of four categories:

a) Fair value through profit or loss (ñFVTPLò);

b) Held-to-maturity (ñHTMò);

c) Loans and receivables; and

d) Available-for-sale (ñAFSò).

*Financial assets at fair value through profit or loss ("FVTPL")*

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 at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Companyôs risk management strategy. Attributable transaction costs are recognized in profit or loss when incurred. FVTPL are measured at fair value, and changes are recognized in profit or loss.

*Held-to-maturity ("HTM")*

These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Companyôs management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the asset is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of operations and comprehensive loss.

*Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted on an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

*Available-for-sale ("AFS")*

Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statement of operations and comprehensive loss.

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)**

**e) Financial instruments** (contôdé )

The Company has classified its cash as FVTPL and its amounts receivable as loans and receivable.

*Financial liabilities*

Financial liabilities are classified into one of two categories:

a) Fair value through profit or loss; and

b) Other financial liabilities.

*Fair value through profit or loss*

This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of operations and comprehensive loss.

*Other financial liabilities*

This category includes accounts payable and accrued liabilities, all of which are recognized at amortized cost. The Company classified its financial liabilities which consisted of accounts payable and accrued liabilities as other financial liabilities.

*Impairment of financial assets*

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted.

For all financial assets objective evidence of impairment could include:

a) significant financial difficulty of the issuer or counterparty; or

b) default or delinquency in interest or principal payments; or

c) it becoming probable that the borrower will enter bankruptcy or financial re-organization.

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

### e) Financial instruments (contôdé )

For certain categories of financial assets, such as receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

### f) Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recognized in respect to the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences do not result in deferred tax assets or liabilities: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

### g) Exploration and evaluation assets

Exploration costs are capitalized on an individual prospect basis until such time as an economic ore body is defined or the prospect is abandoned. No exploration costs are capitalized until the legal right to explore the property has been obtained. When it is determined that such costs will be recouped through successful development and exploitation, the capitalized expenditures are depreciated over the expected productive life of the asset. Costs for a producing asset are amortized on a unit-of-production method based on the estimated life of the ore reserves, while costs for the prospects abandoned are written off.

Impairment review for exploration and evaluation assets is carried out on a project by project basis, with each project representing a single cash generating unit. At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that these assets are impaired. An impairment review is undertaken when indicators of impairment arise but typically when one or more of the following circumstances apply:

- Unexpected geological occurrences are identified that render the resource uneconomic;
- Title to the asset is compromised;
- Fluctuations in the metal prices render the project uneconomic;
- Variation in the currency of operations; and
- Threat to political stability in the country of operation.

From time to time, the Company may acquire or dispose of exploration and evaluation assets pursuant to the terms of option agreements. Due to the fact that these options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as exploration and evaluation assets or recoveries when the payments are made or received.

The recoverability of the amounts capitalized for the undeveloped exploration and evaluation assets is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral claims, the ability to farm out its exploration and evaluation assets, the ability to obtain the necessary financing to complete their development and future profitable production or proceeds from their disposition thereof.

### h) Impairment of tangible and intangible assets

Tangible and intangible assets with finite useful lives 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 assetsô 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.

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

### h) Impairment of tangible and intangible assets (contôdé )

An impairment loss is charged to profit or loss except to the extent it reverses gains previously recognized in other comprehensive loss/income. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior periods. A reversal of an impairment loss is recognized in profit or loss.

### i) Accounting standards, interpretations and amendments adopted

As of April 1, 2013, the Company adopted the new and amended IFRS pronouncements in accordance with transitional provisions outlined in the respective standards. The Company has adopted the following new and amended standard without any significant effect on its financial statements. The nature and impact of the new standard is described below:

*IFRS 13 Fair Value Measurement*
IFRS 13 is a comprehensive standard for all fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes additional disclosures regarding fair value measurements. IFRS 13 had no impact on the Companyôs financial statements.

### j) Accounting standards issued but not yet effective

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements.

*IFRS 9 – Financial Instruments ("IFRS 9")*

In November 2009, the IASB issued IFRS 9 Financial Instruments as the first step in its 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 an entityôs business model and the contractual cash flow of the financial asset. Classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument.

IFRS 9 amends some of the requirements of IFRS 7 Financial Instruments: Disclosures, including added disclosures about investments in equity instruments measured at fair value in other comprehensive income, and guidance on financial liabilities and derecognition of financial instruments. The amended standard is effective for annual periods beginning on or after January 1, 2018.

## 3. SIGNIFICANT ACCOUNTING POLICIES (contôdé )

### j) Accounting standards issued but not yet effective (continued)

*IAS 32 – Financial Instruments: Presentation ("IAS 32")*

The IASB amended IAS 32, ñFinancial Instruments: Presentationò to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas:

- the meaning of ócurrently has a legally enforceable right of set-offô;
- the application of simultaneous realization and settlement;
- the offsetting of collateral amounts; and
- the unit of account for applying the offsetting requirements.
-

The amended standard is effective for annual periods beginning on or after January 1, 2014.

*IAS 36 – Impairment of Assets ("IAS 36")*

The amendments to IAS 36 restrict the requirement to disclose the recoverable amount of an asset or CGU to periods in which an impairment loss has been recognized or reversed. The amendments also expand and clarify the disclosure requirements applicable when an asset or CGUôs recoverable amount has been determined on the basis of fair value less cost of disposal. The amended standard is effective for annual periods beginning on or after January 1, 2014 and should be applied retrospectively.

## 4. SHARE CAPITAL

a) Authorized share capital:

As at December 31, 2014, the authorized share capital of the Company was an unlimited number of common shares without par value. All issued shares are fully paid.

During the quarter, the Company consolidated the issued share capital on the basis of two (2) old common shares for one (1) new common share ("the Consolidation"). Outstanding stock options, agentôs options and warrants were adjusted by the Consolidation ratio. All common shares and per common share amounts in these financial statements have been retroactively restated to reflect the share consolidation.

b) Issued share capital:

During the period ended December 31, 2014, the Company completed a non-brokered private placement of 2,100,000 units at $0.055 per unit for gross proceeds of $115,500. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant will entitle the holder thereof to purchase one additional share of the Company at a price of $0.075 per share for a period of up to five years the closing date of the private placement.

## 4. SHARE CAPITAL (contôdé )

**Stock option plan**

The Company has a stock option plan under which it can grant options to directors, officers, employees, and consultants for up to 10% of the issued and outstanding common shares. The exercise price of each option is based on the market price of the Companyôs stock at the date of grant. The options can be granted for a term of ten years and vest as determined by the board of directors.

As at December 31, 2014, the following options were granted or outstanding.

| | Options Outstanding | |
|---|---|---|
| | Number of Shares | Weighted Average Exercise Price |
| Balance, March 31, 2014 | 175,000 | $0.26 |
| Granted | 300,000 | $0.10 |
| Cancelled | (25,000) | $0.13 |
| Balance, December 31, 2014 | 450,000 | $0.14 |

A summary of the Companyôs options outstanding as at December 31, 2014 is as follows:

| Expiry Date | Number of Stock Option | Exercise Price | Number of Stock Options Exercisable |
|---|---|---|---|
| July 17, 2016 | 300,000 | $0.10 | 300,000 |
| August 8, 2016 | 125,000 | $0.20 | 125,000 |
| June 17, 2017 | 25,000 | $0.40 | 25,000 |
| | 450,000 | | 450,000 |

**Share-Based Payments**

Stock-based compensation costs have been determined based on the fair value of the stock options at the grant date using the Black-Scholes option-pricing model.

During the period ended December 31, 2014, the Company granted 300,000 (2013 ï Nil) stock options. Stock-based compensation expense using the Black-Scholes option pricing model was $15,983 (2013 ï $Nil).

## 4. SHARE CAPITAL (contôdé )

**Share-Based Payments** (contôdé )

The following assumptions were used for the Black-Scholes valuation of stock options granted:

| | December 31, 2014 | March 31, 2014 |
|---|---|---|
| Risk-free interest rate | 2.75% | - |
| Expected life of options | 2 years | - |
| Annualized volatility | 99.81% | - |
| Dividend rate | 0.00% | - |

**Share Purchase Warrants**

As at December 31, 2014, the following share purchase warrants were outstanding:

| | Number of Warrants | Weighted Average Exercise Price | Expiry Date |
|---|---|---|---|
| Balance, March 31, 2014 | - | - | |
| Granted | 2,100,000 | $0.075 | July 25, 2019 |
| Balance, December 31, 2014 | 2,100,000 | $0.075 | |

## 5. CAPITAL MANAGEMENT

Capital is comprised of the Companyôs shareholdersô equity. As at December 31, 2014, the Companyôs shareholdersô equity was $30,047. The Companyôs objectives when managing capital are to maintain financial strength and to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels.

The Company is dependent on the capital markets as its sole source of operating capital and the Companyôs capital resources are largely determined by the strength of the junior resource markets and by the status of the Companyôs projects in relation to these markets, and its ability to compete for investor support of its projects. The Company is not subject to any externally imposed capital requirements. There has been no change in the Companyôs approach to capital management during the quarter ended December 31, 2014.

## 6. FINANCIAL INSTRUMENTS AND RISK

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

The fair value of cash is based on level 1 inputs of the fair value hierarchy.

The fair value of the Companyôs receivables, accounts payable and accrued liabilities approximates their carrying values due to the short-term nature.

The Companyôs risk exposures and the impact on the Companyôs financial instruments are summarized below:

*Credit risk*

Credit risk is the risk of loss associated with a counterpartyôs inability to fulfill its payment obligations. The Company believes it has no significant credit risk.

*Liquidity risk*

The Companyôs approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2014, the Company had a cash balance of $28,504 to settle current liabilities of $12,317.

*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 commodity and equity prices.

(a) Interest rate risk

The Company has cash balances and no interest-bearing debt. As of June 30, 2014, the Company held an interest bearing GIC term deposit with a variable interest rate. The interest rate risk on cash is not considered significant.

(b) Foreign currency risk

The Company does not have assets or liabilities in a foreign currency.

(c) Price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, and the stock market to determine the appropriate course of action to be taken by the Company.

## 7. RELATED PARTY TRANSACTIONS

During the quarter ended December 31, 2014, the Company entered into the following transactions with related parties:

- Paid or accrued rent of $14,400 (2013 - $14,400) and management fees of $54,000 (2013 - $54,000) to a company controlled by a director of the Company.

- Paid or accrued management fees of $7,053 ($2,690) to the Companyôs corporate secretary.

- Paid or accrued professional fees of $12,000 (2013 - $4,500) to the former Chief Financial Officer of the Company.

- During the period ended December 31, 2014, the Company issued 300,000 stock options to the officers and directors of the Company. Upon the issuance, $15,983 in share-based compensation expense was recorded.

*Commitments – Consulting agreements*

On August 1, 2012 and amended on July 11, 2013, the Company has entered into a consulting agreement with a director of the Company for the provision of consulting services at a current cost of $72,000 per annum. The agreement is for a term of five years. Should the Company be subject to a change in control and the consultant terminated without cause, the Company must pay an amount equal to twenty-six months of fees and an additional two months of fees for each additional full year of management completed after the first year of engagement, up to a combined maximum of forty-eight months of management fees.

## 8. SUBSEQUENT EVENTS

Subsequent to the quarter, the Company arranged a non-brokered private placement of up to two million shares at a price of $0.11 cents per share for proceeds of up to $220,000.

**SCHEDULE "B"**

# MANAGEMENT DISCUSSION & ANALYSIS OF EXPLOREX RESOURCES INC. FOR THE YEARS ENDED MARCH 31, 2014, 2013 AND 2012

**AND**

# FOR THE PERIOD ENDED DECEMBER 31, 2014

# EXPLOREX RESOURCES INC.

**(A DEVELOPMENT STAGE COMPANY)**

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS

## AND RESULTS OF OPERATIONS

## FOR THE YEAR ENDED MARCH 31, 2014

---

The following is management's discussion and analysis ("MD&A") is intended to assist the reader to assess material changes in financial condition and results of operations of Explorex Resources Inc. ("Explorex" or the "Company") as at March 31, 2014

This MD&A which should be read in conjunction with the annual financial statements as at March 31, 2014 and a summary of significant accounting policies and other explanatory information. These financial statements have been prepared using accounting policies consistent with IFRS as issued by the International Accounting standards Board ("IASB").

All monetary amounts are in Canadian dollars unless otherwise specified. The effective date of this MD&A is July 28, 2014 Additional information relating to the Company is available on SEDAR at www.sedar.com.

**Overview**

Explorex Resources Inc. (the "Company", formerly Explorex Capital Ltd. was incorporated under the Business Corporations Act (British Columbia) on January 6, 2011 as Explorex Resources Inc.., and changed its name to Explorex Resources Inc. on June 11, 2012. The Company was classified as a Capital Pool Company ("CPC") as defined by the policies of the TSX Venture Exchange (the "Exchange"). The Company is currently engaged in the acquisition, exploration and evaluation of its mineral property interests located in Eastern Canada. The Company's shares are listed on the Exchange under the symbol EX. During the previous year, the Company closed its Qualifying Transaction and as such, the Company graduated from being a CPC to a Tier 2 mining issuer on the Exchange.

**Highlights for the year ended March 31, 2014**

At March 31, 2014, 1,030,500 (March 31, 2013 – 1,717,500) common shares were held in escrow and are released pro-rata to the shareholders. 10% of the escrow shares were issued upon release of the Final Exchange Bulletin in June 2012 and the remainder will be released in six equal tranches of 15% every six months thereafter for a period of 36 months.

**Highlights subsequent to the year ended March 31, 2014**

Subsequent to the year ended March 31, 2014, the Company consolidated the issued share capital on the basis of two (2) old common shares for one (1) new common share ("the Consolidation"). Outstanding stock option, agent's options and warrants were adjusted by the Consolidation ratio. All common shares and per common share amounts in these financial statements have been retroactively restated to reflect the share consolidation

**Results of operations for the year ended March 31, 2014**

The following table sets forth information for the years ended March 31, 2014 and 2013.

| | Year Ended March 31, 2014 | Year Ended March 31, 2013 |
|---|---|---|
| **Financial results:** | | |
| Loss and comprehensive loss for the year | $ (191,162) | $ (437,673) |
| Basic and diluted gain (loss) per share | (0.04) | (0.10) |
| **Balance sheet data:** | | |
| Current assets | 78,700 | 254,912 |
| Total assets | 78,700 | 254,912 |
| Shareholder's equity | 30,997 | 222,159 |
| **Cash flow data:** | | |
| Common share proceeds (gross) | - | 301,736 |

The table below sets forth selected results of operations for the Company's most recently completed quarters.

| | | Quarter Ended | | | |
|---|---|---|---|---|---|
| | | March 31 2014 | December 31 2013 | September 30 2013 | June 30 2013 |
| Loss and comprehensive loss | $ | (65,864) | (43,105) | (43,361) | (38,832) |
| Basic and diluted loss per share | $ | - | - | - | - |
| Total assets | $ | 78,700 | 102,453 | 152,683 | 188,169 |
| Working capital | $ | 30,997 | 96,861 | 139,966 | 183,327 |

| | | Quarter Ended | | | |
|---|---|---|---|---|---|
| | | March 31 2013 | December 31 2012 | September 30 2012 | June 30 2012 |
| Loss and comprehensive loss | $ | (323,913) | (57,022) | (49,617) | (27,122) |
| Basic and diluted loss per share | $ | - | - | - | - |
| Total assets | $ | 254,912 | 531,549 | 583,811 | 619,952 |
| Working capital | $ | 222,159 | 280,468 | 402,451 | 534,892 |

Year ended March 31, 2014 compared to year ended March 31, 2013

For the year ended March 31, 2014, the Company recorded loss and comprehensive loss of $191,162 compared to $437,673 in the previous year. Significant changes in individual expenses in the current year include the write-off of exploration and evaluation of $nil (2013 - $258,676) due to decreased property expenditures on exploration after terminating the Porcupine option. Other individual expenses that changed in the current quarter include professional expenses of $37,766 (2013 - $43,158) which were less than the previous year due to the Company holding no exploration property thereby reducing the Company's reliance on legal and technical support. All other costs are similar between the two periods.

The Company's working capital of $30,997 is less than the previous year due to general office and administrative expenditures incurred in the current quarter.

**Summary of previous quarterly results**

December 31, 2013

For the quarter ended December 31, 2013, the Company recorded loss and comprehensive loss of $43,105 compared to $85,022 in the previous year. Significant changes in individual expenses in the current year include consulting expense of $25,500 due to decreased property expenditures on exploration after terminating the Porcupine option. Other individual expenses that changed in the current quarter include professional expenses of $6,810 which were less than the previous year due to the Company holding no exploration property thereby reducing the Company's reliance on legal and technical support. All other costs are similar between the two periods.

The Company's working capital of $96,861 is less than the previous year due to general office and administrative expenditures incurred in the current quarter.

September 30, 2013

For the quarter ended September 30, 2013, the Company recorded loss and comprehensive loss of $43,361 compared to $49,617 in the previous year. Significant changes in individual expenses in the current year include general office expense of $3,250 due to decreased use of office overhead to manage the company's business after terminating the Porcupine option. Other individual expenses that changed in the current quarter include professional expenses of $6,000 which were less than the previous year due to the Company holding no exploration property thereby reducing the Company's reliance on legal and technical support. The Company's working capital of $139,966 is less than the previous year due to general office and administrative expenditures incurred in the current quarter.

June 30, 2013

For the quarter ended June 30, 2013, the Company recorded loss and comprehensive loss of $38,832 compared to $27,122 in the previous year. Significant changes in individual expenses in the current year include consulting expense of $nil due to decreased use of consultants to manage the company's business after receiving Tier 2 status. Other individual expenses that changed in the current quarter include management expense of $18,000 and general office expenses of $10,059. Management and office expense increased in the current quarter due to the Company conducting due diligence reviews of resource property. The Company's working capital of $183,327 is less than the previous year due to exploration expenditures on the porcupine property.

March 31, 2013

For the quarter ended March 31, 2013, the Company recorded loss and comprehensive loss of $303,912 compared to $46,526 in the previous quarter with the increase primarily due to increases in various expenses due to the Company becoming more active in the current year. Significant increases in individual expenses in the current quarter include write off of exploration and evaluation assets of $258,676 due to increased use of legal fees in required to complete the company's listing statement to acquire Tier 2 status. Other individual expenses that increased in the current quarter include share-based compensation expense of $14,523 and management expense of $18,540. The Company's working capital of $222,159 is less than the previous year due to financing completed during the current year.

December 31, 2012

For the three-month period ended March 31, 2013, the Company recorded loss and comprehensive loss of $57,022 compared to $16,786 in the previous quarter. Significant changes in individual expenses in the current quarter include consulting expense of $23,000 due to increased use of consultants to manage the company's business after receiving Tier 2 status. Other individual expenses that changed in the current quarter include transfer agent and filing fees of $529 and professional fees of $22,350. The Company's working capital of $260,468 is less than the previous year due to greater amount in office and miscellaneous expense during the current year.

September 30, 2012

For the three-month period ended September 30, 2012, the Company recorded loss and comprehensive loss of $49,617 compared to $24,765 in the previous quarter. Significant changes in individual expenses in the current quarter include consulting expense of $18,000 due to increased use of consultants to manage the company's business after receiving Tier 2 status. Other individual expenses that changed in the current quarter include transfer agent and filing fees of $3,476 and professional fees of $13,230. The Company's working capital of $402,451 is greater than the previous year due to financing completed during the current year.

June 30, 2012

For the three-month period ended June 30, 2012, the Company recorded loss and comprehensive loss of $27,122 compared to $3,424 in the previous quarter with the increase primarily due to increases in various expenses due to the Company becoming more active in the current year. Other individual expenses that increased in the current quarter include transfer agent and filing fees of $4,007 and consulting fees of $6,000.

March 31, 2012

For the three-month period ended March 31, 2012, the Company recorded loss and comprehensive loss of $46,526 compared to $18,093 in the previous quarter with the increase primarily due to increases in various expenses due to the Company becoming more active in the current year. Significant increases in individual expenses in the current quarter include professional expense of $26,335 due to increased use of legal fees in required to complete the company's listing statement to acquire Tier 2 status. Other individual expenses that increased in the current quarter include transfer agent and filing fees of $17,948 and rent of $4,800. The Company's working capital of $295,863 is greater than the previous year due to financing completed during the current year.

**Liquidity and Capital Resources**

The following table summarizes the Company's current assets, working capital and cash flow.

| **As at March 31** | | 2014 | | 2013 |
|---|---|---|---|---|
| Current asstes | $ | 78,700 | $ | 254,912 |
| Working capital | | 30,997 | | 222,159 |
| | | | | |
| Cash used in operatiing activities | | (168,753) | | (182,420) |
| Cash used in investing activities | | - | | (193,616) |
| Cash provided by financing activities | | - | | 284,386 |
| Change in cash | $ | (168,753) | $ | (91,650) |

The Company is dependent on the sale of common shares to finance its exploration activities, property acquisition payments and general and administrative costs.

**Share Capital**

The Company has authorized share capital of an unlimited number of common shares of which 4,599,928 shares were issued and outstanding at the end of March 31, 2014

As at March 31, 2014, 4,599,928 shares were issued and outstanding.

As at March 31, 2014, there were 175,000 options outstanding.

During the year ended March 31, 2014, 1,030,500 (March 31, 2013 – 1,717,500) common shares were held in escrow and are released pro-rata to the shareholders. 10% of the escrow shares were issued upon release of the Final Exchange Bulletin in June 2012 and the remainder will be released in six equal tranches of 15% every six months thereafter for a period of 36 months.

During the year ended March 31, 2013, the Company completed a non-brokered private placement of 1,417,500 units at $0.20 per unit for gross proceeds of $283,500. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant will entitle the holder thereof to purchase one additional share of the Company at a price of $0.30 per share for a period of up to twelve months from the closing date of the private placement. The Company paid finder's fees of $17,350.

During the year ended March 31, 2012, additional 200,000 seed common shares were issued at a price of $0.05 per share for total proceeds of $10,000.

During the year ended March 31, 2011, the Company issued a total of 4,250,000 seed common shares at a price of $0.05 per share for total proceeds of $212,500.

**Related Parties**

During the year ended March 31, 2014, the Company entered into the following transactions with related parties:

- Paid or accrued rent of $19,200 (2013 - $19,100), management fees of $72,000 (2013 - $540) and consulting fees of $nil (2013 - $6,000) to a company controlled by a director of the Company.
- Paid or accrued management fees of $nil ($540) to the Company's corporate secretary.
- Paid or accrued professional fees of $19,500 (2013 - $12,000) to the Chief Financial Officer of the Company.
- Paid or accrued director's fees (included in consulting) fees of $nil (2013 - $5,000) to two directors of the Company.
- During the year ended March 31, 2013, the Company issued 100,000 stock options to the former Chief Financial Officer and the Company's Corporate Secretary. Upon the issuance, $14,523 in share-based compensation expense was recorded. During the year ended March 31, 2014, the Company did not issued any stock options.

**Financial Instruments**

The Company's main financial risk exposures and its risk management policies are as follows:

*Credit Risk*

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk.

*Interest Rate Risk*

The Company has cash balances and no interest-bearing debt. As of the year ended March 31, 2014, the Company held an interest bearing GIC term deposit with a variable rate of 1.05% (1.95 below prime), 364 day term maturing August 3, 2014 and cashable at any time.

*Liquidity Risk*

Liquidity risk is the risk that the Company will not be able to meet the obligations associated with its financial liabilities. All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal period. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due.

*Fair Value*

The recorded value of the Company's financial assets and liabilities approximate their fair values due to their demand nature and their short term maturity.

*Capital Risk Management*

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through a suitable debt and equity balance appropriate for an entity of the Company's size and status. The capital structure of the Company consists of equity attributable to common shareholders, comprised of issued capital and deficit.

*Use of Estimates*

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of expenses during the period. Significant areas requiring the use of management estimates relate to the determination of environment obligations and impairment of exploration and evaluation assets and deferred costs and inputs used in accounting for share-based compensation. Actual results may differ from these estimates. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

*Risk and Uncertainties*

The Company's Operations and results are subject to a number of different risks at any given time. These factors , include but are not limited to disclosure regarding exploration , additional financing, project delay, titles to properties, price fluctuations and share price volatility, operating hazards , insurable risk and limitations of insurance, management , foreign country and regulatory requirements, currency fluctuations and environmental regulation risk.

(a) the state of the capital markets, which will affect the ability of the Company to finance mineral property acquisitions and expand its contemplated exploration programs;
(b) the prevailing market prices for base metals and precious metals;
(c) the consolidation and potential abandonment of the Company's property as exploration results provide further information relating to the underlying value of the property;
(d) the ability of the Company to identify and successfully acquire additional mineral properties in which the Company may acquire an interest whether by option, joint venture or otherwise, in addition to or as an alternative to the property;

**OTHER RISK FACTORS**

*ADDITIONAL FINANCING*

The Company has limited financial resources and provides no assurance that it will obtain additional funding for future acquisitions and development of projects or to fulfill its obligations under applicable agreements. The Company provides no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the Company's Properties with the possible dilution or loss of such interests. Further, revenues, financings and profits, if any, will depend upon various factors, including the success, if any, of exploration programs and general market conditions for natural resources. The Company provides no assurance that it can operate profitably or that it will successfully implement its plans for its further exploration and development of its Properties.

*Permits and Licenses*

The Company will require licenses and permits from various governmental and non-governmental authorities for its operations. The Company has obtained, or plans to obtain all necessary licenses and permits required carrying on the activities it is currently

conducting or which it proposes to conduct under applicable laws and regulations. However, such licenses and permits are subject to change in regulations and in various operating circumstances. The Company provides no assurance that it will obtain all necessary licenses and permits required to carry out exploration, development and mining operations.

*Political Regulatory Risks*

Any changes in government policy may result in changes to laws affecting ownership of assets, mining policies, monetary policies, taxation, rates of exchange, environmental regulations, and labour relations, repatriation of income and return of capital. This may affect both the Company's ability to undertake exploration and development activities in respect of the Principal Properties in the manner currently contemplated, as well as its ability to continue to explore, develop and operate the Principal Properties. The possibility that future governments may adopt substantially different policies, which might extend to expropriation of assets, cannot be ruled out.

*Currency Risk*

Currency fluctuations may affect the cash flow which the Company may realize from its operations, since most mineral commodities are sold in a world market in United States dollars. The Company's costs are incurred primarily in Canadian dollars.

*Dependence on Key Individuals*

The Company is dependent on a relatively small number of key personnel, the loss of any one of whom could have an adverse effect on the Company. In addition, the Company will be highly dependent upon contractors and third parties in the performance of its exploration and development activities. The Company provides no guarantee that such contractors and third parties will be available to carry out such activities on behalf of the Company or be available upon commercially acceptable terms.

*Competitive Factors in the Precious and Base Metals Markets*

Most mineral resources including precious and base metals are essentially commodities markets in which we would expect to be a small producer with an insignificant impact upon world production. As a result, production, if any, would be readily sold and would likely have no impact on world market prices. In recent months due to the significant downturn in the world economies has driven the commodities prices much lower which has made raising capital more difficult more competitive than past years.

Overall the upward trend in the price of gold (approximately US$1200 an ounce) in the last year with a more consistent price above US$1200 in 2012 has been a benefit to Gold exploration companies. As these higher gold prices and the difference between the Canadian dollar and US dollar spread will help the Company in raising capital. Base metal prices have been improving in the past few months will help the company as it also has some historic base metal mines.

**Internal Control over Financial Reporting**

The Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") of the Company, together with the Company's management, are responsible for the information disclosed in this MD&A and in the Company's other external disclosure documents. For the year ended March 31, 2014, the CEO and the CFO have designed, or caused to be designed under their supervision, the Company's disclosure controls and procedures ("DCP") to provide reasonable assurance that material information relating to the Company and its consolidated subsidiaries has been disclosed in accordance with regulatory requirements and good business practices and that the Company's DCP will enable the Company to meet its ongoing disclosure requirements. The CEO and CFO have evaluated the effectiveness of the Company's disclosure controls and procedures and have concluded that the design and operation of the Company's DCP were effective as of March 31, 2014 and that the Company has the appropriate DCP to ensure that information used internally by management and disclosed externally is, in all material respects, complete and reliable.

The CEO and the CFO are also responsible for the design of the internal controls over financial reporting ("ICFR") within the Company in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards ("IFRS").

During the design and evaluation of the Company's ICFR, management identified certain nonmaterial deficiencies, a number of which have been addressed or are in the process of being addressed in order to enhance the Company's processes and controls. The Company

employs entity level and compensating controls to mitigate any deficiencies that may exist in its process controls. Management intends to continue to further enhance the Company's ICFR.

The Company's management, including its CEO and CFO, believe that any DCP and ICFR, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override to the future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected. There have been no changes in the Company's ICFR during the year ended March 31, 2014 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

**Critical Accounting Estimates**

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**Critical accounting estimates and assumptions**

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

**Changes in accounting policies**

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective. The Company does not expect the impact of such changes on the financial statements to be material.

*IFRS 9 Financial Instruments*

In November 2009, the IASB published IFRS 9, "Financial Instruments", which covers the classification and measurement of financial assets as part of its project to replace IAS 39, "Financial Instruments: Recognition and Measurement." In October 2010, the requirements for classifying and measuring financial liabilities were added to IFRS 9. Under this guidance, entities have the option to recognize financial liabilities at fair value through earnings. If this option is elected, entities would be required to reverse the portion of the fair value change due to their own credit risk out of earnings and recognize the change in other comprehensive income. IFRS 9 is effective on January 1, 2015. Early adoption is permitted and the standard is required to be applied retrospectively.

*IFRS 10 Consolidated Financial Statements*

IFRS 10, "Consolidated Financial Statements", requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12, "Consolidation - Special Purpose Entities", and parts of IAS 27, "Consolidated and Separate Financial Statements". The standard is effective for annual periods beginning on or after January 1, 2013. Entities early adopting this standard must also adopt the other standards included in the 'suite of five' standards on consolidation, joint arrangements and disclosures: IFRS 11, "Joint Arrangements", IFRS 12, "Disclosure of Interests in Other Entities", IAS 27 (2011), "Separate Financial Statements" and IAS 28 (2011), "Investments in Associates and Joint Ventures".

*IFRS 11 Joint Arrangements*

IFRS 11, “Joint Arrangements”, requires a venturer to classify its interest in a joint arrangement as a joint venture or a joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation, the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, “Interests in Joint Ventures”, and SIC-13, “Jointly Controlled Entities - Non-monetary Contributions by Venturers”. The standard is effective for annual periods beginning on or after January 1, 2013. Entities early adopting this standard must also adopt the other standards included in the 'suite of five' standards on consolidation, joint arrangements and disclosures: IFRS 10, “Consolidated Financial Statements”, IFRS 12, “Disclosure of Interests in Other Entities”, IAS 27 (2011), “Separate Financial Statements” and IAS 28 (2011), “Investments in Associates and Joint Ventures”.

*IFRS 12 Disclosure of Interests in Other Entities*

IFRS 12, “Disclosure of Interests in Other Entities”, establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, and special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity’s interests in other entities. The standard is effective for annual periods beginning on or after January 1, 2013. Entities early adopting this standard must also adopt the other standards included in the 'suite of five' standards on consolidation, joint arrangements and disclosures: IFRS 10, “Consolidated Financial Statements”, IFRS 11, “Joint Arrangements”, IAS 27 (2011), “Separate Financial Statements” and IAS 28 (2011), “Investments in Associates and Joint Ventures”.

*IFRS 13 Fair Value Measurement*

IFRS 13, “Fair Value Measurement”, is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

*IAS 1 Presentation of Financial Statements*

In June 2011, the IASB issued amendments to IAS 1, “Presentation of Financial Statements” to: (a) require companies to group together items within other comprehensive income (“OCI”) that may be reclassified to the statement of loss; and (b) require tax associated with items presented before tax to be shown separately for each of the two groups of OCI items (without changing the option to present items of OCI either before tax or net of tax). The amendments also reaffirm existing requirements that items in OCI and income or loss should be presented as either a single statement or two separate statements. The amended standard is effective for annual periods beginning on or after July 1, 2012.

*IAS 19 Employee Benefits (Amended in 2011)*

IAS 19 (2011), “Employee Benefits”, amends IAS 19, “Employee Benefits” with revised requirements for pensions and other postretirement benefits, termination benefits and other changes. The key amendments include:

- Requiring the recognition of changes in the net defined benefit liability (asset) including immediate recognition of defined benefit cost, disaggregation of defined benefit cost into components, recognition of measurements in other comprehensive income, plan amendments, curtailments and settlements (eliminating the 'corridor approach' permitted by the existing IAS 19);
- Introducing enhanced disclosures about defined benefit plans;
- Modifying accounting for termination benefits, including distinguishing benefits provided in exchange for service and benefits provided in exchange for the termination of employment and affect the recognition and measurement of termination benefits;
- Clarifying various miscellaneous issues, including the classification of employee benefits, current estimates of mortality rates, tax and administration costs and risk-sharing and conditional indexation features; and incorporating other matters submitted to the IFRS Interpretations Committee.

The amended standard is effective for annual periods beginning on or after January 1, 2013.

The Company expects no impact from the adoption of the amendments on its financial position or performance.

**Critical judgements in applying the Group's accounting policies**

The following is the critical judgement, apart from those involving estimations that management have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

**Exploration and evaluation assets**

When there are events or changes in the circumstances which indicate the carrying amount of the exploration and evaluation assets may not be recoverable, the Group will take into consideration of the recoverable amounts of the relevant cash generating unit ("CGU"). After taking into account the current economic environment, the management reviews the developing projects and exploration plans and confirms that there is no indicator for impairment on the exploration and evaluation assets of the Group at the reporting dates.

**Cautionary Statement on Forward-Looking Information**

This MD&A, which contains certain forward-looking statements, are intended to provide readers with a reasonable basis for assessing the financial performance of the Company. All statements, other than statements of historical fact, are forward-looking statements. The words "believe", "expect", "anticipate", "contemplate", "target", "plan", "intends", "continue", "budget", "estimate", "may", "will", "schedule" and similar expressions identify forward looking statements. Forwardlooking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant business, economic and competitive uncertainties and contingencies.

Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to, fluctuations in the currency markets such as Canadian dollar, fluctuations in the prices of commodities, changes in government legislation, taxation, controls, regulations and political or economic developments in Canada, the United States, or other countries in which the Company carries or may carry on business in the future, risks associated with mining or development activities, the speculative nature of exploration and development, including the risk of obtaining necessary licenses and permits, and quantities or grades of reserves. Many of these uncertainties and contingencies can affect the Company's actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Company.

Readers are cautioned that forward-looking statements are not guarantees of future performance. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those acknowledged in such statements. Specific reference is made to the Company's most recent Annual Information Form on file with Canadian provincial securities regulatory authorities for a discussion of some of the factors underlying forward-looking statements. The Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except to the extent required by applicable laws.

**SUBSEQUENT EVENTS**

a) Subsequent to the year ended March 31, 2014, the Company consolidated the issued share capital on the basis of two (2) old common shares for one (1) new common share ("the Consolidation"). Outstanding stock options, agent's options and warrants were adjusted by the Consolidation ratio. All common shares and per common share amounts in these financial statements have been retroactively restated to reflect the share consolidation.

b) On July 17, 2014, the Company completed a non-brokered private placement of 2,100,000 units at $0.055 per unit for gross proceeds of $115,500. Each unit consist of one common share and one share purchase warrant. Each share purchase warrant will entitle the holder thereof to purchase one additional share of the Company at a price of $0.075 per share for a period of up to five years from the closing date of the private placement.

c) On July 17, 2014, the Company has granted options to purchase 300,000 shares to certain officers, consultants and directors of the company. The options shall be exercisable at a price of $0.10 per share and shall have a term of two years.

# EXPLOREX CAPITAL LTD

**(A DEVELOPMENT STAGE COMPANY)**

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS

## AND RESULTS OF OPERATIONS

## FOR THE YEAR ENDED March 31, 2013

---

The following is management's discussion and analysis ("MD&A") is intended to assist the reader to assess material changes in financial condition and results of operations of Explorex Capital Ltd. ("Explorex" or the "Company") as at March 31, 2013

This MD&A which should be read in conjunction with the annual financial statements as at March 31, 2013 and a summary of significant accounting policies and other explanatory information. These financial statements have been prepared using accounting policies consistent with IFRS as issued by the International Accounting standards Board ("IASB").

All monetary amounts are in Canadian dollars unless otherwise specified. The effective date of this MD&A is July 05, 2013. Additional information relating to the Company is available on SEDAR at www.sedar.com.

**Overview**

Explorex Resources Inc. (the "Company", formerly Explorex Capital Ltd.) was incorporated under the Business Corporations Act (British Columbia) on January 6, 2011 as Explorex Capital Ltd., and changed its name to Explorex Resources Inc. on June 11, 2012. The Company was classified as a Capital Pool Company ("CPC") as defined by the policies of the TSX Venture Exchange (the "Exchange"). The Company is currently engaged in the acquisition, exploration and evaluation of its mineral property interests located in Eastern Canada. The Company's shares are listed on the Exchange under the symbol EX. During the current year, the Company closed its Qualifying Transaction (Note 12) and as such, the Company graduated from being a CPC to a Tier 2 mining issuer on the Exchange.

**Highlights for the year ended March 31, 2013**

During the current year, the Company continued exploration on its Porcupine property in New Brunswick. An initial program of geochemical sampling, trenching and mapping has been completed and assays and final reports are pending.

**Highlights subsequent to the year ended March 31, 2013**

Subsequent to the year end March 31, 2013, the Company terminated the option agreement of Porcupine property, and accordingly, all related costs are written off to operations.

**Results of operations for the year ended March 31, 2013**

The following table sets forth information for the years ended March 31, 2013 and 2012.

| | Year Ened March 31, 2013 | Year Ened March 31, 2012 | Period from Incorporation on Jan.6, 2011 to March 31, 2011 |
|---|---|---|---|
| **Financial results:** | | | |
| Net (loss) for the period | $ (437,673) | $ (113,757) | $ (18,093) |
| Basic and diluted gain (loss) per share | (0.05) | (0.06) | - |
| **Balance sheet data:** | | | |
| Current assets | 254,912 | 328,190 | 167,197 |
| Total assets | 254,912 | 363,250 | 204,080 |
| Shareholder's equity | 222,159 | 330,923 | 194,407 |
| **Cash flow data:** | | | |
| Common share proceeds (gross) | 301,736 | 310,000 | 212,500 |

The table below sets forth selected results of operations for the Company's most recently completed quarters since incorporation.

| | | QUARTER ENDED | | | |
|---|---|---|---|---|---|
| | | March 31 2013 | December 31 2012 | September 30 2012 | June 30 2012 |
| Net loss | $ | (303,912) | (57,022) | (49,617) | (27,122) |
| Basic and diluted loss per share | | - | - | - | - |
| Total assets | | 254,912 | 531,549 | 583,811 | 619,952 |
| Working capital | | 222,159 | 280,468 | 402,451 | 534,892 |

| | | QUARTER ENDED | | | |
|---|---|---|---|---|---|
| | | March 31 2012 | December 31 2011 | September 30 2011 | June 30 2011 |
| Net loss | $ | (46,526) | (16,786) | (47,021) | (3,424) |
| Basic and diluted loss per share | | - | - | - | - |
| Total assets | | 363,250 | 436,559 | 439,444 | 205,709 |
| Working capital | | 295,863 | 342,390 | 394,235 | (164,100) |

Year ended March 31, 2013 compared to year ended March 31, 2012

For the year ended March 31, 2013, the Company recorded a net loss of $437,673 compared to $113,757 in the previous year. Significant changes in individual expenses in the current year include consulting expense of $11,644 (2012 - $nil) due to increased use of consultants to manage the company's business after receiving Tier 2 status. Other individual expenses that changed in the current quarter include write-off of exploration and evaluation assets of $258,676 (2012 - $nil) and general office expenses of $27,297 (2012 - $5,580). The write-off of exploration and evaluation assets in the current year occurred due to the termination of the Porcupine option agreement.

The Company's working capital of $222,159 is less than the previous year due to a greater amount in office and miscellaneous expenses during the current year.

Quarter ended March 31, 2013 compared to quarter ended March 31, 2012

For the three-month period ended March 31, 2013, the Company recorded a net loss of $303,912 compared to $46,526 in the previous quarter with the increase primarily due to increases in various expenses due to the Company becoming more active in the current year. Significant increases in individual expenses in the current quarter include write off of exploration and evaluation assets of $258,676 (2012 - $nil) due to increased use of legal fees in required to complete the company's listing statement to acquire Tier 2 status. Other individual expenses that increased in the current quarter include share-based compensation expense of $14,523 (2012 - $nil) and management expense of $18,540 (2012 - $nil).

The Company's working capital of $222,159 is less than the previous year due to financing completed during the current year.

**Summary of previous quarterly results**

December 31, 2012

For the three-month period ended March 31, 2013, the Company recorded a net loss of $57,022 compared to $49,617 in the previous quarter. Significant changes in individual expenses in the current quarter include consulting expense of $23,000 (2011 - $nil) due to increased use of consultants to manage the company's business after receiving Tier 2 status. Other individual expenses that changed in the current quarter include transfer agent and filing fees of $529 (2011 - $9,450) and professional fees of $22,350 (2011 - $21,593).

The Company's working capital of $260,468 is less than the previous year due to greater amount in office and miscellaneous expense during the current year.

September 30, 2012

For the three-month period ended September 30, 2012, the Company recorded a net loss of $49,617 compared to $47,021 in the previous quarter. Significant changes in individual expenses in the current quarter include consulting expense of $18,000 (2011 - $nil) due to increased use of consultants to manage the company's business after receiving Tier 2 status. Other individual expenses that changed in the current quarter include transfer agent and filing fees of $3,476 (2011 - $10,419) and professional fees of $13,230 (2011 - $5,942).

The Company's working capital of $402,451 is greater than the previous year due to financing completed during the current year.

June 30, 2012

For the three-month period ended June 30, 2012, the Company recorded a net loss of $27,122 compared to $3,424 in the previous quarter with the increase primarily due to increases in various expenses due to the Company becoming more active in the current year. Other individual expenses that increased in the current quarter include transfer agent and filing fees of $4,007 (2011 - $1,196) and consulting fees of $6,000 (2011 - $nil).

March 31, 2012

For the three-month period ended March 31, 2012, the Company recorded a net loss of $46,526 compared to $18,093 in the previous quarter with the increase primarily due to increases in various expenses due to the Company becoming more active in the current year. Significant increases in individual expenses in the current quarter include professional expense of $26,335 (2011 - $13,315) due to

increased use of legal fees in required to complete the company's listing statement to acquire Tier 2 status. Other individual expenses that increased in the current quarter include transfer agent and filing fees of $17,948 (2011 - $nil) and rent of $4,800 (2011 - $nil).

The Company's working capital of $295,863 is greater than the previous year due to financing completed during the current year.

December 31, 2011

For the three-month period ended December 31, 2011, the Company recorded a net loss of $16,786 compared to $47,021 in the previous quarter. The decreased loss in the current quarter compared to previous quarter is primarily due to a decrease in stock-based compensation during the current quarter which was $nil compared to $18,656 in the previous quarter.

The Company's working capital of $342,390 is less than the previous quarter by $51,845 due to general and administrative expenses incurred in the current quarter.

September, 30, 2011

For the three-month period ended September 30, 2011, the Company recorded a net loss of $47,021 compared to $3,424 in the previous year. The increased loss in the current quarter compared to previous quarter is primarily due to increases in professional and transfer agent expenses incurred during the current quarter related to initial public offering fees and stock-based compensation expense.

The Company's working capital of $394,235 is much higher in the current period due to the Company completing its initial public offering raising $300,000.

June 30, 2011

For the three-month period ended June 30, 2011, the Company recorded a net loss of $3,424 compared to $18,093 in the previous quarter. The increased loss in the current quarter compared to previous quarter is primarily due to increases in legal expenses incurred during the previous quarter related incorporation and initial public offering fees.

The Company's working capital of $164,100 is relatively unchanged due to the Company being in its initial public offering stage and currently has no projects or business.

**Exploration Projects**

The Company entered into an option agreement (“Agreement”) to acquire up to an 85% interest in several mineral claims comprising the Porcupine property in New Brunswick, Canada. The Agreement constituted the Company’s Qualifying Transaction. Under the terms of the agreement, in order to exercise the option to acquire the initial 70% interest, the Company will be required to make, over a three year period, total cash payments of $180,000 ($25,000 paid), issue a total of 850,000 common shares of the Company (150,000 issued) and incur exploration expenditures of $1,000,000. The Company can acquire an additional 15% interest upon completion of a positive bankable feasibility study on or before September 30, 2018. The agreement was subsequently amended the whereby the minimum work expenditure was reduced. Subsequent to the year end March 31, 2013, the Company terminated this option agreement, and accordingly, all related costs are written off to operations.

The Property consists of 86 claims held in three separate claim blocks covering 3,440 acres. The property is underlain by Ordovician intrusives, metavolcanics and metasedimentary rocks. The common lithologies present are porphyritic (quartz-feldspar) felsic volcanics, highly contorted quartzite and phyllitic metasediments gneissic granite and minor mafic volcanics. All lithologies have undergone greenshist metamorphism. Two exploration plays occur on the property. The south claim block contains a REE exploration target while the North claim block contains gold, silver and base metal targets. Various rare earth elements (REE) were previously discovered in soil samples on the property and subsequent geochemical surveys confirmed very high values for REE mineralization including the precence of several important heavy rare metals ("HREE").

**Liquidity and Capital Resources**

The following table summarizes the Company's current assets, working capital and cash flow.

| As at March 31 | 2013 | 2012 |
|---|---|---|
| Current assets | $ 254,912 | $ 328,190 |
| Working capital | 222,159 | 295,863 |

| | March 31, 2013 | March 31, 2012 |
|---|---|---|
| Cash used in operating activities | (182,420) | (81,462) |
| Cash used in investing activities | (193,616) | (35,060) |
| Cash provided by financing activities | 284,386 | 268,500 |
| Change in cash | $ (91,650) | $ 151,978 |

The Company is dependent on the sale of common shares to finance its exploration activities, property acquisition payments and general and administrative costs.

**Share Capital**

The Company has authorized share capital of an unlimited number of common shares of which 9,199,855 shares were issued and outstanding at the end of March 31, 2013.

As at July 5, 2013, there are 1,417,500 warrants were exercised and outstanding.

As at July 5, 2013, there are 9,199,855 shares were issued and outstanding.

As at July 5, 2013, there were 350,000 options and 117,645 agent's options outstanding.

During the current year, the Company completed a non-brokered private placement of 1,417,500 units at $0.20 per unit for gross proceeds of $283,500. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant will entitle the holder thereof to purchase one additional share of the Company at a price of $0.30 per share for a period of up to twelve months from the closing date of the private placement. The Company paid finder's fees of $17,350.

During the year ended March 31, 2011, the Company issued a total of 4,250,000 seed common shares at a price of $0.05 per share for total proceeds of $212,500.

During the year ended March 31, 2012, additional 200,000 seed common shares were issued at a price of $0.05 per share for total proceeds of $10,000.

The Company issued 3,000,000 common shares from its initial public offering (the "Offering") at $0.10 per share for gross proceeds of $300,000. In connection with the Offering the Company granted the agent an option to acquire an aggregate of 300,000 common shares (agent's options) at an exercise price of $0.10 per share until August 8, 2013. The agent's options were granted with a value of $15,730. The Company paid an administration fee of $10,000, a cash commission of $30,000 and $38,383 in other issuance costs.

**Related Parties**

During the quarter ended March 31, 2013, the Company entered into the following transactions with related parties:

- Paid or accrued rent of $19,100 (2012 - $12,300), management fees of $54,000 (2012 - $nil) and consulting fees of $6,000 (2012 - $nil) to a company controlled by a director of the Company.
- Paid or accrued management fees of $540 (2012 - $nil) to the Company's Corporate Secretary.
- Paid or accrued directors' fees (included in consulting fees) of $5,000 (2012 - $nil) to two directors of the Company.
- Paid or accrued professional fees of $12,000 (2012 - $nil) to the Chief Financial Officer of the Company.

- Issued 100,000 stock options (2012 – 250,000) to the former Chief Financial Officer and the Company's corporate secretary and recognized a related value of $14,523 (2012 - $18,656) as share-based compensation expense.

**Financial Instruments**

The Company's main financial risk exposures and its risk management policies are as follows:

*Credit Risk*

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk.

*Interest Rate Risk*

The Company has cash balances and no interest-bearing debt. As of the year ended March 31, 2013, the Company held an interest bearing GIC term deposit with a variable rate of 0.95% (2.05 below prime), 364 day term maturing August 23, 2012 and cashable at any time.

*Liquidity Risk*

Liquidity risk is the risk that the Company will not be able to meet the obligations associated with its financial liabilities. All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal period. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due.

*Fair Value*

The recorded value of the Company's financial assets and liabilities approximate their fair values due to their demand nature and their short term maturity.

*Capital Risk Management*

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through a suitable debt and equity balance appropriate for an entity of the Company's size and status. The capital structure of the Company consists of equity attributable to common shareholders, comprised of issued capital and deficit.

*Use of Estimates*

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of expenses during the period. Significant areas requiring the use of management estimates relate to the determination of environment obligations and impairment of exploration and evaluation assets and deferred costs and inputs used in accounting for share-based compensation. Actual results may differ from these estimates. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

*Risk and Uncertainties*

The Company's Operations and results are subject to a number of different risks at any given time. These factors , include but are not limited to disclosure regarding exploration , additional financing, project delay, titles to properties, price fluctuations and share price volatility, operating hazards , insurable risk and limitations of insurance, management , foreign country and regulatory requirements, currency fluctuations and environmental regulation risk.

(a) the state of the capital markets, which will affect the ability of the Company to finance mineral property acquisitions and expand its contemplated exploration programs;
(b) the prevailing market prices for base metals and precious metals;

(c) the consolidation and potential abandonment of the Company's property as exploration results provide further information relating to the underlying value of the property;
(d) the ability of the Company to identify and successfully acquire additional mineral properties in which the Company may acquire an interest whether by option, joint venture or otherwise, in addition to or as an alternative to the property;

## OTHER RISK FACTORS

*ADDITIONAL FINANCING*

The Company has limited financial resources and provides no assurance that it will obtain additional funding for future acquisitions and development of projects or to fulfill its obligations under applicable agreements. The Company provides no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the Company's Properties with the possible dilution or loss of such interests. Further, revenues, financings and profits, if any, will depend upon various factors, including the success, if any, of exploration programs and general market conditions for natural resources. The Company provides no assurance that it can operate profitably or that it will successfully implement its plans for its further exploration and development of its Properties.

*Permits and Licenses*

The Company will require licenses and permits from various governmental and non-governmental authorities for its operations. The Company has obtained, or plans to obtain all necessary licenses and permits required carrying on the activities it is currently conducting or which it proposes to conduct under applicable laws and regulations. However, such licenses and permits are subject to change in regulations and in various operating circumstances. The Company provides no assurance that it will obtain all necessary licenses and permits required to carry out exploration, development and mining operations.

*Political Regulatory Risks*

Any changes in government policy may result in changes to laws affecting ownership of assets, mining policies, monetary policies, taxation, rates of exchange, environmental regulations, and labour relations, repatriation of income and return of capital. This may affect both the Company's ability to undertake exploration and development activities in respect of the Principal Properties in the manner currently contemplated, as well as its ability to continue to explore, develop and operate the Principal Properties. The possibility that future governments may adopt substantially different policies, which might extend to expropriation of assets, cannot be ruled out.

*Currency Risk*

Currency fluctuations may affect the cash flow which the Company may realize from its operations, since most mineral commodities are sold in a world market in United States dollars. The Company's costs are incurred primarily in Canadian dollars.

*Dependence on Key Individuals*

The Company is dependent on a relatively small number of key personnel, the loss of any one of whom could have an adverse effect on the Company. In addition, the Company will be highly dependent upon contractors and third parties in the performance of its exploration and development activities. The Company provides no guarantee that such contractors and third parties will be available to carry out such activities on behalf of the Company or be available upon commercially acceptable terms.

*Competitive Factors in the Precious and Base Metals Markets*

Most mineral resources including precious and base metals are essentially commodities markets in which we would expect to be a small producer with an insignificant impact upon world production. As a result, production, if any, would be readily sold and would likely have no impact on world market prices. In recent months due to the significant downturn in the world economies has driven the commodities prices much lower which has made raising capital more difficult more competitive than past years.

Overall the upward trend in the price of gold (approximately US$1200 an ounce) in the last year with a more consistent price above US$1200 in 2012 has been a benefit to Gold exploration companies. As these higher gold prices and the difference between the

Canadian dollar and US dollar spread will help the Company in raising capital. Base metal prices have been improving in the past few months will help the company as it also has some historic base metal mines.

**Internal Control over Financial Reporting**

The Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") of the Company, together with the Company's management, are responsible for the information disclosed in this MD&A and in the Company's other external disclosure documents. For the year ended March 31, 2013, the CEO and the CFO have designed, or caused to be designed under their supervision, the Company's disclosure controls and procedures ("DCP") to provide reasonable assurance that material information relating to the Company and its consolidated subsidiaries has been disclosed in accordance with regulatory requirements and good business practices and that the Company's DCP will enable the Company to meet its ongoing disclosure requirements. The CEO and CFO have evaluated the effectiveness of the Company's disclosure controls and procedures and have concluded that the design and operation of the Company's DCP were effective as of March 31, 2013 and that the Company has the appropriate DCP to ensure that information used internally by management and disclosed externally is, in all material respects, complete and reliable.

The CEO and the CFO are also responsible for the design of the internal controls over financial reporting ("ICFR") within the Company in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards ("IFRS").

During the design and evaluation of the Company's ICFR, management identified certain nonmaterial deficiencies, a number of which have been addressed or are in the process of being addressed in order to enhance the Company's processes and controls. The Company employs entity level and compensating controls to mitigate any deficiencies that may exist in its process controls. Management intends to continue to further enhance the Company's ICFR.

The Company's management, including its CEO and CFO, believe that any DCP and ICFR, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override to the future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected. There have been no changes in the Company's ICFR during the year ended March 31, 2013 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

**Critical Accounting Estimates**

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**Critical accounting estimates and assumptions**

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

**Changes in accounting policies**

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective. The Company does not expect the impact of such changes on the financial statements to be material.

*IFRS 9 Financial Instruments*

In November 2009, the IASB published IFRS 9, "Financial Instruments", which covers the classification and measurement of financial assets as part of its project to replace IAS 39, "Financial Instruments: Recognition and Measurement." In October 2010, the requirements for classifying and measuring financial liabilities were added to IFRS 9. Under this guidance, entities have the option to

recognize financial liabilities at fair value through earnings. If this option is elected, entities would be required to reverse the portion of the fair value change due to their own credit risk out of earnings and recognize the change in other comprehensive income. IFRS 9 is effective on January 1, 2015. Early adoption is permitted and the standard is required to be applied retrospectively.

*IFRS 10 Consolidated Financial Statements*

IFRS 10, "Consolidated Financial Statements", requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12, "Consolidation - Special Purpose Entities", and parts of IAS 27, "Consolidated and Separate Financial Statements". The standard is effective for annual periods beginning on or after January 1, 2013. Entities early adopting this standard must also adopt the other standards included in the 'suite of five' standards on consolidation, joint arrangements and disclosures: IFRS 11, "Joint Arrangements", IFRS 12, "Disclosure of Interests in Other Entities", IAS 27 (2011), "Separate Financial Statements" and IAS 28 (2011), "Investments in Associates and Joint Ventures".

*IFRS 11 Joint Arrangements*

IFRS 11, "Joint Arrangements", requires a venturer to classify its interest in a joint arrangement as a joint venture or a joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation, the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, "Interests in Joint Ventures", and SIC-13, "Jointly Controlled Entities - Non-monetary Contributions by Venturers". The standard is effective for annual periods beginning on or after January 1, 2013. Entities early adopting this standard must also adopt the other standards included in the 'suite of five' standards on consolidation, joint arrangements and disclosures: IFRS 10, "Consolidated Financial Statements", IFRS 12, "Disclosure of Interests in Other Entities", IAS 27 (2011), "Separate Financial Statements" and IAS 28 (2011), "Investments in Associates and Joint Ventures".

*IFRS 12 Disclosure of Interests in Other Entities*

IFRS 12, "Disclosure of Interests in Other Entities", establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, and special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities. The standard is effective for annual periods beginning on or after January 1, 2013. Entities early adopting this standard must also adopt the other standards included in the 'suite of five' standards on consolidation, joint arrangements and disclosures: IFRS 10, "Consolidated Financial Statements", IFRS 11, "Joint Arrangements", IAS 27 (2011), "Separate Financial Statements" and IAS 28 (2011), "Investments in Associates and Joint Ventures".

*IFRS 13 Fair Value Measurement*

IFRS 13, "Fair Value Measurement", is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

*IAS 1 Presentation of Financial Statements*

In June 2011, the IASB issued amendments to IAS 1, "Presentation of Financial Statements" to: (a) require companies to group together items within other comprehensive income ("OCI") that may be reclassified to the statement of loss; and (b) require tax associated with items presented before tax to be shown separately for each of the two groups of OCI items (without changing the option to present items of OCI either before tax or net of tax). The amendments also reaffirm existing requirements that items in OCI and income or loss should be presented as either a single statement or two separate statements. The amended standard is effective for annual periods beginning on or after July 1, 2012.

*IAS 19 Employee Benefits (Amended in 2011)*

IAS 19 (2011), "Employee Benefits", amends IAS 19, "Employee Benefits" with revised requirements for pensions and other postretirement benefits, termination benefits and other changes. The key amendments include:

- Requiring the recognition of changes in the net defined benefit liability (asset) including immediate recognition of defined benefit cost, disaggregation of defined benefit cost into components, recognition of measurements in other comprehensive income, plan amendments, curtailments and settlements (eliminating the 'corridor approach' permitted by the existing IAS 19);
- Introducing enhanced disclosures about defined benefit plans;
- Modifying accounting for termination benefits, including distinguishing benefits provided in exchange for service and benefits provided in exchange for the termination of employment and affect the recognition and measurement of termination benefits;
- Clarifying various miscellaneous issues, including the classification of employee benefits, current estimates of mortality rates, tax and administration costs and risk-sharing and conditional indexation features; and
- Incorporating other matters submitted to the IFRS Interpretations Committee.

The amended standard is effective for annual periods beginning on or after January 1, 2013.

The Company expects no impact from the adoption of the amendments on its financial position or performance.

**Critical judgments in applying the Group's accounting policies**

The following is the critical judgement, apart from those involving estimations that management have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

**Exploration and evaluation assets**

When there are events or changes in the circumstances which indicate the carrying amount of the exploration and evaluation assets may not be recoverable, the Group will take into consideration of the recoverable amounts of the relevant cash generating unit ("CGU"). After taking into account the current economic environment, the management reviews the developing projects and exploration plans and confirms that there is no indicator for impairment on the exploration and
evaluation assets of the Group at the reporting dates.

**Cautionary Statement on Forward-Looking Information**

This MD&A, which contains certain forward-looking statements, are intended to provide readers with a reasonable basis for assessing the financial performance of the Company. All statements, other than statements of historical fact, are forward-looking statements. The words "believe", "expect", "anticipate", "contemplate", "target", "plan", "intends", "continue", "budget", "estimate", "may", "will", "schedule" and similar expressions identify forward looking statements. Forwardlooking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant business, economic and competitive uncertainties and contingencies.

Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to, fluctuations in the currency markets such as Canadian dollar, fluctuations in the prices of commodities, changes in government legislation, taxation, controls, regulations and political or economic developments in Canada, the United States, or other countries in which the Company carries or may carry on business in the future, risks associated with mining or development activities, the speculative nature of exploration and development, including the risk of obtaining necessary licenses and permits, and quantities or grades of reserves. Many of these uncertainties and contingencies can affect the Company's actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Company.

Readers are cautioned that forward-looking statements are not guarantees of future performance. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those acknowledged in such statements. Specific reference is made to the Company's most recent Annual Information Form on file with Canadian provincial securities regulatory authorities for a discussion of some of the factors underlying forward-looking statements. The Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except to the extent required by applicable laws.

**Off-Balance Sheet Arrangements**

There are no off-balance sheet arrangements as at the date of this report.

**Proposed Transactions**

There are no proposed transaction as of the date of this report.

# EXPLOREX CAPITAL LTD

**(A DEVELOPMENT STAGE COMPANY)**

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS

## AND RESULTS OF OPERATIONS

## FOR THE YEAR ENDED MARCH 31, 2012

---

The following is management's discussion and analysis ("MD&A") is intended to assist the reader to assess material changes in financial condition and results of operations of Explorex Captial Ltd. ("Explorex" or the "Company") as at March 31, 2012.

This MD&A which should be read in conjunction with the audited financial statements as at March 31, 2012 and a summary of significant accounting policies and other explanatory information. These financial statements have been prepared using accounting policies consistent with IFRS as issued by the International Accounting standards Board ("IASB").

All monetary amounts are in Canadian dollars unless otherwise specified. The effective date of this MD&A is July 27 2012. Additional information relating to the Company is available on SEDAR at www.sedar.com.

**Overview**

Explorex Resources Inc. (the "Company", formerly Explorex Capital Ltd.) was incorporated under the Business Corporations Act (British Columbia) on January 6, 2011 as Explorex Capital Ltd., and changed its name to Explorex Resources Inc. on June 11, 2012. The Company was classified as a Capital Pool Company ("CPC") as defined by the policies of the TSX Venture Exchange (the "Exchange"). The Company is currently engaged in the acquisition, exploration and evaluation of its mineral property interests located in Eastern Canada. The Company's shares are listed on the Exchange under the symbol EX. Subsequent to March 31, 2012, the Company closed its Qualifying Transaction (Note 12) and as such, the Company graduated from being a CPC to a Tier 2 mining issuer on the Exchange.

**Highlights for the quarter ended March 31, 2012**

The Company previously announced that it entered into an option agreement with Greenlight Resources Inc. whereby the Company is granted the option to acquire up to a 85% interest in and to several mineral claims comprising property for exploration of rare earth element soil anomalies and mineralization known as the Porcupine property totalling approximately **1,897** hectares located in New Brunswick, Canada. Within the preceding 36 months, over $100,000 of Approved Expenditures as defined in Policy 1.1 of the TSX Venture Exchange have been incurred on the Property and the Transaction is intended to be the Company's "qualifying transaction". To date, the Company has been a capital pool company with the business of identifying a qualifying transaction. Under the terms of the agreement, in order to exercise the option to acquire an initial 70% interest, the Company will be required to make, over a three year period, total cash payments of $180,000, issue a total of 850,000 common shares of the Company and incur exploration expenditures of $1,000,000.

**Highlights subsequent to the quarter ended March 31, 2012**

Subsequent to March 31, 2012, the Company closed its Qualifying Transaction (Note 12) and as such, the Company graduated from being a CPC to a Tier 2 mining issuer on the Exchange.

**Results of operations for the year ended March 31, 2012**

The following table sets forth information for the periods ended March 31, 2012 and 2011.

| | Year ended March 31, 2012 | Period from incorporation on Jan. 6, 2011 to March 31, 2011 |
|---|---|---|
| **Financial results:** | | |
| Net (loss) for the period | $ (113,757) | $ (18,093) |
| Basic and diluted gain (loss) per share | (0.06) | - |
| **Balance sheet data:** | | |
| Current assets | 328,190 | 167,197 |
| Total assests | 363,250 | 204,080 |
| Shareholders' equity | 330,923 | 194,407 |
| **Cash flow data:** | | |
| Common share proceeds (gross) | 310,000 | 212,500 |

The table below sets forth selected results of operations for the Company's most recently completed quarters since incorporation.

| | Quarter Ended | | | | |
|---|---|---|---|---|---|
| | March 31 2012 | December 31 2011 | September 30 2011 | June 30 2011 | March 31 2011 |
| Net loss | $ (46,526) | $ (16,786) | $ (47,021) | $ (3,424) | $ (18,093) |
| Basic and diluted loss per share | - | - | - | - | - |
| Total assets | 363,250 | 436,559 | 439,444 | 205,709 | 204,080 |
| Working capital | 295,863 | 342,390 | 394,235 | (164,100) | 157,524 |

Quarter ended March 31, 2012 compared to quarter ended March 31, 2011

For the three-month period ended March 31, 2012, the Company recorded a net loss of $46,526 compared to $18,093 in the previous quarter with the increase primarily due to increases in various expenses due to the Company becoming more active in the current year. Significant increases in individual expenses in the current quarter include professional expense of $26,335 (2011 - $13,315) due to increased use of legal fees in required to complete the company's listing statement to acquire Tier 2 status. Other individual expenses that increased in the current quarter include transfer agent and filing fees of $17,948 (2011 - $nil) and rent of $4,800 (2011 - $nil).

The Company's working capital of $295,863 is greater than the previous year due to financing completed during the current year.

**Summary of previous quarterly results**

December 31, 2011

For the three-month period ended December 31, 2011, the Company recorded a net loss of $16,786 compared to $47,021 in the previous quarter. The decreased loss in the current quarter compared to previous quarter is primarily due to a decrease in stock-based compensation during the current quarter which was $nil compared to $18,656 in the previous quarter.

The Company's working capital of $342,390 is less than the previous quarter by $51,845 due to general and administrative expenses incurred in the current quarter.

September, 30, 2011

For the three-month period ended September 30, 2011, the Company recorded a net loss of $47,021 compared to $3,424 in the previous year. The increased loss in the current quarter compared to previous quarter is primarily due to increases in professional and transfer agent expenses incurred during the current quarter related to initial public offering fees and stock-based compensation expense.

The Company's working capital of $394,235 is much higher in the current period due to the Company completing its initial public offering raising $300,000.

June 30, 2011

For the three-month period ended June 30, 2011, the Company recorded a net loss of $3,424 compared to $18,093 in the previous quarter. The increased loss in the current quarter compared to previous quarter is primarily due to increases in legal expenses incurred during the previous quarter related incorporation and initial public offering fees.

The Company's working capital of $164,100 is relatively unchanged due to the Company being in its initial public offering stage and currently has no projects or business.

March 31, 2011

The Company incurred a net loss for the quarter of $18,093 which is the first quarter since the Company's incorporation. Expenses incurred during this quarter are related to the costs of incorporation.

**Exploration Projects**

The Company entered into an option agreement ("Agreement") to acquire up to an 85% interest in several mineral claims comprising the Porcupine property in New Brunswick, Canada. The Agreement constituted the Company's Qualifying Transaction which was subsequently completed. Under the terms of the agreement, in order to exercise the option to acquire the initial 70% interest, the Company will be required to make, over a three year period, total cash payments of $180,000 ($25,000 paid), issue a total of 850,000 common shares of the Company (150,000 common shares issued subsequent to year end) and incur exploration expenditures of $1,000,000. The Company can acquire an additional 15% interest upon completion of a positive bankable feasibility study on or before September 30, 2018.

The Property consists of 86 claims held in three separate claim blocks covering 3,440 acres. The property is underlain by Ordovician intrusives, metavolcanics and metasedimentary rocks. The common lithologies present are porphyritic (quartz-feldspar) felsic volcanics, highly contorted quartzite and phyllitic metasediments gneissic granite and minor mafic volcanics. All lithologies have undergone greenshist metamorphism. Two exploration plays occur on the property. The south claim block contains a REE exploration target while the North claim block contains gold, silver and base metal targets. Various rare earth elements (REE) were previously discovered in soil samples on the property and subsequent geochemical surveys confirmed very high values for REE mineralization including the precence of several important heavy rare metals ("HREE").

*Rare Earth Elements - South Claim Block*

The results of the soil sampling program have confirmed the presence of anomalous Heavy and Light Rare Earth Elements (LREE) identified in previous exploration programs. Of particular interest are anomalous zones with Heavy and Light Rare Earth elements, and also Cesium. particularly in the south western portion of the grid. This positive correlation indicates a bedrock source for these elements. Other areas have a relatively strong, north west trending, linear Niobium anomaly cutting through Rare Earth elements and Cesium highs. This may be indicative of a mineralized vein -porphyry dike or pegmatite and several such anomalous features like this occur on the grid which may also be indicating the presence of dike/vein swarms. This NW trend is evident on the air photos as late lineations which offset older E-W trendind linears that parallel the regional fault trend.

Assays for REE's include Samarium (Sm) which is increasingly used for high power magnets, is reported with grades of up to 63 ppm (g/t) and Dysprosium (Dy) with grades of up to 98.6 ppm (g/t), Neodymium (Nd) with grades of up to 1190 ppm (g/t), Ytterbium (Yb) with grades of up to 31.3 ppm (g/t) and Yttrium (Y) with grades of up to 472 ppm (g/t) . Reported assays for HREE's include Terbium (Tb) with grades up to 20.3 ppm (g/t) and Ytterbium (Yb) with grades up to 31.3 ppm (g/t) while reported light rare earth metals include Cerium (Ce) with grades up to 459 ppm (g/t) and Lanthanum (La) with grades up to 1,300 ppm (g/t).

*Copper and Base Metals - North Claim Block*

Two distinct anomaly types were identified including base metals and Rare earth elements. The most prominent is a Copper, Lead and Zinc east-west trending anomaly in the central portion of the grid with maximum values of 191 ppm Cu, 321 ppm Pb and 764 ppm Zn. This anomaly is 800 meters long and 50 to 100 meters in width and appears to follow the contact between quartzite/phyllite and a strongly foliated granite.

A Rare Earth element anomaly was located on the western portion of the grid with peaks of 1143 ppm LREE and 78 ppm HREE. The anomaly drapes around the nose of a foliated granite intrusion and is open to the west and also correlates to a Cesium s anomaly. Of particular interest are ENE trending anomalous trends for Zr, Nb and Th which have good continuity at 400 meters indicating a minerlized pegmatie or aplite dikes cutting both local grantie and metasediments.

**Liquidity and Capital Resources**

The following table summarizes the Company's current assets, working capital and cash flow.

| **As at March 31,** | 2012 | 2011 |
|---|---|---|
| Current assets | $ 328,190 | $ 167,197 |
| Working capital | 295,863 | 157,524 |

| | Year ended March 31, 2012 | Period from incorporation on Jan. 6, 2011 to March 31, 2011 |
|---|---|---|
| Cash used in operating activities | (81,462) | (14,886) |
| Cash used in investing activities | (35,060) | - |
| Cash provided by financing activities | 268,500 | 180,564 |
| Change in cash | $ 151,978 | $ 165,678 |

The Company is dependent on the sale of common shares to finance its exploration activities, property acquisition payments and general and administrative costs.

**Share Capital**

The Company has authorized share capital of an unlimited number of common shares of which 7,450,000 shares were issued and outstanding at the end of March 31, 2012.

As at July 27, 2012, 9,017,500 shares were issued and outstanding.

As at March 31, 2012 and July 27, 2012, there were 250,000 options and 300,000 agent's options outstanding.

During the period ended March 31, 2011, the Company issued a total of 4,250,000 seed common shares at a price of $0.05 per share for total proceeds of $212,500.
During the year ended March 31, 2012, an additional 200,000 seed common shares were issued at a price of $0.05 per share for total proceeds of $10,000.

The Company issued 3,000,000 common shares from its initial public offering (the "Offering") at $0.10 per share for gross proceeds of $300,000. In connection with the Offering the Company granted the agent an option to acquire an aggregate of 300,000 common shares (agent's options) at an exercise price of $0.10 per share until August 8, 2013. The agent's options were granted with a value of $15,730. The Company paid an administration fee of $10,000, a cash commission of $30,000 and $38,383 in other issuance costs.

At March 31, 2012, 4,500,000 common shares were held in escrow and will be released pro-rata to the shareholders as to 10% of the escrow shares upon issuance of a Final Exchange Bulletin by the Exchange and as to the remainder in six equal tranches of 15% every six months thereafter for a period of 36 months. These escrow shares may not be transferred, assigned or otherwise dealt with without the consent of the regulatory authorities. Subsequent to March 31, 2012, 450,000 common shares were released from escrow in connection with the completion of the Qualifying Transaction.

**Related Parties**

As at March 31, 2012, $Nil (2011 - $2,019) was payable to a company controlled by a director of the Company and $Nil (2011- $2,707) was due to a director of the Company. These amounts represent expense reimbursements to related parties and are unsecured, non-interest bearing and payable on demand.

During the year ended March 31, 2012, the Company entered into the following transactions with related parties:

- Paid or accrued rent of $12,300 (2011 - $Nil) to a company controlled by a director.
- Issued 250,000 (2011 – Nil) stock options to directors and officers with a fair value of $18,656 (2011 - $Nil).

**Subsequent Events**

Subsequent to March 31, 2012:

a) The Company completed a non-brokered private placement of 1,417,500 units at $0.20 per unit for gross proceeds of $283,500. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant will entitle the holder thereof to purchase one additional share of the Company at a price of $0.30 per share for a period of up to twelve months from the closing date of the private placement. The Company paid finder's fees of $17,350.

b) The Exchange accepted for filing the Company's Qualifying Transaction and related transactions as principally described in the Company's Filing Statement dated May 29, 2012. As a result, effective June 12, 2012, the Company is no longer considered a CPC. The Qualifying Transaction includes an option agreement to acquire up to an 85% interest in the Porcupine Property.

c) The Company granted 100,000 stock options exercisable at a price of $0.20 per common share for a period of five years.

d) The Company issued 150,000 common shares pursuant to a property option agreement on the Porcupine Property, with a fair value of $15,000.

**Financial Instruments**

The Company's main financial risk exposures and its risk management policies are as follows:

*Credit Risk*

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk.

*Interest Rate Risk*

The Company has cash balances and no interest-bearing debt. As of March 31, 2012, the Company held an interest bearing GIC term deposit with a variable rate of 1.05% (1.95 below prime), 364 day term maturing August 3, 2012 and cashable at any time.

*Liquidity Risk*

Liquidity risk is the risk that the Company will not be able to meet the obligations associated with its financial liabilities. All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal period. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due.

*Fair Value*

The recorded value of the Company's financial assets and liabilities approximate their fair values due to their demand nature and their short term maturity.

*Capital Risk Management*

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through a suitable debt and equity balance appropriate for an entity of the Company's size and status. The capital structure of the Company consists of equity attributable to common shareholders, comprised of issued capital and deficit.

*Use of Estimates*

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of expenses during the period. Significant areas requiring the use of management estimates relate to the determination of environment obligations and impairment of exploration and evaluation assets and deferred costs and inputs used in accounting for share-based compensation. Actual results may differ from these estimates. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

*Risk and Uncertainties*

The Company's Operations and results are subject to a number of different risks at any given time. These factors , include but are not limited to disclosure regarding exploration , additional financing, project delay, titles to properties, price fluctuations and share price volatility, operating hazards , insurable risk and limitations of insurance, management , foreign country and regulatory requirements, currency fluctuations and environmental regulation risk.

(a) the state of the capital markets, which will affect the ability of the Company to finance mineral property acquisitions and expand its contemplated exploration programs;
(b) the prevailing market prices for base metals and precious metals;
(c) the consolidation and potential abandonment of the Company's property as exploration results provide further information relating to the underlying value of the property;
(d) the ability of the Company to identify and successfully acquire additional mineral properties in which the Company may acquire an interest whether by option, joint venture or otherwise, in addition to or as an alternative to the property;

## OTHER RISK FACTORS

*ADDITIONAL FINANCING*

The Company has limited financial resources and provides no assurance that it will obtain additional funding for future acquisitions and development of projects or to fulfill its obligations under applicable agreements. The Company provides no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the Company's Properties with the possible dilution or loss of such interests. Further, revenues, financings and profits, if any, will depend upon various factors, including the success, if any, of exploration programs and general market conditions for natural resources. The Company provides no assurance that it can operate profitably or that it will successfully implement its plans for its further exploration and development of its Properties.

*Permits and Licenses*

The Company will require licenses and permits from various governmental and non-governmental authorities for its operations. The Company has obtained, or plans to obtain all necessary licenses and permits required carrying on the activities it is currently conducting or which it proposes to conduct under applicable laws and regulations. However, such licenses and permits are subject to change in regulations and in various operating circumstances. The Company provides no assurance that it will obtain all necessary licenses and permits required to carry out exploration, development and mining operations.

*Political Regulatory Risks*

Any changes in government policy may result in changes to laws affecting ownership of assets, mining policies, monetary policies, taxation, rates of exchange, environmental regulations, labour relations, repatriation of income and return of capital. This may affect both the Company's ability to undertake exploration and development activities in respect of the Principal Properties in the manner currently contemplated, as well as its ability to continue to explore, develop and operate the Principal Properties. The possibility that future governments may adopt substantially different policies, which might extend to expropriation of assets, cannot be ruled out.

*Currency Risk*

Currency fluctuations may affect the cash flow which the Company may realize from its operations, since most mineral commodities are sold in a world market in United States dollars. The Company's costs are incurred primarily in Canadian dollars.

*Dependence on Key Individuals*

The Company is dependent on a relatively small number of key personnel, the loss of any one of whom could have an adverse effect on the Company. In addition, the Company will be highly dependent upon contractors and third parties in the performance of its exploration and development activities. The Company provides no guarantee that such contractors and third parties will be available to carry out such activities on behalf of the Company or be available upon commercially acceptable terms.

*Competitive Factors in the Precious and Base Metals Markets*

Most mineral resources including precious and base metals are essentially commodities markets in which we would expect to be a small producer with an insignificant impact upon world production. As a result, production, if any, would be readily sold and would likely have no impact on world market prices. In recent months due to the significant downturn in the world economies has driven the commodities prices much lower which has made raising capital more difficult more competitive than past years.

Overall the upward trend in the price of gold ( approximately US$1200 an ounce) in the last year with a more consistent price above US$1200 in 2011 has been a benefit to Gold exploration companies. As these higher gold prices and the difference between the Canadian dollar and US dollar spread will help the Company in raising capital. Base metal prices have been improving in the past few months will help the company as it also has some historic base metal mines.

**Internal Control over Financial Reporting**

The Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") of the Company, together with the Company's management, are responsible for the information disclosed in this MD&A and in the Company's other external disclosure documents. For the year ended March 31, 2012, the CEO and the CFO have designed, or caused to be designed under their supervision, the Company's disclosure controls and procedures ("DCP") to provide reasonable assurance that material information relating to the Company and its consolidated subsidiaries has been disclosed in accordance with regulatory requirements and good business practices and that the Company's DCP will enable the Company to meet its ongoing disclosure requirements. The CEO and CFO have evaluated the effectiveness of the Company's disclosure controls and procedures and have concluded that the design and operation of the Company's DCP were effective as of March 31, 2012 and that the Company has the appropriate DCP to ensure that information used internally by management and disclosed externally is, in all material respects, complete and reliable.

The CEO and the CFO are also responsible for the design of the internal controls over financial reporting ("ICFR") within the Company in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards ("IFRS").

During the design and evaluation of the Company's ICFR, management identified certain nonmaterial deficiencies, a number of which have been addressed or are in the process of being addressed in order to enhance the Company's processes and controls. The Company

employs entity level and compensating controls to mitigate any deficiencies that may exist in its process controls. Management intends to continue to further enhance the Company's ICFR.

The Company's management, including its CEO and CFO, believe that any DCP and ICFR, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override to the future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected. There have been no changes in the Company's ICFR during the year ended March 31, 2012 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

**Critical Accounting Estimates**

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**Critical accounting estimates and assumptions**

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

**Changes in accounting policies**

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective. The Company does not expect the impact of such changes on the financial statements to be material.

*IFRS 9 Financial Instruments*

In November 2009, the IASB published IFRS 9, "Financial Instruments", which covers the classification and measurement of financial assets as part of its project to replace IAS 39, "Financial Instruments: Recognition and Measurement." In October 2010, the requirements for classifying and measuring financial liabilities were added to IFRS 9. Under this guidance, entities have the option to recognize financial liabilities at fair value through earnings. If this option is elected, entities would be required to reverse the portion of the fair value change due to their own credit risk out of earnings and recognize the change in other comprehensive income. IFRS 9 is effective on January 1, 2015. Early adoption is permitted and the standard is required to be applied retrospectively.

*IFRS 10 Consolidated Financial Statements*

IFRS 10, "Consolidated Financial Statements", requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12, "Consolidation - Special Purpose Entities", and parts of IAS 27, "Consolidated and Separate Financial Statements". The standard is effective for annual periods beginning on or after January 1, 2013. Entities early adopting this standard must also adopt the other standards included in the 'suite of five' standards on consolidation, joint arrangements and disclosures: IFRS 11, "Joint Arrangements", IFRS 12, "Disclosure of Interests in Other Entities", IAS 27 (2011), "Separate Financial Statements" and IAS 28 (2011), "Investments in Associates and Joint Ventures".

*IFRS 11 Joint Arrangements*

IFRS 11, "Joint Arrangements", requires a venturer to classify its interest in a joint arrangement as a joint venture or a joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation, the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, "Interests in Joint Ventures", and SIC-13, "Jointly Controlled Entities - Non-monetary Contributions by Venturers". The standard is effective for annual periods beginning on or after January 1, 2013. Entities early adopting this standard must also adopt the other standards included in the 'suite of five' standards on consolidation, joint arrangements and disclosures: IFRS 10, "Consolidated Financial Statements", IFRS 12, "Disclosure of Interests in Other Entities", IAS 27 (2011), "Separate Financial Statements" and IAS 28 (2011), "Investments in Associates and Joint Ventures".

*IFRS 12 Disclosure of Interests in Other Entities*

IFRS 12, "Disclosure of Interests in Other Entities", establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities. The standard is effective for annual periods beginning on or after January 1, 2013. Entities early adopting this standard must also adopt the other standards included in the 'suite of five' standards on consolidation, joint arrangements and disclosures: IFRS 10, "Consolidated Financial Statements", IFRS 11, "Joint Arrangements", IAS 27 (2011), "Separate Financial Statements" and IAS 28 (2011), "Investments in Associates and Joint Ventures".

*IFRS 13 Fair Value Measurement*

IFRS 13, "Fair Value Measurement", is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

*IAS 1 Presentation of Financial Statements*

In June 2011, the IASB issued amendments to IAS 1, "Presentation of Financial Statements" to: (a) require companies to group together items within other comprehensive income ("OCI") that may be reclassified to the statement of loss; and (b) require tax associated with items presented before tax to be shown separately for each of the two groups of OCI items (without changing the option to present items of OCI either before tax or net of tax). The amendments also reaffirm existing requirements that items in OCI and income or loss should be presented as either a single statement or two separate statements. The amended standard is effective for annual periods beginning on or after July 1, 2012.

*IAS 19 Employee Benefits (Amended in 2011)*

IAS 19 (2011), "Employee Benefits", amends IAS 19, "Employee Benefits" with revised requirements for pensions and other postretirement benefits, termination benefits and other changes. The key amendments include:

- Requiring the recognition of changes in the net defined benefit liability (asset) including immediate recognition of defined benefit cost, disaggregation of defined benefit cost into components, recognition of remeasurements in other comprehensive income, plan amendments, curtailments and settlements (eliminating the 'corridor approach' permitted by the existing IAS 19);
- Introducing enhanced disclosures about defined benefit plans;
- Modifying accounting for termination benefits, including distinguishing benefits provided in exchange for service and benefits provided in exchange for the termination of employment and affect the recognition and measurement of termination benefits;
- Clarifying various miscellaneous issues, including the classification of employee benefits, current estimates of mortality rates, tax and administration costs and risk-sharing and conditional indexation features; and
- Incorporating other matters submitted to the IFRS Interpretations Committee.

The amended standard is effective for annual periods beginning on or after January 1, 2013.

The Company expects no impact from the adoption of the amendments on its financial position or performance.

**Critical judgements in applying the Group's accounting policies**

The following is the critical judgement, apart from those involving estimations that management have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

**Exploration and evaluation assets**

When there are events or changes in the circumstances which indicate the carrying amount of the exploration and evaluation assets may not be recoverable, the Group will take into consideration of the recoverable amounts of the relevant cash generating unit ("CGU"). After taking into account the current economic environment, the management reviews the developing projects and exploration plans and confirms that there is no indicator for impairment on the exploration and evaluation assets of the Group at the reporting dates.

**Cautionary Statement on Forward-Looking Information**

This MD&A, which contains certain forward-looking statements, are intended to provide readers with a reasonable basis for assessing the financial performance of the Company. All statements, other than statements of historical fact, are forward-looking statements. The words "believe", "expect", "anticipate", "contemplate", "target", "plan", "intends", "continue", "budget", "estimate", "may", "will", "schedule" and similar expressions identify forward looking statements. Forwardlooking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant business, economic and competitive uncertainties and contingencies.

Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to, fluctuations in the currency markets such as Canadian dollar, fluctuations in the prices of commodities, changes in government legislation, taxation, controls, regulations and political or economic developments in Canada, the United States, or other countries in which the Company carries or may carry on business in the future, risks associated with mining or development activities, the speculative nature of exploration and development, including the risk of obtaining necessary licenses and permits, and quantities or grades of reserves. Many of these uncertainties and contingencies can affect the Company's actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Company.

Readers are cautioned that forward-looking statements are not guarantees of future performance. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those acknowledged in such statements. Specific reference is made to the Company's most recent Annual Information Form on file with Canadian provincial securities regulatory authorities for a discussion of some of the factors underlying forward-looking statements. The Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except to the extent required by applicable laws.

# EXPLOREX RESOURCES INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS
## OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

## FOR THE NINE MONTH ENDED DECEMBER 31, 2014

The following Management's Discussion and Analysis ("MD&A") is intended to assist the reader to assess material changes in financial condition and results of operations of Explorex Resources In. (" Explorex" or "the Company") as at December 31, 2014 and for the nine month period then ended in comparison to the same period in 2013.

This MD&A should be read in conjunction with the financial statements for the year ended March 31, 2014 and supporting notes. These financial statements have been prepared using accounting policies consistent with IFRS and in accordance with International Accounting Standard 34 ("IAS 34") – Interim Financial Reporting.

All monetary amounts are in Canadian dollars unless otherwise specified. The effective date of this MD&A is January 30, 2015.

Additional information regarding the Company is available on SEDAR at www.sedar.com

**Description of Business**

Explorex Resources Inc. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on January 6, 2011 and is currently engaged in acquiring, exploring and developing mineral properties, principally located in Eastern Canada. Effective June 11, 2012, the Company changed its name from Explorex Capital Ltd to Explorex Resources Inc.

The Company is a reporting issuer in British Columbia, Alberta and Yukon and its shares are listed on the TSX Venture Exchange under the symbol EX.V.

**Overall Performance**

The level of the Company's future operations will be determined by the availability of capital resources, which will be derived from the issuance of special warrants and future financings.

The Company has incurred recurring losses since its inception, and had an accumulated deficit of $893,828 as at December 31, 2014 which has been funded primarily by the issuance of shares. The Company has no source of operating cash flows and expects to incur further losses in the exploration and development of its mineral properties. The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon obtaining additional financing or maintaining continued support from its shareholders and creditors, and generating profitable operations in the future.

During the period ended December 31, 2014:

- the Company consolidated the issued share capital on the basis of two (2) old common shares for one (1) new common share ("the Consolidation"). Outstanding stock option, agent's options and warrants were adjusted by the Consolidation ratio. All common shares and per common share amounts in these financial statements have been retroactively restated to reflect the share consolidation.

- the Company completed a non-brokered private placement of 2,100,000 units at $0.055 per unit for gross proceeds of $115,500. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant will entitle the holder thereof to purchase one additional share of the Company at a price of $0.075 per share for the period up to five years form the closing date of the private placement.

- the Company has granted options to purchase 300,000 shares to contain officers, consultants and directors of the company. The options shall be exercisable at a price of $0.10 per share and shall have a term of two years.

## Mineral Property

*Arlington Property, British Columbia*

On January 19, 2015, the Company acquired 100% interest by staking, the Arlington property located in the historic Beaverder silver camp, 40 kilometres southeast of Kelowna and 14 km due north of the historic Beaverdell mining camp located along B.C. Provincial Highway 33 in south-central British Columbia.

The Arlington property covers 586.46 hectares, is road accessible and is centred on Hall Creek at the south end of Arlington Lakes, and covers 10 mineral showings listed in the BCMEM (British Columbia Ministry of Energy and Mines) Minfile. The bulk of the historical work on the claims dates back to the early part of the century while the Beaverdell Mt. Wallace mining camp was developing and during the construction of the Kettle Valley Railway. Evidence of this early exploration activity is noted by the presence of numerous overgrown adits, shafts, trenches and pits scattered throughout the property. The Minfile showings are dominantly quartz vein shear-hosted to disseminated copper occurrences centred on shear structures within Middle Jurassic-aged quartz diorite to granodiorite and a bounding chlorite hornblende schist unit of the Carboniferous- to Permian-aged Anarchist group. The Arlington showing located in the central portion of the property hosts polymetallic vein-style mineralization located at the contact between Middle Jurassic-aged quartz diorite and chlorite hornblende schist of the Anarchist group. A 1973 channel sample of strongly silicified and epidotized chlorite hornblende schist returned 63.0 grams per tonne silver and 0.92 per cent copper over 0.6 metre, while a grab sample from the showing in 1987 returned up to 1.61 per cent copper, 0.08 per cent lead, 0.02 per cent zinc and 85.3 g/t Ag.

The geological setting of the Arlington property is similar to that of the Beaverdell mining camp, where mineralization is hosted by propylitic-altered granodiorite, quartz diorite and quartz monzonite of the Middle Jurassic Westkettle batholith and to some extent by the Wallace formation, which is correlative with the upper sections of the Anarchist group. High silver values characterize the structurally controlled quartz-vein-hosted mineralization along with galena, sphalerite, pyrite and chalcopyrite. The Beaverdell silver mine is one of the oldest operating mines in Canada with near-continuous production between 1913 and 1991. Over this period, 1.3 million tonnes of ore was mined, producing nearly 34.6 million ounces of silver along with lead, zinc, cadmium, copper and gold.

The Arlington property is considered underexplored with potential for hosting polymetallic silver, lead, zinc plus/minus copper and gold mineralization.

## Results of Operations

| ***Nine Month Period Ending December 31,*** | 2014<br>$ | 2013<br>$ |
|---|---|---|
| Financial results: | | |
| Net loss for the period | (132,433) | (125,298) |
| Basic and diluted gain per share | (0.02) | (0.01) |
| Balance sheet date | | |
| Cash and cash equivalent | 28,504 | 85,276 |
| Total assets | 42,364 | 102,453 |
| Shareholders' equity | 30,047 | 102,453 |

For the period ended December 31, 2014, the Company reported a loss of $132,433 (2013 - $125,298). The Company's loss per share was $0.02 (2013 - $0.01). The increase in expenses is due to a non-cash compensation cost mainly due to the grant of stock options.

### *Three Month Period Ending December 31, 2014*

During the three months period ended December 31, 2014, the Company reported a loss of $48,966 (2013-$43,105). The Company's loss per share was $0.01 (2013-$0.00). The loss for the period ended October 31, 2014 was mainly due to the following:

- Management fees of $18,000 (2013-Nil) were accrued or paid to a director of the company, in consideration of management services provided by such director, including day to day administration for the Company, and overseeing regulatory filings and requirements

- Professional fees of $2,730 (2013-$6,810) were incurred in relation to legal, audit and accounting services.

- Transfer agent and filing fees of $968 (2013-$550) mostly associated with the transfer agent fees of the Company.

- The Company recorded a non-cash compensation cost of $15,983 (2013-$Nil) mainly due to the grant of 300,000 stock options.

## Summary of Quarterly Reports

Results for the most recent quarters ending with the last quarter for the period ended December 31, 2014**:**

| | Three Months Ended | | | |
|---|---|---|---|---|
| | December 31, 2014 $ | September 30, 2014 $ | June 30, 2014 $ | March 31, 2014 $ |
| Interest income | Nil | Nil | Nil | Nil |
| Net loss | (48,966) | (42,297) | (41,170) | (65,864) |
| Basic and diluted per shares | (0.00) | (0.00) | (0.00) | (0.00) |

| | Three Months Ended | | | |
|---|---|---|---|---|
| | December 31, 2013 $ | September 30, 2013 $ | June 30, 2013 $ | March 31, 2013 $ |
| Interest income | Nil | Nil | Nil | Nil |
| Net loss | (43,105) | (43,361) | (38,832) | (323,913) |
| Basic and diluted per shares | (0.00) | (0.00) | (0.00) | (0.00) |

Over the last eight quarters, expenditures have been consistent reflecting operational activities. The Company's expenses are comprised mainly of management, consulting, general office, stock exchange and transfer fees and professional fees. Expenses have remained low as a result of management of corporate and operational activity.

Mineral exploration is typically a seasonal business, and accordingly, the Company's operating expenses and cash requirements will fluctuate depending upon the season and the level of activity. The Company's primary source of funding is through the issuance of share capital. When the capital markets are depressed, the Company's activity level normally declines accordingly. As capital markets strengthen and the Company is able to secure equity financing with favorable terms, the Company's activity levels and the size and scope of planned exploration projects will typically increase.

## Related Party Transactions

During the quarter ended December 31, 2014, the Company entered into the following transactions with related parties:

- Paid or accrued rent of $14,400 (2013 - $14,400) and management fees of $54,000 (2013 - $54,000) to a company controlled by a director of the Company.

- Paid or accrued management fees of $7,053 ($2,690) to the Company's corporate secretary.

- Paid or accrued professional fees of $12,000 (2013 - $4,500) to the former Chief Financial Officer of the Company.

- During the period ended December 31, 2014, the Company issued 300,000 stock options to the officers and directors of the Company. Upon the issuance, $15,983 in share-based compensation expense was recorded.

*Commitments – Consulting agreements*

On August 1, 2012 and amended on July 11, 2013, the Company has entered into a consulting agreement with a director of the Company for the provision of consulting services at a current cost of $72,000 per annum. The agreement is for a term of five years. Should the Company be subject to a change in control and the consultant terminated without cause, the Company must pay an amount equal to twenty-six months of fees and an additional two months of fees for each additional full year of management completed after the first year of engagement, up to a combined maximum of forty-eight months of management fees.

## Liquidity and Capital Resources

| | December 31, 2014 $ | March 31, 2014 $ |
|---|---|---|
| Working capital | 30,047 | 30,997 |
| Deficit | 893,118 | 760,685 |
| | | |
| Cash | 28,504 | 57,253 |
| Current assets | 42,364 | 78,700 |
| Current liabilities | 12,317 | 47,703 |
| Shareholder Equity | 30,047 | 30,997 |

The Company does not have any commitments for material capital expenditures and none are presently contemplated other than as disclosed above normal operating requirements. The Company is dependent on the sale of common shares to finance its exploration activities, property acquisition payments and general and administrative costs. There can be no assurance that financing, whether debt or equity, will always be available to the Company in the amount required at any particular time or for any particular period or, if available, that it can be obtained on terms satisfactory to the Company.

During the period ended, the Company completed a non-brokered public placements for total proceeds of $115,500.

## Off Balance Sheet Agreements

The Company has not entered into any material off-balance sheet arrangements such as guarantee contracts, contingent interests in assets transferred to unconsolidated entities, derivative instrument obligations, or with respect to any obligations under a variable interest entity arrangement.

## Critical Accounting Policies and Estimates

The details of Explorex's accounting policies are presented in Note 3 of the financial statements ended December 31, 2014. These policies are considered by management to be essential to understanding the processes and reasoning that go into the preparation of the Company's financial statements and the uncertainties that could have a bearing on its financial results.

## Accounting Standards, Interpretations and Amendments Adopted

As of April 1, 2013, the Company adopted the new and amended IFRS pronouncements in accordance with transitional provisions outlined in the respective standards. The Company has adopted the following new and amended standard without any significant effect on its financial statements. The nature and impact of the new standard is described below:

*IFRS 13 Fair Value Measurement*

IFRS 13 is a comprehensive standard for all fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes additional disclosures regarding fair value measurements. IFRS 13 had no impact on the Company's financial statements.

## Accounting Standards Issued But Not Yet Effective

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements.

*IFRS 9 – Financial Instruments ("IFRS 9")*

In November 2009, the IASB issued IFRS 9 Financial Instruments as the first step in its 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 an entity's business model and the contractual cash flow of the financial asset. Classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument.

IFRS 9 amends some of the requirements of IFRS 7 Financial Instruments: Disclosures, including added disclosures about investments in equity instruments measured at fair value in other comprehensive income, and guidance on financial liabilities and derecognition of financial instruments. The amended standard is effective for annual periods beginning on or after January 1, 2018.

*IAS 32 – Financial Instruments: Presentation ("IAS 32")*

The IASB amended IAS 32, "Financial Instruments: Presentation" to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas:

- the meaning of 'currently has a legally enforceable right of set-off';
- the application of simultaneous realization and settlement;
- the offsetting of collateral amounts; and
- the unit of account for applying the offsetting requirements.

The amended standard is effective for annual periods beginning on or after January 1, 2014.

*IAS 36 – Impairment of Assets ("IAS 36")*

The amendments to IAS 36 restrict the requirement to disclose the recoverable amount of an asset or CGU to periods in which an impairment loss has been recognized or reversed. The amendments also expand and clarify the disclosure requirements applicable when an asset or CGU's recoverable amount has been determined on the basis of fair value less cost of disposal. The amended standard is effective for annual periods beginning on or after January 1, 2014 and should be applied retrospectively.

## Capital Management

Capital is comprised of the Company's shareholders' equity. As at December 31, 2014, the Company's shareholders' equity was $30,047. The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels.

The Company is dependent on the capital markets as its sole source of operating capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects. The Company is not subject to any externally imposed capital requirements. There has been no change in the Company's approach to capital management during the quarter ended December 31, 2014.

## Management Financial Risks

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;
Level 3 – Inputs that are not based on observable market data.

The fair value of cash is based on level 1 inputs of the fair value hierarchy.

The fair value of the Company's receivables, accounts payable and accrued liabilities approximates their carrying values due to the short-term nature.

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 believes it has no significant credit risk.

*Liquidity risk*

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2014, the Company had a cash balance of $28,504 to settle current liabilities of $12,317.

*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 commodity and equity prices.

(a) Interest rate risk

The Company has cash balances and no interest-bearing debt. As of March 31, 2014, the Company held an interest bearing GIC term deposit with a variable interest rate. The interest rate risk on cash is not considered significant.

(b) Foreign currency risk

The Company does not have assets or liabilities in a foreign currency.

(c) Price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, and the stock market to determine the appropriate course of action to be taken by the Company.

**Risk and Uncertainties**

The Company's Operations and results are subject to a number of different risks at any given time. These factors , include but are not limited to disclosure regarding exploration , additional financing, project delay, titles to properties, price fluctuations and share price volatility, operating hazards , insurable risk and limitations of insurance, management , foreign country and regulatory requirements, currency fluctuations and environmental regulation risk.

a) the state of the capital markets, which will affect the ability of the Company to finance mineral property acquisitions and expand its contemplated exploration programs;

b) the prevailing market prices for base metals and precious metals;

c) the consolidation and potential abandonment of the Company's property as exploration results provide further information relating to the underlying value of the property;

d) the ability of the Company to identify and successfully acquire additional mineral properties in which the Company may acquire an interest whether by option, joint venture or otherwise, in addition to or as an alternative to the property;

## Other Risk Factors

*Additional Financing*

The Company has limited financial resources and provides no assurance that it will obtain additional funding for future acquisitions and development of projects or to fulfill its obligations under applicable agreements. The Company provides no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the Company's Properties with the possible dilution or loss of such interests. Further, revenues, financings and profits, if any, will depend upon various factors, including the success, if any, of exploration programs and general market conditions for natural resources. The Company provides no assurance that it can operate profitably or that it will successfully implement its plans for its further exploration and development of its Properties.

*Permits and Licenses*

The Company will require licenses and permits from various governmental and non-governmental authorities for its operations. The Company has obtained, or plans to obtain all necessary licenses and permits required carrying on the activities it is currently conducting or which it proposes to conduct under applicable laws and regulations. However, such licenses and permits are subject to change in regulations and in various operating circumstances. The Company provides no assurance that it will obtain all necessary licenses and permits required to carry out exploration, development and mining operations.

*Political Regulatory Risks*

Any changes in government policy may result in changes to laws affecting ownership of assets, mining policies, monetary policies, taxation, rates of exchange, environmental regulations, and labour relations, repatriation of income and return of capital. This may affect both the Company's ability to undertake exploration and development activities in respect of the Principal Properties in the manner currently contemplated, as well as its ability to continue to explore, develop and operate the Principal Properties. The possibility that future governments may adopt substantially different policies, which might extend to expropriation of assets, cannot be ruled out.

*Currency Risk*

Currency fluctuations may affect the cash flow which the Company may realize from its operations, since most mineral commodities are sold in a world market in United States dollars. The Company's costs are incurred primarily in Canadian dollars.

*Dependence on Key Individuals*

The Company is dependent on a relatively small number of key personnel, the loss of any one of whom could have an adverse effect on the Company. In addition, the Company will be highly dependent upon contractors and third parties in the performance of its exploration and development activities. The Company provides no guarantee that such contractors and third parties will be available to carry out such activities on behalf of the Company or be available upon commercially acceptable terms.

*Competitive Factors in the Precious and Base Metals Markets*

Most mineral resources including precious and base metals are essentially commodities markets in which we would expect to be a small producer with an insignificant impact upon world production. As a result, production, if any, would be readily sold and would likely have no impact on world market prices. In recent months due to the significant downturn in the world economies has driven the commodities prices much lower which has made raising capital more difficult more competitive than past years.

Overall the upward trend in the price of gold (approximately US$1200 an ounce) in the last year with a more consistent price above US$1200 in 2012 has been a benefit to Gold exploration companies. As these higher gold prices and the difference between the Canadian dollar and US dollar spread will help the Company in raising capital. Base metal prices have been improving in the past few months will help the company as it also has some historic base metal mines.

## Forward-Looking Information

This MD&A, which contains certain forward-looking statements, are intended to provide readers with a reasonable basis for assessing the financial performance of the Company. All statements, other than statements of historical fact, are forward-looking statements. The words “believe”, “expect”, “anticipate”, “contemplate”, “target”, “plan”, “intends”, “continue”, “budget”, “estimate”, “may”, “will”, “schedule” and similar expressions identify forward looking statements. Forwardlooking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant business, economic and competitive uncertainties and contingencies.

Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to, fluctuations in the currency markets such as Canadian dollar, fluctuations in the prices of commodities, changes in government legislation, taxation, controls, regulations and political or economic developments in Canada, the United States, or other countries in which the Company carries or may carry on business in the future, risks associated with mining or development activities, the speculative nature of exploration and development, including the risk of obtaining necessary licenses and permits, and quantities or grades of reserves. Many of these uncertainties and contingencies can affect the Company’s actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Company.

Readers are cautioned that forward-looking statements are not guarantees of future performance. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those acknowledged in such statements. Specific reference is made to the Company's most recent Annual Information Form on file with Canadian provincial securities regulatory authorities for a discussion of some of the factors underlying forward-looking statements. The Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except to the extent required by applicable laws.

## Internal Control Over Financial Reporting

The Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") of the Company, together with the Company's management, are responsible for the information disclosed in this MD&A and in the Company's other external disclosure documents. For the year ended March 31, 2014, the CEO and the CFO have designed, or caused to be designed under their supervision, the Company's disclosure controls and procedures ("DCP") to provide reasonable assurance that material information relating to the Company and its consolidated subsidiaries has been disclosed in accordance with regulatory requirements and good business practices and that the Company's DCP will enable the Company to meet its ongoing disclosure requirements. The CEO and CFO have evaluated the effectiveness of the Company's disclosure controls and procedures and have concluded that the design and operation of the Company's DCP were effective as of March 31, 2014 and that the Company has the appropriate DCP to ensure that information used internally by management and disclosed externally is, in all material respects, complete and reliable.

The CEO and the CFO are also responsible for the design of the internal controls over financial reporting ("ICFR") within the Company in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards ("IFRS").

During the design and evaluation of the Company's ICFR, management identified certain nonmaterial deficiencies, a number of which have been addressed or are in the process of being addressed in order to enhance the Company's processes and controls. The Company employs entity level and compensating controls to mitigate any deficiencies that may exist in its process controls. Management intends to continue to further enhance the Company's ICFR.

The Company's management, including its CEO and CFO, believe that any DCP and ICFR, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override to the future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected. There have been no changes in the Company's ICFR during the period ended December 31, 2014 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

## Subsequent Event

Subsequent to the quarter, the Company arranged a non-brokered private placement of up to two million shares at a price of $0.11 cents per share for proceeds of up to $220,000.

## Outstanding Shares

| | Number | Exercise Price | Expiry Date |
|---|---|---|---|
| Common Shares | 6,699,928 | n/a | n/a |
| Stock Options | 300,000 | $0.10 | July 17, 2016 |
| Stock Options | 125,000 | $0.20 | August 8, 2016 |
| Stock Options | 25,000 | $0.40 | June 17, 2017 |
| Warrants | 2,100,000 | $0.075 | July 25, 2019 |

## Other Requirements

Additional disclosure of the Company's technical reports, material change reports, news release and other information can be obtained on SEDAR at www.sedar.com.