METALEX VENTURES LTD.

CONSOLIDATED FINANCIAL STATEMENTS

Expressed in Canadian dollars

APRIL 30, 2014

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Metalex Ventures Ltd.

We have audited the accompanying consolidated financial statements of Metalex Ventures Ltd., which comprise the consolidated statements of financial position as at April 30, 2014 and 2013 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained in our 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 consolidated financial statements present fairly, in all material respects, the financial position of Metalex Ventures Ltd. as at April 30, 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 consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about the ability of Metalex Ventures Ltd. to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Accountants

August 22, 2014

METALEX VENTURES LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

			April 30, 2014		April 30, 2013
ASSETS					
Current assets					
Cash		$	3,385,044	$	3,693,555
Receivables	4		276,489		99,734
Prepaid expenses			40,658		197,558
Equipment held for disposal			-		3,340,000
			3,702,191		7,330,847
Non-current assets					
Reclamation deposit			1,078,015		1,066,200
Exploration and evaluation assets	5		344,862		344,862
Equipment	7		26,533		90,469
Total Assets		$	5,151,601	$	8,832,378
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	8	$	3,217,301	$	2,141,527
Provision for indemnity	9		1,294,000		1,170,000
			4,511,301		3,311,527
SHAREHOLDERS' EQUITY					
Share capital	11		88,079,278		85,996,162
Reserves	11		10,423,784		10,527,813
Convertible advance	11(f)		1,660,000		5,000,000
Deficit			(99,522,762)		(96,003,124)
			640,300		5,520,851
Total Liabilities and Shareholders' Equity		$	5,151,601	$	8,832,378

Nature and continuance of operations (Note 1)
Commitments (Note 9)

Approved by the Board of Directors:

"Chad Ulansky"
Chad Ulansky

"Lorie Waisberg"
Lorie Waisberg

See accompanying notes to consolidated financial statements.

METALEX VENTURES LTD
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Note	Years Ended April 30, 2014	2013
EXPENSES			
Depreciation	7	$ 63,936	$ 64,814
Consulting fees		8,000	28,000
Exploration expenditures	6	3,552,984	7,673,015
Indemnity and Part XII.6 tax on flow-through		-	1,610,000
Indemnity interest expense		124,000	-
Management fees (recovered)	11(e)	(406,042)	60,000
Office and administrative		196,584	163,166
Professional fees		112,979	75,623
Property investigation		-	6,983
Share-based compensation	11(d)	334,549	2,269
Transfer agent and filing fees		35,069	36,967
Travel and promotion		14,672	18,775
Loss before other items		(4,036,731)	(9,739,612)
OTHER ITEMS			
Interest income		57,353	130,734
Other income	11(b)	-	677,585
Foreign exchange gain		21,162	8,767
		78,515	817,086
Loss and comprehensive loss for the year		$ (3,958,216)	$ (8,922,526)
Basic and diluted loss per share		$ (0.05)	$ (0.13)
Weighted average number of shares outstanding		78,793,455	66,463,562

See accompanying notes to consolidated financial statements.

METALEX VENTURES LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)

	Note	Number of Common Shares	Share Capital	Reserves	Convertible Advance	Deficit	Total
Balance at April 30, 2012		66,463,562	$84,950,427	$11,579,389	$5,000,000	$ (87,088,708)	$14,441,108
Reserves transferred on expired options		-	1,045,735	(1,053,845)	-	8,110	-
Share-based compensation	11(d)	-	-	2,269	-	-	2,269
Loss for the period		-	-	-	-	(8,922,526)	(8,922,526)
Balance at April 30, 2013		66,463,562	$85,996,162	$10,527,813	$5,000,000	$ (96,003,124)	$5,520,851
Share issuance	11(b)	25,866,937	2,100,034	-	-	-	2,100,034
Share issuance costs	11(b)	-	(16,918)	-	-	-	(16,918)
Convertible advance	11(f)	-	-	-	(3,340,000)	-	(3,340,000)
Reserves transferred on expired and cancelled options		-	-	(438,578)	-	438,578	-
Share-based compensation	11(d)			334,549			334,549
Loss for the period		-	-	-	-	(3,958,216)	(3,958,216)
Balance at April 30, 2014		92,330,499	$88,079,278	$10,423,784	$1,660,000	$ (99,522,762)	$640,300

See accompanying notes to consolidated financial statements.

METALEX VENTURES LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Years ended April 30, 2014	2013
OPERATING ACTIVITIES		
Loss for the year	$ (3,958,216)	$ (8,922,526)
Items not affecting cash:		
Depreciation	63,936	64,814
Interest accrued on reclamation deposit	(11,815)	-
Interest accrued on indemnity provision	124,000	-
Share-based compensation	334,549	2,269
Recovery of management fees	(406,042)	-
Other income – flow-through premium	-	(677,585)
	(3,853,588)	(9,533,028)
Net changes in non-cash working capital items:		
(Increase) decrease in receivables	(176,755)	111,563
(Decrease) increase in prepaid expenses	156,900	(38,792)
Increase in accounts payable and accrued liabilities	1,481,816	2,052,521
Net cash used for operating activities	(2,391,627)	(7,407,736)
INVESTING ACTIVITIES		
Acquisition of equipment for disposal	-	(3,340,000)
Reclamation deposit	-	(1,066,200)
Net cash used for investing activities	-	(4,406,200)
FINANCING ACTIVITIES		
Issuance of share capital	2,100,034	-
Issuance cost	(16,918)	-
Net cash provided by financing activities	2,083,116	-
Net decrease in cash	(308,511)	(11,813,936)
Cash, beginning of year	3,693,555	15,507,491
Cash, end of year	$ 3,385,044	$ 3,693,555
Cash paid for interest during the year	$ -	$ -
Cash paid for taxes during the year	$ -	$ -

Supplemental disclosure with respect to cash flows (Note 16)

See accompanying notes to consolidated financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

Metalex Ventures Ltd. (the "Company") is incorporated under the Business Corporations Act, British Columbia and is considered to be in the exploration stage with respect to its mineral properties. To date, the Company has not generated significant revenues from operations and has not yet determined whether its mineral properties contain ore reserves that are economically recoverable. The Company's common shares are listed on the TSX Venture Exchange under the trading symbol "MTX".

The Company's head office and location of books and records is 203-1634 Harvey Avenue, Kelowna, British Columbia, Canada, V1Y 6G2.

The recoverability of the amounts comprised in mineral properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

These consolidated financial statements have been prepared by management on a going concern basis 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. Continued operations of the Company are dependent on its ability to develop its mineral properties, receive continued financial support, complete equity financings, or generate profitable operations in the future. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

2. BASIS OF PRESENTATION

Statement of Compliance

These consolidated financial statements (the "Financial Statements"), including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

These Financial Statements were approved for issue by the Board of Directors on August 22, 2014.

Basis of Consolidation and Presentation

These Financial Statements have been prepared on a historical cost basis except for certain financial assets measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. All dollar amounts presented are in Canadian dollars unless otherwise specified.

These Financial Statements incorporate the financial statements of the Company and its controlled subsidiaries. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The consolidated financial statements include the accounts of the Company and its direct wholly-owned subsidiary (Note 10). All significant intercompany transactions and balances have been eliminated.

2. BASIS OF PRESENTATION (*continued*)

Use of Estimates

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ materially and adversely from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

i) The carrying value and the recoverability of exploration and evaluation assets, which are included in the statements of financial position. The cost model is utilized and the value of the exploration and evaluation assets is based on the expenditures incurred. At every reporting period, management assesses the potential impairment which involves assessing whether or not facts or circumstances exist that suggest the carrying amount exceeds the recoverable amount.

ii) The inputs used in calculating the fair value for share-based compensation expense included in profit or loss and share-based share issuance costs included in shareholders' equity. The share-based compensation expense is estimated using the Black-Scholes options-pricing model as measured on the grant date to estimate the fair value of stock options. This model involves the input of highly subjective assumptions, including the expected price volatility of the Company's common shares, the expected life of the options, and the estimated forfeiture rate.

iii) The valuation of shares issued in non-cash transactions. Generally, the valuation of non-cash transactions is based on the value of the goods or services received. When this cannot be determined, it is based on the fair value of the non-cash consideration. When non-cash transactions are entered into with employees and those providing similar services, the non-cash transactions are measured at the fair value of the consideration given up using market prices.

iv) The recognition of deferred tax assets. The Company considers whether the realization of deferred tax assets is probable in determining whether or not to recognize these deferred tax assets.

3. SIGNIFICANT ACCOUNTING POLICIES

Foreign Exchange

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiary is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21 - The Effects of Changes in Foreign Exchange Rates.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in comprehensive loss.

3. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Equipment

Equipment is carried at cost, less accumulated depreciation and accumulated impairment losses. Depreciation is recognized annually at rates set-out below:

Field equipment	36 months straight-line
Computer equipment	36 months straight-line
Automotive	36 months straight-line
Furniture and fixtures	60 months straight-line

The remaining useful lives, residual values and depreciation method are reviewed and adjusted, if appropriate, at each reporting period to ensure that the periods and method of depreciation are consistent with the expected pattern of economic benefits from the items of equipment.

Financial Instruments

<u>Financial assets</u>

The Company classifies its financial assets into one of the following categories as follows:

Fair value through profit or loss - This category comprises derivatives, held for trading and financial assets acquired principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in loss and comprehensive loss. This category includes cash.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost using the effective interest method less any provision for impairment. This category includes receivables.

Held-to-maturity investments - 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 less any provision for impairment.

Available-for-sale - 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 in other comprehensive income (loss). 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 accumulated other comprehensive income (loss) and recognized in comprehensive loss.

All financial assets except those measured at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence of impairment as a result of one or more events that have occurred after initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

3. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Financial Instruments (*continued*)

Financial liabilities

The Company classifies its financial liabilities into one of two categories as follows:

Fair value through profit or loss - This category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities - This category consists of liabilities carried at amortized cost using the effective interest method and includes accounts payables and accrued liabilities.

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices; and
- Level 3 – inputs for the asset or liability that are not based on observable market date (unobservable inputs).

Exploration and Evaluation

Exploration and development costs are expensed until such time as reserves are proven and financing to complete development has been obtained. Acquisition costs of mineral properties and tangible development costs incurred thereon, are deferred until the property to which they relate is placed into production, sold or abandoned. The carrying values of mineral properties are, where necessary, written down to fair value if carrying value is not recoverable. Costs relating to properties abandoned are written off when the decision to abandon is made.

The Company follows the cost reduction method of accounting for the receipt of property option and similar payments. Cash and other property payments received from the Company's exploration partners are credited to the respective property until all capitalized costs are recovered; thereafter, such payments are included in income. Option payments are exercisable at the discretion of the optionee and are only recognized when received.

Asset Retirement Obligations

The Company accounts for the recognition and measurement of liabilities for statutory, contractual or legal obligations associated with the retirement of equipment, and mineral properties when those obligations result from the acquisition, construction, development or normal operations of the assets. When determinable, a liability for future site reclamation costs, or other obligations, would be recorded at net present value and the corresponding increase in the assets carrying value would then be amortized over the remaining useful life of the asset.

Management has reviewed the Company's likely retirement costs of its equipment, and mineral properties for known obligations under contract, common practices or laws and regulations in effect or anticipated. The Company has determined that there are no known or quantifiable significant assets retirement obligations and accordingly, these financial statements do not include any provision related to future asset retirement.

3. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Loss per Share

Basic loss per share is computed by dividing the loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

Share-Based Compensation

The Company operates an employee stock option plan whereby it is authorized to grant stock options to directors, officers, employees and consultants. Share-based compensation to employees or those that provide similar services as employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based compensation to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using a Black–Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. When the options are exercised, the applicable amounts of option reserves are transferred to share capital.

Cash settled plans - The Company has a deferred share unit plan whereby directors can receive compensation in the form of a deferred share unit. Upon leaving the Board, directors, at their discretion, can elect to receive either cash or shares for the deferred compensation. Accordingly under IFRS, these units are classified as compound financial instruments consisting of a debt (cash) component and an equity component. The fair value of the deferred share units is measured on the grant date as the sum of the cash value (debt component) and the equity component valued using the Black-Scholes option pricing model.

Impairment of Non-financial Assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit ("CGU") 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 CGU in prior years. A reversal of an impairment loss is recognized immediately in comprehensive loss.

3. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Flow-through Shares

Resource expenditure deductions for income tax purposes related to exploration activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian income tax legislation. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability and ii) share capital. Upon expenses being incurred, the Company derecognizes the flow-through premium liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income.

Proceeds received from the issuance of flow-through shares are restricted to be used for only Canadian resource property exploration expenditures within a two-year period. The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the “Look-back” Rule, in accordance with the Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

Income Taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on 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 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. Temporary differences are not provided for relating to 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. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it does not recognize the asset.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. 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 (*continued*)

New Standards Adopted

Certain new standards, interpretations and amendments to existing standards are in effect as of January 31, 2014 and have been applied in preparing these condensed consolidated interim financial statements. The following new standards were effective for the Company for the fiscal year commencing May 1, 2013. The adoption of these policies had no impact on these consolidated financial statements.

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".

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".

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.

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.

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

New Standards Not Yet Adopted

IFRS 9 "Financial Instruments"

This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. Its commencement date is currently unknown.

4. RECEIVABLES

The Company's receivables are as follows:

	April 30, 2014	April 30, 2013
Related party receivables	$ 221,618	$ 4,450
GST receivable	54,062	95,284
Third party receivable	809	–
Total	$ 276,489	$ 99,734

5. EXPLORATION 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 properties is in good standing.

The carrying values of the Company's exploration and evaluation assets are as follows:

	James Bay, Quebec	Kyle Lake, Ontario	Total
Balances as at April 30, 2012 and 2013	$ 80,000	$ 264,862	$ 344,862
Additions (Written-off)	-	-	-
Balance, April 30, 2014	$ 80,000	$ 264,862	$ 344,862

5. EXPLORATION AND EVALUATION ASSETS (*continued*)

Kyle Lake Project, Ontario

As at April 30, 2014, the Company has a 100% earned interest in certain mineral claims located in the Kyle Lake area of Ontario. These claims are subject to a 10% carried interest in favour of Kel-Ex Development Ltd. ("Kel-Ex"). In September 2011, the Company acquired all of Arctic Star Exploration Corp's ("Arctic Star") remaining joint venture interests in the Company's Kyle Lake, James Bay Lowlands and Attawapiskat projects for a lump sum payment of $264,862. Also pursuant to the agreement, the Company will pay Arctic Star a further $2,000,000 in circumstances where a mine is put into production on the claims comprising the Kyle Lake project.

In January 2012, the Company signed a letter of agreement whereby an equity fund managed by the Dundee Corporation group ("Dundee") may acquire up to a 51% interest in the Kyle Project through a four stage investment of up to $51 million. Pursuant to the letter agreement, Dundee has advanced $5 million to Metalex which is to be used for preparatory work for the 10,000+ ton bulk sample.

In May 2013, the Company signed an amended earn-in agreement with Dundee. Terms and conditions of the earn-in agreement are largely the same as laid out in the letter agreement; however, the $5 million advance was reduced to $1.6 million with Dundee to provide certain equipment to be used on the project with a value of $3.4 million (for further detail, please refer to Note 11f).

Morocco

In May 2004, the Company entered into an agreement with the Office National de Hydrocarburers et des Mines ("ONHYM") to conduct preliminary exploration work in Southern Morocco in order to identify areas on which to undertake further exploration work. In May 2005, the Company added additional areas for exploration work on the same terms and conditions as the first agreement. The agreements were governed by the laws and regulations of the Kingdom of Morocco and were valid until November 2006.

In April 2011, the Company entered into a new joint venture agreement with the ONHYM for further exploration of the claim areas. The Company will hold a 60% interest while ONHYM will retain a 40% interest in the project. Both parties will be responsible for funding their respective interests.

Wemindji James Bay Property, Quebec

As at April 30, 2014, the Company has a 52.2% contributing interest in various mineral claims located in the Wemindji James Bay region of Quebec for the exploration of diamonds. The Company also holds a 79.1% contributing interest in a joint venture for the exploration of non-diamond commodities (ie: various base and precious metals) within the same claim area.

James Bay Lowlands Property, Ontario

As at April 30, 2014, the Company has a 62.5% earned interest in certain mineral claims located in the Ring of Fire region of the James Bay Lowlands, Ontario. Certain of these claims were previously included as part of the Kyle Lake project and were optioned to White Pine Resources Inc. ("WPR") to earn up to a 50% interest in the project by funding up to $20,000,000 in expenditures on the property. For each $5,000,000 in funding, WPR earned a 12.5% interest in the claims. In October 2011, having earned a 37.5% interest in the claims to-date, WPR elected to not to earn the fourth interest (50%) and, pursuant to the agreement, a joint venture has been formed whereby each party will fund future exploration activities in proportion to their earned interests. These claims are subject to a 10% carried interest in favour of Kel-Ex.

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS (*continued*)

Attawapiskat Property, Ontario

Big Red Diamond Joint Venture

As at April 30, 2014, the Company has a 83.9% working interest (72% earned interest) in certain mineral claims in the Attawapiskat area of Ontario. These claims are subject to a 10% carried interest in favour of Kel-Ex.

Dumont Joint Venture

As at April 30, 2014, the Company has a 82.5% working interest (61.7% earned interest) in certain mineral claims located in the vicinity of Attawapiskat, Ontario. These claims are subject to 10% carried interests in favour of each of Kel-Ex and Dumont Nickel Inc.

Mali

The Company has a 100% interest in two gold exploration licenses. The annual exploration commitments for both permits in CFA Francs ("CFA"), with Canadian Dollar equivalents using exchange rates at April 30, 2014 is estimated as follows:

Fiscal 2014	692,000,000 CFA	$1,605,440

To date, the exploration commitments have not been met. The Company's licenses expired during the year ended April 30, 2013. The Company is assessing its option to renew its license; however, due to the current political climate, the Company has been unable to renew its licenses yet.

Angola

In April 2005, the Company entered into an agreement for kimberlite diamond exploration of the Chitamba license in Angola pursuant to an agreement executed by the Angolan Council of Ministers. The license expired in December 2012 and the Company elected to withdraw from the project.

(Expressed in Canadian Dollars)

6. EXPLORATION EXPENDITURES

	Attawapiskat, Ontario	James Bay, Quebec	Kyle Lake, Ontario	Mali	Angola	Morocco	Total
Cumulative expenditures, April 30, 2012	$ 9,414,870	$3,995,976	$ 40,135,458	$ 148,481	$20,342,453	$4,323,733	$ 78,360,971
Additions							
Aircraft field transport	-	363,015	953,694	-	-	-	1,316,709
Camp and field supplies	-	20,437	178,089	-	127,446	41,698	367,670
Drill supplies and repairs	-	-	86,673	-	138	-	86,811
Equipment rental and amortization	-	8,060	27,885	-	93,793	95,463	225,201
Fuel	-	109,005	95,024	-	14,208	9,300	227,537
Licenses, rent and toerh	-	54,797	9,552	955	131,781	2,623	199,708
Labour	-	271,555	2,176,306	4,076	647,025	238,806	3,337,768
Sample laboratory analysis	-	631,551	90,494	-	221,278	216,074	1,159,397
Shipping and freight	-	30,089	309,035	1,561	22,851	61,136	424,672
Trelephone and communication	-	2,408	36,414	-	17,549	1,075	57,446
Travel and accomodation	-	123,466	100,684	-	27,487	47,322	298,959
Total additions	-	1,614,383	4,063,850	6,592	1,303,556	713,497	7,701,878
Cost recoveries	-	(28,863)	-	-	-	-	(28,863)
Net exploration expenditures during the year	-	1,585,520	4,063,850	6,592	1,303,556	713,497	7,673,015
Cumulative expenditures, April 30, 2013	9,414,870	5,581,496	44,199,308	155,073	21,646,009	5,037,230	86,033,986
Additions							
Aircraft field transport	-	152,957	22,291	-	-	163,026	338,274
Camp and field supplies	-	131,020	65,417	-	26,983	15,662	239,082
Drill supplies and repairs	-	2,219	322,184	-	2,398	-	326,801
Equipment rental and amortization	-	53,348	12,443	-	25,713	222,960	314,464
Fuel	-	30,071	21,750	-	525	14,995	67,341
Licenses, rent and toerh	-	8,651	42,383	-	35,935	-	86,969
Labour	-	558,134	714,556	-	238,726	162,070	1,673,486
Sample laboratory analysis	-	302,141	32,703	-	-	15,585	350,429
Shipping and freight	-	12,853	132,585	1,226	131,705	14,596	292,965
Telephone and communication	-	3,607	6,434	-	969	343	11,353
Travel and accomodation	-	171,420	140,190	-	4,317	26,627	342,554
Total additions	-	1,426,421	1,512,936	1,226	467,271	635,864	4,043,718
Cost recoveries	-	-	-	-	-	(490,734)	(490,734)
Net exploration expenditures during the year	-	1,426,421	1,512,936	1,226	467,271	145,130	3,552,984
Cumulative expenditures, April 30, 2014	$ 9,414,870	$ 7,007,917	$ 45,712,244	$ 156,299	$ 22,113,280	$ 5,182,360	$89,586,970

(Expressed in Canadian Dollars)

7. EQUIPMENT

	Field equipment	Automotive	Computer equipment	Furniture and fixtures	Total
Cost:					
Balance at April 30, 2012	$ 1,071,917	$ 241,176	$ 18,135	$ 5,194	$ 1,336,422
Dispositions	-	-	-	-	-
Balance at April 30, 2013	1,071,917	241,176	18,135	5,194	1,336,422
Dispositions	-	(241,176)	-	-	(241,176)
Balance as April 30, 2014	$ 1,071,917	$ -	$ 18,135	$ 5,194	$ 1,095,246
Accumulated depreciation:					
Balance at April 30, 2012	$ 917,584	$ 241,176	$ 17,185	$ 5,194	$ 1,181,139
Depreciation	63,900	-	914	-	64,814
Balance at April 30, 2013	981,484	241,176	18,099	5,194	1,245,953
Depreciation	63,900	-	36	-	63,936
Dispositions	-	(241,176)	-	-	(241,176)
Balance as April 30, 2014	$ 1,045,384	$ -	$ 18,135	$ 5,194	$ 1,068,713
Carrying amounts					
As at April 30, 2013	$ 90,433	$ -	$ 36	$ -	$ 90,469
As at April 30, 2014	$ 26,533	$ -	$ -	$ -	$ 26,533

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company's accounts payable and accrued liabilities are as follows:

	April 30, 2014	**April 30, 2013**
Trade payables	$ 384,384	$ 150,532
Accrued liabilities	108,286	945,221
Related party payables	2,724,631	1,045,774
Total	$ 3,217,301	$ 2,141,527

9. COMMITMENTS

In addition to the exploration commitments described in Note 5, the Company is committed to minimum future lease payments for office premises through to May, 2016 as follows:

Fiscal year ending April 30, 2015	$ 11,846
Fiscal year ending April 30, 2016	$ 11,846
Fiscal year ending April 30, 2017	$ 987

(Expressed in Canadian Dollars)

9. COMMITMENTS *(continued)*

During the 2010 and 2011 fiscal years, the Company completed a succession of flow-through share arrangements and renounced the expenditures to investors in accordance with Canadian income tax legislation. The Company was required to incur eligible Canadian exploration expenditures in order to ensure investors were eligible for the tax deductions. As at April 30, 2013 and 2014, the Company did not incur all the required expenditures and the investors are no longer eligible to receive certain tax deductions. Consequently, the flow-through share premium liability has been reduced to $NIL and the Company had recorded a provision of $1,170,000 towards potential indemnification of tax liabilities to purchasers of the flow-through shares as at April 30, 2013. Interest of $124,000 has been accrued on this balance to April 30, 2014.

10. RELATED PARTY DISCLOSURES

The consolidated financial statements include the financial statements of Metalex Ventures Ltd. and its subsidiary listed in the following table:

		Proportion of Ownership Interest	
Name of Subsidiary	**Country of Incorporation**	**April 30, 2014**	**April 30, 2013**
Mali Gold Mine Ltd.	Mali	100%	100%

During the years ended April 30, 2014 and 2013, the Company had related party transactions with the following companies related by way of common directors or shareholders:

- C.F. Mineral Research Ltd. (“CF Minerals”) – a private company owned by Metalex Chairman, Charles Fipke. CF Minerals provides heavy mineral geochemistry services to the Company.
- Cantex Mine Development Corp. (“Cantex”) - a publicly listed company with common directors and management. Metalex and Cantex share office space and thus have certain shared expenditures which get re-billed on a cost-recovery basis.
- Element 29 Ventures Ltd. (“Element 29”) - a private company owned by Metalex CEO, Chad Ulansky. Element 29 provides geological consulting services to the Company.
- Kel-Ex Development Ltd. (“Kel-Ex”) - a private company owned by Metalex Chairman, Charles Fipke. Kel-Ex provides administration, payroll and office services to the Company.
- MPVC Inc. (“MPVC”) - a publicly listed company with common directors and management. Metalex and MPVC share office space and thus have certain shared expenditures which get re-billed on a cost-recovery basis.

(Expressed in Canadian Dollars)

10. RELATED PARTY DISCLOSURES *(continued)*

The Company's related party expenses consist of the following:

		Years ended April 30, 2014		2013
Laboratory and mineralogical costs	**$**	**373,874**	$	649,746
Administration fees (10%)		**114,238**		114,975
Geological consulting fees		**157,321**		228,854
Shared field expenditures		**31,203**		17,486
Shared office and administrative costs		**32,341**		19,457
	$	**708,977**	$	1,030,518

		Years ended April 30, 2014		2013
C.F. Mineral Research Ltd.	**$**	**373,874**	$	649,746
Cantex Mine Development Corp.		**2,043**		1,032
Element 29 Ventures Ltd.		**136,318**		202,720
Kel-Ex Development Ltd.		**196,742**		177,020
	$	**708,977**	$	1,030,518

The Company's expenses recovered from related parties consist of the following:

		Years ended April 30, 2014		2013
Shared field expenditures	**$**	**27,736**	$	33,726
Shared office and administrative costs		**31,870**		20,630
	$	**59,606**	$	54,356

		Years ended April 30, 2014		2013
Cantex Mine Development Corp.	**$**	**36,731**	$	10,840
Kel-Ex Development Ltd.		**22,875**		43,516
	$	**59,606**	$	54,356

(Expressed in Canadian Dollars)

10. RELATED PARTY DISCLOSURES *(continued)*

Included in accounts payable of the Company are the following amounts due to related parties:

		April 30, 2014		April 30, 2013
C.F. Mineral Research Ltd.	$	615,659	$	301,154
Cantex Mine Development Corp.		1,185		-
Element 29 Ventures Ltd.		5,932		45,429
Kel-Ex Development Ltd.		2,101,855		699,191
	$	2,724,631	$	1,045,774

Included in receivables of the Company are the following amounts due from related parties:

		April 30, 2014		April 30, 2013
Cantex Mine Development Corp.	$	6,633	$	2,470
Kel-Ex Development Ltd.		10,953		1,980
MPVC Inc.		204,032		-
	$	221,618	$	4,450

The remuneration of directors and officers is as follows:

		Years Ended April 30, 2014		2013
Director fees(1)	$	48,124	$	60,000
Share-based compensation(2)		334,549		-
Wages and benefits(3)		252,022		258,097
	$	634,695	$	318,097

(1) Directors fees are amounts accrued under the Company's deferred share unit plan as described in Note 11 (e).

(2) Share-based compensation is the fair value of options granted to directors and management personnel.

(3) Wages and benefits includes amounts paid or accrued for geological consulting fees and payroll costs due to related parties.

11. SHARE CAPITAL AND RESERVES

a) Authorized share capital

The authorized share capital of the Company is an unlimited number of common shares without par value. All issued shares are fully paid.

(Expressed in Canadian Dollars)

11. SHARE CAPITAL AND RESERVES (*continued*)

b) **Issued share capital**

In October 2013, the Company completed a non-brokered private placement with the Chairman of the Company for gross proceeds of $1,700,000 through the issuance of 22,666,667 flow-through shares at a price of $0.075 per share. Share issuance costs related to the private placement was $16,918.

In December 2013 and January 2014, the Company completed a non-brokered private placement for gross total proceeds of $400,034 through the issuance of 3,200,270 flow-through shares at a price of $0.125 per share. The Chairman of the Company was one of the purchasers of the private placement.

There was no flow-through premium liability associated with the above private placements.

c) **Stock options and warrants**

The Company, in accordance with its shareholder approved stock option plan as amended, is authorized to grant options to directors, officers, employees and consultants, to acquire up to 10% of the issued and outstanding common shares. The exercise price of the options issued under the plan is determined by the Board of Directors at the time the options are granted. The options vest immediately upon grant, unless otherwise determined by the Board of Directors, and are exercisable for up to a period of ten years from the date of grant.

Stock option and share purchase warrant transactions are summarized as follows:

	Stock Options		Agents' Options		Warrants	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, April 30, 2012	5,159,100	$ 0.90	1,613,882	$ 0.77	7,554,700	$ 0.99
Granted (expired)	(3,000)	4.50	(1,613,882)	0.77	(7,554,700)	0.99
Outstanding, April 30, 2013	5,156,100	0.90	-	-	-	-
Granted	3,756,000	0.15	-	-	-	-
Expired/cancelled	(1,103,100)	0.92	-	-	-	-
Outstanding, April 30, 2014	7,809,000	$ 0.54	-	-	-	-
Number currently excersisable	7,809,000	$ 0.54				

The following stock options were outstanding at April 30, 2014:

	Number	Exercise Price	Expiry Date
Options	993,000	$ 1.00	October 23, 2014
	700,000	0.80	June 15, 2015
	660,000	0.70	October 20, 2020
	1,700,000	0.95	March 28, 2021
	3,756,000	0.15	December 19, 2023
	7,809,000		

(Expressed in Canadian Dollars)

11. SHARE CAPITAL AND RESERVES (*continued*)

d) Options – share-based compensation

During the year ended April 30, 2014, the Company recognized share-based compensation of $334,549 (2013 - $2,269) in the statement of loss and comprehensive loss as a result of the granting and vesting of incentive stock options. The weighted average fair value of options granted was $0.09 per option (2013 - $0.23).The following weighted-average assumptions were used for the Black-Scholes valuation of stock options granted during the noted periods:

	2014	**2013**
Risk-free interest rate	2.72%	1.6%
Expected option life	3 years	1 year
Expected stock price volatility	92.5%	105.6%
Expected dividend yield	0%	0%

e) Deferred share unit plan

The Company has a deferred share unit plan whereby directors can receive compensation in the form of a deferred share unit. Under the plan, directors will earn compensation quarterly ($7,500 initial value per quarter per director) at which time the number of deferred share units will be determined based on the Company's share price at the end of the quarter. Upon leaving the Board, directors, at their discretion, will receive shares for the deferred compensation. The Amended Deferred Share Unit Plan dated March 31, 2009 was cancelled as of July 31, 2013. As such, the accumulated deferred compensation of $454,167 has been written off. Under the new deferred share plan, directors are entitled to receive the cash value equal to the fair value of the deferred shares outstanding. Accordingly, the value of the deferred liability is equal to the fair value of the shares. As of April 30, 2014, $33,124 of deferred compensation (April 30, 2013 – $439,167) has been accrued in accounts payable which equates to 394,338 shares (April 30, 2013 – 745,260 shares) if the directors left the Company.

f) Convertible advance

In January 2012, the Company signed a letter agreement whereby an equity fund managed by the Dundee Corporation group (the "Fund") may acquire up to a 51% interest in the U2 and T1 kimberlite pipes through a four stage investment of up to $51 million. Pursuant to the letter agreement, the Fund has advanced $5 million to the Company.

In May 2013, the Company signed a revised earn-in agreement with Dundee. Terms and conditions of the earn-in agreement are largely the same as laid out in the letter agreement; however, the $5 million advance was reduced to $1.6 million as the Company acquired equipment on behalf of Dundee to be used on the project with a value of $3.4 million.

Subsequent to year end, the Company received notice from Dundee that they were terminating the earn-in agreement. The Company is currently in discussions with Dundee concerning settlement of the termination.

(Expressed in Canadian Dollars)

12. SEGMENTED INFORMATION

The Company's one reportable operating segment is the acquisition and exploration of mineral properties. Geographic information is as follows:

	April 30, 2014	April 30, 2013
Capital Assets (Exploration and evaluation assets and equipment):		
Canada	$ 344,862	$ 344,898
Angola	26,533	90,433
	$ 371,395	$ 435,331

13. INCOME TAXES

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

	2014	2013
Earnings (loss) for the year	$ (3,958,216)	$ (8,922,526)
Expected income tax (recovery)	$ (1,029,000)	$ (2,320,000)
Change in statutory, foreign tax, foreign exchange rates and other	(48,000)	(439,000)
Permanent difference	(6,000)	(177,000)
Impact of flow-through shares	-	1,454,000
Change in unrecognized deductible temporary differences and other	1,083,000	1,482,000
Total income tax expense (recovery)	$ -	$ -

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

	2014	2013
Deferred Tax Assets (Liabilities)		
Exploration and evaluation assets	$ 10,422,000	$ 9,380,000
Property and equipment	277,000	294,000
Canadian eligible capital ("CEC")	1,000	1,000
Share issue costs	78,000	173,000
Non-capital losses available for future period	2,659,000	2,506,000
	13,437,000	12,354,000
Unrecognized deferred tax assets	(13,437,000)	(12,354,000)
Net deferred tax assets	$ -	$ -

13. INCOME TAXES *(continued)*

The significant components of the Company's unrecognized temporary differences and tax losses are as follows:

	2014	Expiry dates	2013	Expiry dates
Temporary Differences				
Exploration and evaluation assets	$ 39,457,000	No expiry	$ 35,828,000	No expiry
Property and equipment	1,065,000	No expiry	1,132,000	No expiry
Canadian eligible capital (CEC)	3,000	No expiry	3,000	No expiry
Share issue costs	299,000	2034 to 2035	666,000	2034 to 2035
Non-capital losses available for future period	10,228,000	2014 to 2034	9,640,000	2014 to 2033
Investment tax credit	220,000	2031	87,000	2031

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

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

Cash is carried at fair value using a level 1 fair value measurement. The carrying value of receivables, accounts payable and accrued liabilities and provision for indemnity approximate their fair value because of the short-term nature of these instruments.

The Company is exposed to a variety of financial risks by virtue of its activities including currency, credit, interest rate, liquidity and commodity price risk.

Currency risk - While the Company's capital is raised in Canadian dollars, the Company is also conducting business in Morocco whose currency is the dirham. As such, the Company is subject to risk due to fluctuations in the exchange rates for that currency as well as the United States and Canadian dollar. The Company does not use derivative financial instruments to reduce its exposure to foreign currency risk.

Credit risk - Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations.

The Company's cash is in large Canadian financial institutions and it does not have any asset-backed commercial paper. The Company's receivables consist mainly of mineral property recoveries due from joint venture partners, receivables from relates parties for shared expenditures and GST receivable due from the Federal Government of Canada. The Company is subject to the risk that its joint venture partners will default on amounts owing for their portion of exploration expenditures (April 30, 2014 - $Nil). Any such amounts defaulted would dilute that partners' interest in the exploration joint venture and would require the Company to pick up the proportionate share of future exploration expenditures. As at April 30, 2014, the Company had $221,618 in outstanding related party receivables; the Company has subsequently received all of this balance.

Interest rate risk - Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. There is a very limited interest rate risk as the Company holds no material interest bearing financial obligations or assets.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(continued)*

Liquidity risk - Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company manages its liquidity risk through the management of its capital structure and financial leverage as outlined in Note 15.

Price risk - The ability of the Company to explore its mineral properties and the future profitability of the Company are directly related to the market price of diamonds and other minerals. The Company's input costs are also affected by the price of fuel. Management monitors diamond, precious metal and fuel prices to determine the appropriate course of action to be taken by the Company.

15. CAPITAL RISK MANAGMENT

The Company includes equity, comprised of issued common shares, reserves, convertible advance and deficit, in the definition of capital.

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company expects its current capital resources will be sufficient to complete its currently budgeted exploration programs and operations through its current operating period. The Company is currently not subject to externally imposed capital requirements. The Company does not pay out dividends. The Company's investment policy is to invest its short-term excess cash in secure deposits in large Canadian financial institutions.

The Company's primary objective with respect to capital management is to ensure adequate liquid capital resources are in place to fund the exploration and development of its mineral properties while maintaining its ongoing operations. To secure the additional capital to pursue these plans, the Company may attempt to raise additional funds through the issuance of debt and or equity.

16. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash transactions for the year ended April 30, 2014 included transferring reserves, representing granted, expired or cancelled stock options valued at $438,578, and transferred equipment held for disposal to Dundee in settlement of $3,340,000 in convertible advances. Non-cash transactions for the year ended April 30, 2013 included $1,053,845 in transferring reserves, representing expired stock options, agents' options and warrants.