METALEX VENTURES LTD.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Unaudited - prepared by management

Expressed in Canadian dollars

JANUARY 31, 2014

METALEX VENTURES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Note		January 31, 2014		April 30, 2013
ASSETS					
Current assets					
Cash		$	4,364,539	$	3,693,555
Receivables			49,896		99,734
Prepaid expenses			202,790		197,558
Equipment held for disposal			-		3,340,000
			4,617,225		7,330,847
Non-current assets					
Reclamation deposit			1,075,918		1,066,200
Exploration and evaluation assets	4		344,862		344,862
Equipment	6		42,508		90,469
Total Assets		$	6,080,513	$	8,832,378
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	7	$	2,438,712	$	2,141,527
Provision for indemnity	8		1,263,000		1,170,000
			3,701,712		3,311,527
SHAREHOLDERS' EQUITY					
Share capital	10		88,079,278		85,996,162
Reserves	10		10,423,784		10,527,813
Convertible advance	10(f)		1,660,000		5,000,000
Deficit			(97,784,261)		(96,003,124)
			2,378,801		5,520,851
Total Liabilities and Shareholders' Equity		$	6,080,513	$	8,832,378

Nature and continuance of operations (Note 1)
Commitments (Note 8)

Approved by the Board of Directors:

"Chad Ulansky" — Chad Ulansky

"Lorie Waisberg" — Lorie Waisberg

See accompanying notes to condensed consolidated interim financial statements.

METALEX VENTURES LTD
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Note	Three Months Ended January 31, 2014	Three Months Ended January 31, 2013	Nine Months Ended January 31, 2014	Nine Months Ended January 31, 2013
EXPENSES					
Depreciation	6	$ 15,975	$ 16,153	$ 47,961	$ 48,677
Consulting fees		-	7,000	8,000	16,000
Exploration expenditures	5	970,301	1,772,434	1,916,402	6,415,305
Indemnity interest expense		31,000	-	93,000	-
Management fees (recovered)	10(e)	28,585	15,000	(395,582)	45,000
Office and administrative		69,270	19,097	154,834	129,113
Professional fees		18,431	6,499	92,986	65,351
Property investigation		-	500	-	4,602
Share-based compensation	10(d)	334,549	-	334,549	2,271
Transfer agent and filing fees		16,730	16,974	26,629	28,847
Travel and promotion		350	8,439	7,773	17,335
Income (loss) before other items		(1,485,191)	(1,862,096)	(2,286,552)	(6,772,501)
OTHER ITEMS					
Interest income		11,906	28,502	42,762	113,264
Other income		-	236,954	-	677,585
Foreign exchange gain		19,066	(398)	24,075	9,112
		30,972	265,058	66,837	799,961
Loss and comprehensive loss for the period		$ (1,454,219)	$ (1,597,038)	$ (2,219,715)	$ (5,972,540)
Basic and diluted loss per share		$ (0.02)	$ (0.02)	$ (0.03)	$ (0.09)
Weighted average number of shares outstanding		90,032,451	66,463,562	74,428,249	66,463,562

See accompanying notes to condensed consolidated interim financial statements.

METALEX VENTURES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited – Prepared by Management)
(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		-	512,423	(512,423)	-	-	-
Share-based compensation	10(d)	-	-	2,271	-	-	2,271
Loss for the period		-	-	-	-	(5,972,540)	(5,972,540)
Balance at January 31, 2013		66,463,562	$85,462,850	$11,069,237	$5,000,000	$ (93,061,248)	$8,470,839
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	10(b)	25,866,937	2,100,034	-	-	-	2,100,034
Share issuance costs	10(b)	-	(16,918)	-	-	-	(16,918)
Convertible advance	10(f)	-	-	-	(3,340,000)	-	(3,340,000)
Reserves transferred on expired and cancelled options		-	-	(438,578)	-	438,578	-
Share-based compensation	10(d)			334,549			334,549
Loss for the period		-	-	-	-	(2,219,715)	(2,219,715)
Balance at January 31, 2014		92,330,499	$88,079,278	$10,423,784	$1,660,000	$ (97,784,261)	$2,378,801

See accompanying notes to condensed consolidated interim financial statements.

METALEX VENTURES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Notes	Nine Months Ended January 31, 2014	2013
OPERATING ACTIVITIES			
Loss for the period		$ (2,219,715)	$ (5,972,540)
Items not affecting cash:			
Depreciation		47,961	48,677
Interest accrued on reclamation deposit		(9,718)	-
Interest accrued on indemnity provision		93,000	-
Share-based compensation		334,549	2,271
Recovery of management fees		(395,582)	-
Other income – flow-through premium		-	(677,585)
		(2,149,505)	(6,599,177)
Net changes in non-cash working capital items:			
Decrease (increase) in receivables		49,838	33,651
Increase in prepaid expenses		(5,232)	(3,189,365)
Increase in accounts payable and accrued liabilities		692,767	481,487
Net cash used for operating activities		(1,412,132)	(9,273,404)
FINANCING ACTIVITIES			
Issuance of share capital	10(b)	2,100,034	-
Issuance cost	10(b)	(16,918)	-
Net cash used for financing activities		2,083,116	-
Net (decrease) increase in cash		670,984	(9,273,404)
Cash, beginning of period		3,693,555	15,507,491
Cash, end of period		$ 4,364,539	$ 6,234,087
Cash paid for interest during the period		$ -	$ -
Cash paid for taxes during the period		$ -	$ -

Supplemental disclosure with respect to cash flows (Note 14)

See accompanying notes to condensed consolidated interim 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 condensed consolidated interim 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 unaudited condensed consolidated interim financial statements (the "Financial Statements"), including comparatives, have been prepared in accordance with International Accounts Standards ("IAS") 34, "Interim Financial Reporting" using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). As a result, they do not conform in all respects with the disclosure requirements for annual financial statements under IFRS and should be read in conjunction with the Company's audited consolidated financial statements for the fiscal year ended April 30, 2013. The accounting policies and methods of application are consistent with those used in the Company's consolidated financial statements for the year ended April 30, 2013.

These Financial Statements were approved for issue by the Audit Committee on March 28, 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 9). All significant intercompany transactions and balances have been eliminated.

3. SIGNIFICANT ACCOUNTING POLICIES

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 condensed consolidated interim 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. 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, January 31, 2014	$ 80,000	$ 264,862	$ 344,862

Kyle Lake Project, Ontario

As at January 31, 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 10f).

4. EXPLORATION AND EVALUATION ASSETS (*continued*)

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 January 31, 2014, the Company has a 33.3% interest in various mineral claims located in the Wemindji James Bay region of Quebec for the exploration of diamonds. The Company also holds a 50% 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 January 31, 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.

Attawapiskat Property, Ontario

Big Red Diamond Joint Venture

As at January 31, 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 January 31, 2014, the Company has a 82.5% working interest (61.7% earned interest) in certain mineral claims located in the vicinity of the Attawapiskat property. These claims are subject to 10% carried interests in favour of each of Kel-Ex and Dumont Nickel Inc.

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS (*continued*)

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 January 31, 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)

5. 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	828,993	-	-	-	1,192,008
Camp and field supplies	-	20,292	152,633	-	95,580	24,160	292,665
Drill supplies and repairs	-	-	82,371	-	138	-	82,509
Equipment rental and amortization	-	8,060	19,859	-	69,455	69,340	166,714
Fuel	-	109,005	73,588	-	13,279	9,300	205,172
Licenses, rent and toerh	-	54,797	1,540	955	91,573	2,623	151,488
Labour	-	274,457	1,865,100	4,076	552,443	167,558	2,863,634
Sample laboratory analysis	-	580,594	90,494	-	174,864	142,633	988,585
Shipping and freight	-	27,988	101,515	-	13,441	50,019	192,963
Trelephone and communication	-	2,408	31,285	-	11,775	944	46,412
Travel and accomodation	-	123,466	82,435	-	22,954	33,164	262,019
Total additions	-	1,564,082	3,329,813	5,031	1,045,502	499,741	6,444,169
Cost recoveries	-	(28,863)	-	-	-	-	(28,863)
Net exploration expenditures during the period	-	1,535,219	3,329,813	5,031	1,045,502	499,741	6,415,306
Cumulative expenditures, January 31, 2013	9,414,870	5,531,195	43,465,271	153,512	21,387,955	4,823,474	84,776,277
Net exploration expenditures during the quarter	-	50,301	734,037	1,561	258,054	213,756	1,257,709
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	-	114,527	18,567	-	-	163,026	296,120
Camp and field supplies	-	49,545	59,503	-	26,983	15,662	151,693
Drill supplies and repairs	-	4,622	-	-	2,398	-	7,020
Equipment rental and amortization	-	15,484	10,231	-	25,713	133,551	184,979
Fuel	-	24,246	4,958	-	525	14,995	44,724
Licenses, rent and toerh	-	6,150	29,297	-	35,935	-	71,382
Labour	-	537,949	273,597	-	236,534	150,133	1,198,213
Sample laboratory analysis	-	5,480	23,161	-	-	13,897	42,538
Shipping and freight	-	6,361	115,510	1,226	34,749	13,367	171,213
Telephone and communication	-	10,561	1,538	-	969	343	13,411
Travel and accomodation	-	107,905	88,465	-	4,317	25,156	225,843
Total additions	-	882,830	624,827	1,226	368,123	530,130	2,407,136
Cost recoveries	-	-	-	-	-	(490,734)	(490,734)
Net exploration expenditures during the period	-	882,830	624,827	1,226	368,123	39,396	1,916,402
Cumulative expenditures, January 31, 2014	$ 9,414,870	$6,464,326	$ 44,824,135	$ 156,299	$ 22,014,132	$5,076,626	$87,950,388

(Expressed in Canadian Dollars)

6. 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 January 31, and April 30, 2013	1,071,917	241,176	18,135	5,194	1,336,422
Dispositions	-	(241,176)	-	-	(241,176)
Balance as January 31, 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	47,925	-	36	-	47,961
Dispositions	-	(241,176)	-	-	(241,176)
Balance as January 31, 2014	$ 1,029,409	$ -	$ 18,135	$ 5,194	$ 1,052,738
Carrying amounts					
As at April 30, 2012	$ 154,333	$ -	$ 950	$ -	$ 155,283
As at April 30, 2013	$ 90,433	$ -	$ 36	$ -	$ 90,469
As at January 31, 2014	$ 42,508	$ -	$ -	$ -	$ 42,508

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	January 31, 2014	**April 30, 2013**
Trade payables	$ 143,195	$ 150,532
Accrued liabilities	100,161	945,221
Related party payables	2,181,771	1,045,774
Total	$ 2,425,127	$ 2,141,527

8. COMMITMENTS

In addition to the exploration commitments described in Note 4, the Company is committed to minimum future lease payments for office premises through to March, 2014 as follows:

Fiscal year ending April 30, 2014	$ 2,568

(Expressed in Canadian Dollars)

8. 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, 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 $93,000 has been accrued on this balance to January 31, 2014.

9. 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**	**January 31, 2014**	**April 30, 2013**
Mali Gold Mine Ltd.	Mali	100%	100%

During the nine months ended January 31, 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.

(Expressed in Canadian Dollars)

9. RELATED PARTY DISCLOSURES *(continued)*

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

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2014	2013	**2014**	2013
Laboratory and mineralogical costs	**$ 31,163**	$ 226,139	**$ 78,306**	$ 463,275
Administration fees (10%)	**12,682**	16,473	**64,397**	104,768
Geological consulting fees	**53,721**	56,082	**105,770**	148,258
Shared field expenditures	**10,825**	7,390	**27,255**	14,229
Shared office and administrative costs	**11,433**	4,894	**26,924**	14,786
	$ 119,824	$ 310,978	**$ 302,652**	$ 745,316

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2014	2013	**2014**	2013
C.F. Mineral Research Ltd.	**$ 31,163**	$ 226,139	**$ 78,306**	$ 463,275
Cantex Mine Development Corp.	**-**	-	**915**	1,032
Element 29 Ventures Ltd.	**45,323**	54,802	**95,119**	139,839
Kel-Ex Development Ltd.	**43,338**	30,037	**128,312**	141,170
	$ 119,824	$ 310,978	**$ 302,652**	$ 745,316

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

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2014	2013	**2014**	2013
Shared field expenditures	**$ -**	$ -	**$ 25,420**	$ 33,726
Shared office and administrative costs	**6,972**	3,668	**17,437**	13,564
	$ 6,972	$ 3,668	**$ 42,857**	$ 47,290

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2014	2013	**2014**	2013
Cantex Mine Development Corp.	**$ 1,415**	$ 2,080	**$ 30,414**	$ 7,261
Kel-Ex Development Ltd.	**5,557**	1,588	**12,443**	40,029
	$ 6,972	$ 3,668	**$ 42,857**	$ 47,290

(Expressed in Canadian Dollars)

9. RELATED PARTY DISCLOSURES *(continued)*

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

		January 31, 2014		April 30, 2013
C.F. Mineral Research Ltd.	**$**	**351,492**	$	301,154
Cantex Mine Development Corp.		**-**		-
Element 29 Ventures Ltd.		**24,886**		45,429
Kel-Ex Development Ltd.		**1,805,393**		699,191
	$	**2,181,771**	$	1,045,774

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

		January 31, 2014		April 30, 2013
Cantex Mine Development Corp.	**$**	**841**	$	2,470
Kel-Ex Development Ltd.		**5,193**		1,980
	$	**6,034**	$	4,450

The remuneration of directors and officers is as follows:

	Three Months Ended January 31,				**Nine Months Ended January 31,**			
		2014		2013		**2014**		2013
Director fees[(1)]	**$**	**28,585**	$	15,000	**$**	**58,585**	$	45,000
Share-based compensation[(2)]		**334,549**		-		**334,549**		-
Wages and benefits[(3)]		**147,345**		62,242		**193,145**		232,079
	$	**510,479**	$	77,242	**$**	**586,279**	$	277,079

(1) Directors fees are amounts accrued under the Company's deferred share unit plan as described in Note 10 (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.

10. 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)

10. 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.

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, January 31, 2014	7,809,000	$ 0.54	-	-	-	-
Number currently excersisable	7,809,000	$ 0.54				

The following stock options and warrants were outstanding at January 31, 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)

10. SHARE CAPITAL AND RESERVES (*continued*)

d) Options – share-based compensation

During the nine months ended January 31, 2014, the Company recognized share-based compensation of $334,549 (2013 - $2,271) 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 had 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 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, as of January 31, 2014, $43,585 of deferred compensation (April 30, 2013 – $439,167) has been accrued in accounts payable which equates to 215,767 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 which is to be used for preparatory work for the 10,000+ ton bulk sample (the "Bulk Sample").

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.

At the option of Dundee, this advance can be converted to the Company's shares at $0.90 per share or applied towards the Second Right. Within one month after receipt by the Company of the final permitting for the Bulk Sample, the Fund must notify the Company if it wishes to pursue the Second Right. This right carries a minimum investment of $12.5 million (in addition to the $1.6 million advance). Should the budget exceed $12.5 million, Dundee shall earn an additional 1% interest in the project for each additional $1 million spent. Once payment is received, Dundee will hold a minimum of a 17.5% interest in the project and will have earned its Second Right and may undertake its Third Right.

10. SHARE CAPITAL AND RESERVES (*continued*)

f) **Convertible advance** *(continued)*

Under the Third Right investment, the Fund will make a further payment as required to bring its total contribution to $36.6 million. This will bring the Fund's interest to 40% and must occur within four years of the earn-in agreement. Once the Fund has earned its Third Right it may undertake the Fourth Right. Under the Fourth Right investment of $14.4 million, the Fund will have earned a 51% interest in the project.

11. SEGMENTED INFORMATION

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

	January 31, 2014	April 30, 2013
Capital Assets (Exploration and evaluation assets and equipment):		
Canada	$ 344,862	$ 344,898
Angola	42,508	90,433
	$ 387,370	$ 435,331

12. 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 Angola and Mali whose currencies are the Rand and Franc, respectively. As such, the Company is subject to risk due to fluctuations in the exchange rates for those currencies 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.

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

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 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, 2013 - $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.

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.
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 14.

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.

13. 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.

14. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash transactions for the nine month period ended January 31, 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. There were no such non-cash transactions for the nine month period ended January 31, 2013.