Metalex Ventures LTD

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Unaudited – prepared by management

Expressed in Canadian dollars

JANUARY 31, 2015

NOTICE TO READER:

These condensed consolidated interim financial statements of Metalex Ventures Ltd. (the “Company”) for the nine months ended January 31, 2015 have been prepared by and are the responsibility of the Company’s management.

The Company’s independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity’s auditor.

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

		January 31, 2015	April 30, 2014
ASSETS			
Current assets			
Cash		$ 1,739,880	$ 3,385,044
Receivables	4	52,409	276,489
Prepaid expenses		31,059	40,658
		1,823,348	3,702,191
Non-current assets			
Reclamation deposit		1,084,520	1,078,015
Exploration and evaluation assets	5	344,862	344,862
Equipment	7	-	26,533
Total Assets		$ 3,252,730	$ 5,151,601
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	8	$ 1,961,913	$ 3,217,301
Provision for indemnity	9	1,387,000	1,294,000
		3,348,913	4,511,301
SHAREHOLDERS' EQUITY			
Share capital	11	89,739,278	88,079,278
Reserves	11	10,296,142	10,423,784
Convertible advance	11(e)	-	1,660,000
Deficit		(100,131,603)	(99,522,762)
		(96,183)	640,300
Total Liabilities and Shareholders' Equity		$ 3,252,730	$ 5,151,601

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

Approved by the Board of Directors:

"" Chad Ulansky

"" Lorie Waisberg

See accompanying notes to consolidated 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, 2015	Three Months Ended January 31, 2014	Nine Months Ended January 31, 2015	Nine Months Ended January 31, 2014
EXPENSES					
Depreciation	6	$ -	$ 15,975	$ 26,533	$ 47,961
Consulting fees		-	-	-	8,000
Exploration expenditures	5	410,056	970,301	495,481	1,916,402
Indemnity interest expense		31,000	31,000	93,000	93,000
Management fees (recovered)	10(e)	16,905	28,585	21,871	(395,582)
Office and administrative		31,243	69,270	94,266	154,834
Professional fees		11,605	18,431	63,403	92,986
Share-based compensation	10(d)	-	334,549	-	334,549
Transfer agent and filing fees		10,851	16,730	25,745	26,629
Travel and promotion		1,743	350	2,116	7,773
Income (loss) before other items		(513,403)	(1,485,191)	(822,415)	(2,286,552)
OTHER ITEMS					
Interest income		7,141	11,906	27,099	42,762
Foreign exchange gain		42,985	19,066	58,833	24,075
		50,126	30,972	85,932	66,838
Loss and comprehensive loss for the period		$ (463,277)	$ (1,454,219)	$ (736,483)	$ (2,219,714)
Basic and diluted loss per share		$ (0.00)	$ (0.02)	$ (0.01)	$ (0.03)
Weighted average number of shares outstanding		95,097,165	90,032,451	93,252,721	74,428,249

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, 2013		66,463,562	$85,996,162	$10,527,813	$5,000,000	$ (96,003,124)	$5,520,851
Share issuance		25,866,937	2,100,034	-	-	-	2,100,034
Share issuance costs			(16,918)	-	-	-	(16,918)
Convertible advance	11(e)	-	-	-	(3,340,000)	-	(3,340,000)
Reserves transferred on expired and cancelled options		-	-	(438,578)	-	438,578	-
Share-based compensation		-	-	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
Balance at April 30, 2014		92,330,499	$88,079,278	$10,423,784	$1,660,000	$ (99,522,762)	$640,300
Share conversion	11(e)	2,766,666	1,660,000	-	(1,660,000)	-	-
Reserves transferred on expired and cancelled options		-	-	(127,642)	-	127,642	-
Loss for the period		-	-	-	-	(736,483)	(736,483)
Balance at January 31, 2015		95,097,165	$ 89,739,278	$ 10,296,142	$ -	$ (100,131,603)	$ (96,183)

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)

	Nine Months Ended January 31,	
	2015	**2014**
OPERATING ACTIVITIES		
Loss for the period	$ (736,483)	$ (2,219,715)
Items not affecting cash:		
Depreciation	26,533	47,961
Interest accrued on reclamation deposit	(6,505)	(9,718)
Interest accrued on indemnity provision	62,000	93,000
Share-based compensation	-	334,549
Recovery of management fees	-	(395,582)
	(654,455)	(2,149,505)
Net changes in non-cash working capital items:		
Decrease in receivables	224,080	49,838
Decrease (increase) in prepaid expenses	9,599	(5,232)
(Decrease) increase in accounts payable and accrued liabilities	(1,224,388)	692,767
Net cash used for operating activities	(1,645,164)	(1,412,132)
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	(1,645,164)	670,984
Cash, beginning of period	3,385,044	3,693,555
Cash, end of period	$ 1,739,880	$ 4,364,539
Cash paid for interest during the period	$ -	$ -
Cash paid for taxes during the period	$ -	$ -

Supplemental disclosure with respect to cash flows (Note 15)

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 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 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, 2014. 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, 2014.

These consolidated financial statements were approved for issue by the Audit Committee on March 30, 2015.

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

New Standards Not Yet Adopted

IFRS 9 "Financial Instruments"

This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement" and will be applicable fiscal years beginning January 1, 2016. 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. The Company does not expect any impact to the financial statements from the adoption of this standard.

(Expressed in Canadian Dollars)

4. RECEIVABLES

The Company's receivables are as follows:

		January 31, 2015		April 30, 2014
Related party receivables	$	46,421	$	221,618
GST receivable		5,179		54,062
Third party receivable		809		809
Total	$	52,409	$	276,489

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, 2013 and 2014	$	80,000	$	264,862	$	344,862
Additions (Written-off)		-		-		-
Balance, January 31, 2015	$	80,000	$	264,862	$	344,862

5. EXPLORATION AND EVALUATION ASSETS (*continued*)

Kyle Lake Project, Ontario

As at January 31, 2015, 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 11(e). This arrangement has since been terminated and the advance has been converted to shares of the Company.

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, 2015, 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 January 31, 2015, 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 January 31, 2015, 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, 2015, 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 January 31, 2015 is estimated as follows:

Fiscal 2014	692,000,000 CFA	$1,520,420

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, 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 other	-	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
Net exploration expenditures (recoveries) to year end	-	543,591	888,109	-	99,148	105,734	1,636,582
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
Additions							
Aircraft field transport	-	175,641	-	-	-	-	175,641
Camp and field supplies	-	5,843	-	-	-	1,612	7,455
Drill supplies and repairs	-	3,170	4,764	-	-	-	7,934
Equipment rental and amortization	-	25,319	216	-	444	225,467	251,446
Fuel (recovery)	-	35,465	(350)	-	-	-	35,115
Licenses, rent and other	-	-	7,031	2,613	-	-	9,644
Labour (recovery)	275	62,407	35,075	-	10,597	52,658	161,012
Sample laboratory analysis	-	-	14,218	-	-	97,068	111,286
Shipping and freight	-	9,277	48,850	-	38,134	1,418	97,679
Telephone and communication	-	363	-	-	-	-	363
Travel and accomodation	-	47,719	5,548	-	-	15,905	69,172
Total additions	275	365,204	115,352	2,613	49,175	394,128	926,747
Cost recoveries	-	-	-	-	-	(431,266)	(431,266)
Net exploration expenditures during the period	275	365,204	115,352	2,613	49,175	(37,138)	495,481
Cumulative expenditures, January 31, 2015	$ 9,415,145	$ 7,373,121	$45,827,596	$ 158,912	$ 22,162,455	$ 5,145,222	$ 90,082,451

(Expressed in Canadian Dollars)

7. EQUIPMENT

	Field equipment	Automotive	Computer equipment	Furniture and fixtures	Total
Cost:					
Balance at April 30, 2013	$ 1,071,917	$ 241,176	$ 18,135	$ 5,194	$ 1,336,422
Dispositions	-	(241,176)	-	-	(241,176)
Balance at January 31, and April 30, 2014	1,071,917	-	18,135	5,194	1,095,246
Dispositions	-	-	-	-	-
Balance as January 31, 2015	$ 1,071,917	$ -	$ 18,135	$ 5,194	$ 1,095,246
Accumulated depreciation:					
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 at January 31, 2014	1,029,409	-	18,135	5,194	1,052,738
Depreciation	15,975	-	-	-	15,975
Balance at April 30, 2014	1,045,384	-	18,135	5,194	1,068,713
Depreciation	26,533	-	-	-	26,533
Balance as January 31, 2015	$ 1,071,917	$ -	$ 18,135	$ 5,194	$ 1,095,246
Carrying amounts					
As at April 30, 2013	$ 90,433	$ -	$ -	$ -	$ 90,433
As at April 30, 2014	$ 26,533	$ -	$ -	$ -	$ 26,533
As at January 31, 2015	$ -	$ -	$ -	$ -	$ -

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	January 31, 2015	**April 30, 2014**
Trade payables	$ 13,360	$ 384,384
Accrued liabilities	120,157	108,286
Related party payables	1,828,396	2,724,631
Total	$ 1,961,913	$ 3,217,301

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 $217,000 has been accrued on this balance to January 31, 2015, $93,000 of which is included in the current fiscal year.

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**	**October 31, 2014**	**April 30, 2014**
Mali Gold Mine Ltd.	Mali	100%	100%

During the three and nine months periods ended January 31, 2015 and 2014, 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.
- Northern Uranium Corp. ("Northern") - a publicly listed company with common directors and management. Metalex and Northern 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:

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2015	2014	**2015**	2014
Laboratory and mineralogical costs	**$ 57,780**	$ 31,163	**$ 57,945**	$ 78,306
Administration fees (10%)	**1,797**	12,682	**33,387**	64,397
Geological consulting fees	**41,627**	53,721	**78,055**	105,770
Shared field expenditures	**1,730**	10,825	**1,846**	27,255
Shared office and administrative costs	**3,488**	11,433	**11,609**	26,924
	$ 106,422	$ 119,824	**$ 182,842**	$ 302,652

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2015	2014	**2015**	2014
C.F. Mineral Research Ltd.	**$ 57,780**	$ 31,163	**$ 57,945**	$ 78,306
Cantex Mine Development Corp.	**144**	(117)	**207**	915
Element 29 Ventures Ltd.	**32,621**	45,323	**53,215**	95,119
Kel-Ex Development Ltd.	**15,877**	43,338	**71,083**	128,312
Northern Uranium Corp.	**-**	-	**392**	-
	$ 106,422	$ 119,707	**$ 182,842**	$ 302,652

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

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2015	2014	**2015**	2014
Shared field expenditures	**$ 19,659**	$ -	**$ 163,130**	$ 25,420
Shared office and administrative costs	**31,675**	6,972	**71,982**	17,437
	$ 51,334	$ 6,972	**$ 235,112**	$ 42,857

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2015	2014	**2015**	2014
Cantex Mine Development Corp.	**$ 1,625**	$ 1,415	**$ 18,482**	$ 30,414
Element 29 Ventures Ltd.	**266**	-	**398**	-
Kel-Ex Development Ltd.	**26,147**	5,557	**43,990**	12,443
Northern Uranium Corp.	**23,296**	-	**172,242**	-
	$ 51,334	$ 6,972	**$ 235,112**	$ 42,857

(Expressed in Canadian Dollars)

10. RELATED PARTY DISCLOSURES *(continued)*

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

		January 31, 2015		April 30, 2014
C.F. Mineral Research Ltd.	**$**	**371,216**	$	615,659
Cantex Mine Development Corp.		**97**		1,185
Element 29 Ventures Ltd.		**6,182**		5,932
Kel-Ex Development Ltd.		**1,450,751**		2,101,855
Northern Uranium Corp.		**150**		-
	$	**1,828,396**	$	2,724,631

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

		January 31, 2015		April 30, 2014
Cantex Mine Development Corp.	**$**	**357**	$	6,633
Element 29 Ventures Ltd.		**398**		-
Kel-Ex Development Ltd.		**29,385**		10,953
Northern Uranium Corp.		**16,281**		204,032
	$	**46,421**	$	221,618

The remuneration of directors and officers is as follows:

	Three Months Ended January 31,				**Nine Months Ended January 31,**			
		2015		2014		**2015**		2014
Director fees(1)	**$**	**16,905**	$	28,585	**$**	**21,871**	$	58,585
Share-based compensation(2)		**-**		334,549		**-**		334,549
Wages and benefits(3)		**41,462**		147,345		**78,201**		193,145
	$	**58,367**	$	510,479	**$**	**100,072**	$	586,279

(1) Directors fees are amounts accrued under the Company's deferred share unit plan as described in Note 11 (d). A recovery of management fees occurred in the current quarter due to the change in the market value of the Company's shares.

(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.

(Expressed in Canadian Dollars)

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.

b) 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, 2013	5,156,100	$	0.90	1,613,882	$	0.77	7,554,700	$	0.99
Granted (expired)	(95,700)		0.72	(1,613,882)		0.77	(7,554,700)		0.99
Outstanding, October 31, 2013	5,060,400		0.90	-		-	-		-
Granted	3,756,000		0.15						
Granted (expired)	(1,007,400)		0.92	-		-	-		-
Outstanding, April 30, 2014	7,809,000		0.54	-		-	-		-
Granted	-		-	-		-	-		-
Expired/cancelled	(1,093,000)		0.98	-		-	-		-
Outstanding, January 31, 2015	6,716,000	$	0.47	-		-	-		-
Number currently excercisable	6,716,000	$	0.47						

The following stock options were outstanding at January 31, 2015:

	Number	Exercise Price		Expiry Date
Options	650,000	$	0.80	June 15, 2015
	610,000		0.70	October 20, 2020
	1,700,000		0.95	March 28, 2021
	3,756,000		0.15	December 19, 2023
	6,716,000			

(Expressed in Canadian Dollars)

11. SHARE CAPITAL AND RESERVES (*continued*)

c) **Options – share-based compensation**

During the nine months ended January 31, 2015, the Company recognized share-based compensation of $nil (2013 - $334,549) in the statement of loss and comprehensive loss as a result of the granting and vesting of incentive stock options.

d) **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. Under the 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 January 31, 2015, $54,995 of deferred compensation (April 30, 2014 **–** $33,124) has been accrued in accounts payable which equates to 1,309,408 shares (April 30, 2014 – 394,338 shares) if the directors left the Company.

e) **Convertible advance**

In January 2012, the Company signed a letter agreement whereby an equity fund managed by the Dundee Corporation group ("Dundee") 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.

In July 2014, the Company received notice from Dundee that they were terminating the earn-in agreement. As at October 31, 2014, the $1,660,000 advance was converted to 2,766,666 shares.

12. SEGMENTED INFORMATION

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

	January 31, 2015	April 30, 2014
Capital Assets (Exploration and evaluation assets and equipment):		
Canada	$ 344,862	$ 344,862
Angola	-	26,533
	$ 344,862	$ 371,395

13. 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 (January 31, 2015 – $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 January 31, 2015, the Company had $46,421 in outstanding related party receivables; the Company has subsequently received $12,854 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.

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.

14. 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.

15. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash transactions for the nine month period ended January 31, 2015 included the conversion of the $1,660,000 advance to shares and transferring reserves, representing expired and cancelled stock options valued at $127,642. 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.