NuLegacy Gold
CORPORATION

Consolidated Financial Statements

For the year ended March 31, 2014 and 2013
(Expressed in Canadian Dollars)

DeVISSER GRAY LLP
CHARTERED ACCOUNTANTS

401-905 West Pender St
Vancouver BC V6C 1L6
t 604.687.5447
f 604.687.6737

INDEPENDENT AUDITORS' REPORT

To the Shareholders of NuLegacy Gold Corporation,

We have audited the accompanying consolidated financial statements of NuLegacy Gold Corporation and its subsidiary, which comprise the consolidated statements of financial position as at March 31, 2014 and March 31, 2013, and the consolidated statements of comprehensive loss, cash flows and changes in equity for the years ended March 31, 2014 and March 31, 2013, 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 as issued by the International Accounting Standards Board, 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 whether the consolidated financial statements are free of 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 auditor's 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 auditor considers 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 is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of NuLegacy Gold Corporation and its subsidiary as at March 31, 2014 and March 31, 2013 and their financial performance and their cash flows for the years ended March 31, 2014 and March 31, 2013 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter

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

De Visser Gray LLP

CHARTERED ACCOUNTANTS

Vancouver, Canada
July 25, 2014

NULEGACY GOLD CORPORATION
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	Note	March 31, 2014	March 31, 2013
		$	$
Assets			
Current assets			
Cash and cash equivalents	3	1,026,920	417,286
Receivables		11,451	23,660
Prepaid expenses		106,326	69,862
Available for sale financial assets	5	2,616,293	-
Held for trading investment		8,280	-
		3,769,270	510,808
Non-current assets			
Equipment	6	1,819	11,175
Exploration and evaluation assets	7	2,717,315	1,993,136
Deposits	4	104,987	105,132
		6,593,391	**2,620,251**
Liabilities and Shareholders' Equity			
Current liabilities			
Trade and other payables	8,9	86,432	83,030
Shareholders' Equity			
Share capital	10	11,062,042	6,387,805
Warrants reserve	10	3,734,030	2,927,108
Share options reserve	10	1,889,156	1,551,022
Revaluation reserve	5	(574,308)	-
Share subscriptions payable		-	40,338
Accumulated deficit		(9,603,961)	(8,369,052)
		6,506,959	2,537,221
		6,593,391	**2,620,251**

Corporate Information and Going Concern (Note 1)

Approved and authorized on behalf of the Board on July 25, 2014.

"Albert J. Matter"
Director

"Petra Decher"
Director

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

NULEGACY GOLD CORPORATION
Consolidated Statements of Comprehensive Loss
(Expressed in Canadian dollars)

	Note	Year ended March 31, 2014	2013
		$	**$**
Operating expenses			
Bank charges		**1,329**	1,462
Consulting	9	**148,451**	215,603
Depreciation	6	**9,356**	14,764
Dues and subscriptions		**5,276**	8,283
Insurance		**31,042**	28,345
Investor relations	9	**398,928**	553,372
Office	9	**95,883**	106,332
Printing and reproduction		**25,954**	14,168
Professional fees	9	**125,985**	184,869
Regulatory and transfer agent		**33,699**	38,043
Rent		**25,598**	67,465
Share based payments	9,10	**338,134**	266,837
Telecommunication		**11,786**	12,224
Travel and accommodation		**33,409**	35,153
		1,284,830	1,546,920
Other income (loss)			
Foreign exchange gain		**69,831**	2,368
Interest and other income		**251**	725
Investment write off		**-**	(15,000)
Property write off	7	**-**	(3,512,330)
Unrealized loss on held for trading investment		**(20,161)**	-
		49,921	(3,524,237)
Net loss for the year		**(1,234,909)**	(5,071,157)
Other comprehensive loss			
Net change in fair value of available for sale financial assets	5	**(574,308)**	-
Comprehensive loss for the year		**(1,809,217)**	(5,071,157)
Basic and diluted loss per share	10		
Net loss for the year		**(0.01)**	(0.08)
Comprehensive loss for the year		**(0.02)**	(0.08)
Weighted average common shares outstanding		**85,387,905**	62,283,639

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

NULEGACY GOLD CORPORATION
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	Year ended March 31,	
	2014	2013
	$	$
Operating activities		
Net loss for the year	**(1,234,909)**	(5,071,157)
Items not affecting cash and cash equivalents		
Depreciation	**9,356**	14,764
Investment write off	**-**	15,000
Property write off	**-**	3,512,330
Share based payments	**338,134**	266,837
Unrealized losses	**40,070**	-
Changes in non-cash working capital		
Receivables	**12,209**	2,242
Prepaid expenses and deposits	**(36,319)**	55,724
Trade and other payables	**(25,633)**	(163,735)
Total cash outflows from operating activities	**(897,092)**	(1,367,995)
Financing activities		
Proceeds from issuance of common shares	**2,364,363**	1,972,325
Share issuance costs	**(92,805)**	(84,250)
Decrease in subscriptions payable	**(40,338)**	(109,662)
Total cash inflows from financing activities	**2,231,220**	**1,778,413**
Investing activities		
Purchase of equipment	**-**	(10,675)
Purchase of held for trading investment	**(28,441)**	-
Exploration and evaluation asset expenditures	**(696,053)**	(2,073,319)
Total cash outflows from investing activities	**(724,494)**	(2,083,994)
Net change in cash and cash equivalents	**609,634**	(1,673,576)
Cash and cash equivalents, beginning of year	**417,286**	2,090,862
Cash and cash equivalents, end of year	**1,026,920**	417,286
Other non-cash items		
Change in fair market value of available for sale financial assets	**574,308**	-
Warrants issued in private placement	**798,029**	-
Warrants issued as finders' fee	**8,893**	-
Shares issued in acquisition of exploration and evaluation assets	**12,000**	14,000
Share issue costs in trade and other payables	**12,909**	-
Exploration and evaluation assets in trade and other payables	**19,831**	3,705
Shares issued for acquisition of available for sale financial assets	**3,210,510**	-

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

NULEGACY GOLD CORPORATION
Consolidated Statements of Changes in Equity
(Expressed in Canadian dollars)

	Note	Number of shares	Share capital	Share subscriptions payable	Warrants reserve	Share options reserve	Revaluation reserve	Accumulated deficit	Total
			$	$	$	$	$	$	$
Balance, April 1, 2012		56,949,251	4,893,958	150,000	2,518,880	1,284,185	-	(3,297,895)	5,549,128
Shares issued, acquisition of mineral properties	7,10	100,000	14,000	-	-	-	-	-	14,000
Shares issued, private placements	10	12,310,998	1,564,097	(150,000)	408,228	-	-	-	1,822,325
Share issuance costs		-	(84,250)	-	-	-	-	-	(84,250)
Subscriptions received		-	-	40,338	-	-	-	-	40,338
Share based payments	10	-	-	-	-	266,837	-	-	266,837
Comprehensive loss for the year		-	-	-	-	-	-	(5,071,157)	(5,071,157)
Balance, March 31, 2013		69,360,249	6,387,805	40,338	2,927,108	1,551,022	-	(8,369,052)	2,537,221
Shares issued, acquisition of mineral properties	7,10	100,000	12,000	-	-	-	-	-	12,000
Shares issued, private placements	10	23,643,630	2,364,363	(40,338)	-	-	-	-	2,324,025
Share issuance costs	10	-	(114,608)	-	8,893	-	-	-	(105,715)
Share purchase warrants, private placements	10		(798,029)		798,029	-	-	-	-
Shares issued, acquisition of available for sale financial assets	5,10	20,000,000	3,210,511	-	-	-	-	-	3,210,511
Share based payments	10	-	-	-	-	338,134	-	-	338,134
Comprehensive loss for the year		-	-	-	-	-	(574,308)	(1,234,909)	(1,809,217)
Balance, March 31, 2014		**113,103,879**	**11,062,042**	**-**	**3,734,030**	**1,889,156**	**(574,308)**	**(9,603,961)**	**6,506,959**

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

1. Corporate Information and Going Concern

Corporate Information

NuLegacy Gold Corporation (the "Company") is a publicly listed entity on the TSX Venture Exchange and incorporated under the laws of the Province of British Columbia. The Company's principal business activity is the acquisition and exploration of mineral properties. Its principal mineral property interests are located in Nevada, USA.

The head office, principal address, and records office of the Company are located at 355 Burrard Street, Suite 1000, Vancouver, British Columbia, Canada, V6C 2G8.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company's mineral property interests are located outside of Canada and are subject to the risks associated with foreign investment, including increases in taxes and royalties, renegotiations of contracts, currency exchange fluctuations and political uncertainty. Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

Going Concern

These consolidated financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since inception and the ability of the Company to continue as a going-concern depends upon its ability to raise adequate financing and/or to achieve profitable operations. These consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

The continuance of the Company's operations is dependent on obtaining sufficient additional financing in order to realize the recoverability of the Company's investments in exploration and evaluation assets, which is dependent upon the existence of economically recoverable reserves and market prices for the underlying minerals. Management closely monitors commodity prices of precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company if favorable or adverse market conditions occur. These material uncertainties cast substantial doubt on the Company's ability to continue as a going concern.

2. Significant Accounting Policies

The following is a summary of significant accounting policies used in the preparation of these consolidated financial statements.

Statement of compliance

The consolidated financial statements of the Company and its subsidiary 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 consolidated financial statements, including the comparative amounts, were approved and authorized for issue by the audit committee and board of directors on July 25, 2014.

Basis of presentation

The consolidated financial statements have been prepared on a historical cost basis, except for cash and cash equivalents and other financial instruments classified as fair value through profit or loss or available for sale that have been measured at fair value at the reporting date. The consolidated financial statements are presented in Canadian dollars.

2. Significant Accounting Policies (continued)

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, NuLegacy Gold N.V., which was incorporated in Nevada, USA. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiary are prepared for the same reporting period as the parent company, using consistent accounting policies. Inter-company balances and transactions, including any unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements.

Functional currency

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 wholly owned subsidiary is the Canadian dollar. The reporting currency of the Company is the Canadian dollar.

Foreign currencies

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each statement of financial position date, monetary assets and liabilities are translated using the period end foreign exchange rate. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. Non-monetary assets and liabilities that are stated at fair value are translated using the historical rate on the date that the fair value was determined.

Financial assets

The Company's financial assets are classified into one of the following categories:

- Fair value through profit or loss ("FVTPL"); and
- Available for sale ("AFS")

The classification is determined at initial recognition and depends on the nature and purpose of the financial asset.

(i) FVTPL financial assets:
Financial assets are classified as FVTPL when the financial asset is held for trading or it is designed as FVTPL.
A financial asset is classified as FVTPL if:

- It has been acquired principally for the purpose of selling in the near future;
- It is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

Financial assets classified as FVTPL are stated at fair value with any resultant gain or loss recognized in profit or loss. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset.

The Company's cash and cash equivalents and held for trading investment are classified as FVTPL.

2. Significant Accounting Policies (continued)

Financial assets (continued)

(ii) AFS financial assets:
AFS financial assets are stated at fair value. Gains and losses arising from changes in fair value are recognized directly in equity in the investment revaluation reserve. Impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, are recognized directly in profit or loss rather than equity. When an investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized in the investment revaluation reserve is included in profit or loss for the period.

The fair value of AFS monetary assets denominated in a foreign currency is translated at the spot rate at the statement of financial position date. The change in fair value attributable to translation difference due to a change in amortized cost of the asset is recognized in profit or loss, while all other changes are recognized in equity.

The Company's available for sale financial assets are classified as AFS.

Impairment of financial assets

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

Objective evidence of impairment could include the following:

- Significant financial difficulty of the issuer or counterparty;
- Default or delinquency in interest or principal payments; or
- It has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets, excluding trade receivables, is directly reduced by the impairment loss. The carrying amount of trade receivables is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

2. Significant Accounting Policies (continued)

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial liabilities are classified as either FVTPL or other financial liabilities.

(i) FVTPL:
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.

(ii) Other financial liabilities:
Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the corresponding period. The effective interest rate is the rate that exactly discounts estimated future cash payments over the expected life of the financial liability, or, where appropriate, a shorter period.

The Company has classified trade and other payables as other financial liabilities.

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, and short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash.

Receivables

Receivables are recognized at the amounts due for settlement no more than 90 days from the date of recognition. The collectability of trade receivables is reviewed on an ongoing basis. Accounts which are known to be uncollectible are written off. A provision for impairment is recorded when there is evidence that the Company will not be able to collect fully the amounts due.

2. Significant Accounting Policies (continued)

Mineral exploration, evaluation and development expenditure

(i) Pre-license costs:
Pre-license costs are expensed in the period in which they are incurred.

(ii) Exploration and evaluation costs:
Once the legal right to explore has been acquired, exploration and evaluation expenditure is charged to profit or loss as incurred, unless the directors conclude that a future economic benefit is more likely than not to be realised. These costs include materials and fuel used, surveying costs, drilling costs and payments made to contractors. In evaluating if expenditures meet the criteria to be capitalised, several different sources of information are utilised. The information that is used to determine the probability of future benefits depends on the extent of exploration and evaluation that has been performed.

Exploration and evaluation expenditure incurred on licences where a resource has not yet been established is expensed as incurred until sufficient evaluation has occurred in order to establish a resource. Costs expensed during this phase are included in ‘exploration expenditure’ in profit or loss.

Upon the establishment of a resource (at which point, the Company considers it probable that economic benefits will be realised), the Company capitalises any further evaluation costs incurred for the particular licence to exploration and evaluation assets up to the point when a reserve is established.

Exploration and evaluation assets acquired in a business combination are initially recognised at fair value. They are subsequently measured at cost less accumulated impairment. Once reserves are established and development is sanctioned, exploration and evaluation assets are tested for impairment and transferred to ‘Mines under construction’. No amortization is charged during the exploration and evaluation phase.

Equipment

Equipment is stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation for equipment is calculated using the straight line method over the following expected useful lives:

- Equipment 2 years

An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

Where an item of equipment is composed of major components with different useful lives, the components are accounted for as separate items of equipment. Expenditures incurred to replace a component of an item of equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized

2. Significant Accounting Policies (continued)

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the asset is tested as part of a larger CGU. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment of inventories, are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase and is recognised through other comprehensive income.

Share based payments

The Company's share purchase option plan allows Company directors, officers, employees and service providers to acquire shares of the Company. The fair value of share purchase options granted to employees (which includes directors and officers and service providers that meet the definition of an employee) is recognized as an expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value is measured at grant date and each tranche is recognized over the vesting period. The fair value of options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. The amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. For options granted to non-employees, the fair value of the services is measured at the date the services are rendered which could consist of multiple measurement dates.

2. Significant Accounting Policies (continued)

Income taxes
Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Loss per share
Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of shares outstanding during the reporting year. 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.

Comprehensive loss
Comprehensive loss is the change in the Company’s net assets that results from transactions, events and circumstances from sources other than the Company’s shareholders and includes items that would not normally be included in net profit such as unrealized gains or losses on available-for-sale investments, gains or losses on certain derivative instruments and foreign currency gains or losses related to self-sustaining operations. The Company’s comprehensive loss, components of other comprehensive loss and cumulative translation adjustments are presented in the consolidated statements of comprehensive loss and the consolidated statements of changes in equity.

2. Significant Accounting Policies (continued)

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Warrants

Share issuances during the year that include a warrant have been bifurcated into a share and warrant component for accounting purposes. The warrant component is recorded as a separate line item in equity and is reclassified to share capital when exercised.

Significant accounting judgments, estimates and assumptions

The preparation of the consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported expenses during the year.

Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the valuation of share based compensation and income taxes.

Critical judgments exercised in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements are as follows:

(a) Economic recoverability and probability of future economic benefits of exploration and evaluation assets:

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of a resource is itself an estimation process that requires varying degrees of uncertainty depending on sub-classification and these estimates directly impact the point of deferral of exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available. If, after expenditures are capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalised is written off in profit or loss in the period when the new information becomes available.

2. Significant Accounting Policies (continued)

Significant accounting judgments, estimates and assumptions (continued):

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

(a) Valuation of share based payments and warrants

The Company uses the Black-Scholes Option Pricing Model for valuation of share based compensation and for the valuation of warrants. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and share option reserves.

(b) Recovery of deferred tax assets:

Judgment is required in determining whether deferred tax assets are recognised on the statement of financial position. Deferred tax assets, including those arising from unutilised tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilise recognised deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realise the net deferred tax assets recorded at the reporting date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

Standards issued or amended but not yet effective:

A number of new standards, amendments to standards and interpretations applicable to the Company are not yet effective for the year ended March 31, 2014 and have not been applied in preparing these consolidated financial statements. The Company is currently considering the possible effects of the new and revised standards which will be effective to the Company's consolidated financial statements for the year ending March 31, 2015 or later:

- IFRS 9 – Financial Instruments: Applies to classification and measurement of financial assets and liabilities as defined in IAS 39. It is tentatively effective for annual periods beginning on or after January 1, 2018 with early adopted permitted. The Company does not expect any effect on the Company's consolidated financial statements.

- IFRS 10 – Consolidated Financial Statements amendment provides clarification on investment entitles. The amendments are effective for annual periods beginning on or after January 1, 2014. The Company does not expect any effect on the Company's consolidated financial statements.

- IAS 32 – Financial Instruments: Presentation amendment provides clarification on the application of offsetting rules. The amendments are effective for annual periods beginning on or after January 1, 2014. The Company does not expect any effect on the Company's consolidated financial statements.

- IFRIC 21 – Levies: Provides guidance on accounting for levies in accordance with the requirements of IAS 37. The interpretation is effective for annual periods beginning on or after January 1, 2014 and is applied retrospectively. The Company is currently assessing the impact of this interpretation on its consolidated financial statements.

(Expressed in Canadian dollars)

3. Cash and Cash Equivalents

	March 31, 2014	March 31, 2013
	$	$
Bank balances	1,026,920	417,286

4. Deposits

	March 31, 2014	March 31, 2013
	$	$
Credit card collateral	25,875	26,020
Reclamation bonds	79,112	79,112
	104,987	**105,132**

5. Available for Sale Financial Assets

In March 2014, the Company completed a share exchange financing transaction with Global Resources Investment Ltd. ("GRIT"), a U.K. based public company which trades on the London Stock Exchange ("LSE"), whereby the Company issued 20,000,000 common shares at a price of $0.16 per share ($3,200,000) in return for 1,731,200 GRIT common shares at a deemed issue price of £1.00 per share, equivalent to $3,210,510 on the transaction date.

The fair value of GRIT common shares as at March 31, 2014 is $2,616,293. During the year ended March 31, 2014, the Company recorded a revaluation reserve loss on the investment of $574,308.

The Company intends to liquidate the GRIT common shares and use the net proceeds from the future sale to fund further exploration delineation of its Iceberg gold deposit in Nevada, USA and for general corporate purposes. There is a 3% finder's fee payable on the net proceeds from the future sale of the GRIT shares.

6. Equipment

	Computers
	$
Cost	
As at April 1, 2012	19,307
Additions	10,675
As at March 31, 2013	29,982
Additions	-
As at March 31, 2014	**29,982**
Accumulated depreciation	
As at April 1, 2012	4,043
Charge for the year	14,764
As at March 31, 2013	18,807
Charge for the year	9,356
As at March 31, 2014	**28,163**
Net book value	
As at March 31, 2013	11,175
As at March 31, 2014	**1,819**

(Expressed in Canadian dollars)

7. Exploration and Evaluation Assets

	Red Hill Properties				
	Miranda Property	Barrick Property	Wilson Property	Wood Hills South Property	Total
	$	$	$	$	$
Balance April 1, 2012	1,465,275	630,965	447,387	870,815	3,414,442
Additions	766,343	701,766	213,018	409,897	2,091,024
Dispositions	(2,231,618)	-	-	(1,280,712)	(3,512,330)
Balance March 31, 2013	-	1,332,731	660,405	-	1,993,136
Additions	-	608,133	116,046	-	724,179
Balance March 31, 2014	**-**	**1,940,864**	**776,451**	**-**	**2,717,315**

Eureka County, Nevada

Miranda Property
The Company had an exploration and joint venture agreement with Miranda Gold Corp. ("Miranda") to earn a 60% interest in this project by reimbursing Miranda for its 2009 – 2010 claim maintenance fees for the property in the amount of US$11,000 cash (paid), issuing 200,000 common shares (issued), incurring a total of US$200,000 in exploration expenditures before June 30, 2010 as a binding commitment (completed), and incurring a total of US$3,500,000 in expenditure requirements.

Miranda (Coal Canyon) Option
On January 5, 2011, the Company signed an agreement that incorporates Miranda's two square mile Coal Canyon property in Eureka County, Nevada into the Red Hill Prospect. The principal terms of the option for the Coal Canyon required NuLegacy Gold to issue 50,000 common shares to Miranda and to spend an additional US$1.5 million on either the Coal Canyon property or the previously-optioned Red Hill property. Thus, NuLegacy could earn a 60% interest in both Miranda's Coal Canyon and Red Hill properties for a combined expenditure of US$5.5 million over four years. NuLegacy could earn an additional 10% interest in the properties by completing a feasibility study.

On January 25, 2013, the Company terminated both the Miranda Property and Miranda (Coal Canyon) Option Agreements and all related deferred costs of $2,231,618 were written off as at March 31, 2013.

Barrick Property
On September 16, 2010, the Company entered into an exploration agreement with a joint venture election and option to purchase from Barrick Gold Exploration Inc. ("Barrick") for a 70% undivided interest in 818 unpatented mining claims in the Barrick Property located adjacent to the Miranda Property in Eureka County, Nevada, U.S.A. On August 23, 2012, the parties signed an Amended Agreement amending some of the requirements to be upheld by the Company. Under the Amended Agreement, in order to exercise the option, the Company must incur a minimum of US$5,000,000 in exploration or development expenditures on the Barrick Property (inclusive of maintenance fees) as follows:

Expenditure deadline	Expenditure commitment (US$)	Total cumulative expenditure (US$)
December 31, 2011	375,000 (spent)	375,000
December 31, 2012	875,000 (spent)	1,250,000
December 31, 2013	625,000 (spent)	1,875,000
December 31, 2014	1,125,000	3,000,000
December 31, 2015	2,000,000	5,000,000

(Expressed in Canadian dollars)

7. Exploration and Evaluation Assets (continued)

Eureka County, Nevada (continued)

Barrick property (continued)

If the Company completes the required US$5,000,000 in expenditures and earns a 70% undivided interest in the property, Barrick will have a one-time option, exercisable within 90 days, to back into a 70% interest in the property. To complete the back in, Barrick must expend US$15,000,000 over 5 years on the exploration and development of the property at a rate of at least US$1,500,000 per year. If completed, the Company's remaining 30% interest in the property will be carried by Barrick until the commencement of commercial production on the property.

Upon completion of the Company's exploration expenditures of US$5,000,000, the Company and Barrick shall form a joint venture for further exploration of the property. If Barrick does not elect to exercise the back in right or fails to complete the requirements, the Company will hold a 70% interest and Barrick will hold a 30% interest in the joint venture. If Barrick exercises the back in right and completes the requirements, the Company will hold a 30% interest and Barrick will hold a 70% interest in the joint venture.

Wilson Property
On October 18, 2010, the Company entered into a mining lease ("Lease") with Idaho Resources Corp. ("Idaho"), in which Idaho granted to the Company exclusive possession and control to explore, develop, mine and operate on the Idaho Property, which consists of 482 unpatented mining claims.

During the year ended March 31, 2013, the Company entered into a restated mining lease whereby future requirements for exploration expenditures were eliminated. In order to maintain the Lease, the Company must make annual advance royalty payments of US$25,000 (paid) and issue 100,000 common shares (issued) to Idaho in each of the first five years of the Lease. Annual cash payments will then increase to US$50,000 for year six and every year thereafter. In addition, the Company has incurred a total of US$750,000 in exploration on the property as follows:

Expenditure deadline	Expenditure commitment (US$)	Aggregate amount (US$)
August 31, 2011	250,000 (paid)	250,000
December 31, 2012	500,000 (paid)	750,000

After an initial term of 10 years, the Lease will continue in full force and effect provided that the Company continues to maintain the property in good standing and make the requisite annual cash payments to Idaho. Upon commencement of commercial production, the annual cash payments will convert to an overriding royalty of 3% of the applicable royalty base on all gold, silver and other ores/metals from the property.

Wood Hills South Property

Elko County, Nevada

On December 8, 2009, the Company entered into an option agreement (amended on October 22, 2012) with Au-Ex, Inc. to earn a 70% interest in this prospect by paying US$20,000 cash (paid), incurring a minimum US$5,000,000 in exploration expenditures over seven years, and completing a feasibility study.

In April 2013, the Company terminated the Wood Hills South Property Option Agreement and all related deferred costs of $1,280,712 were written off as at March 31, 2013.

(Expressed in Canadian dollars)

8. Trade and Other Payables

	March 31, 2014	March 31, 2013
	$	$
Trade payables and accruals	64,709	33,032
Related party payables	21,723	49,998
	86,432	**83,030**

9. Related Party Transactions

During the year ended March 31, 2014, the Company entered into the following transactions with related parties, not disclosed elsewhere in these consolidated financial statements:

- Paid or incurred professional fees of $36,893 (2013 - $45,100) and share issuance costs of $40,662 (2013 - $30,687) to a company controlled by an officer of the Company. As at March 31, 2014, $21,723 (2013 - $17,115) was included in trade and other payables to this company.

As at March 31, 2014, advances of $37,314 (2013 - $36,687), on account of future expenses was included in prepaid expenses to a director and companies controlled by directors and officers of the Company.

All related party amounts were incurred in the normal course of operations, bear no interest and have no fixed terms of repayment.

Summary of key management personnel compensation:

	Year ended March 31,	
	2014	2013
	$	$
Consulting	**138,065**	158,467
Exploration and evaluation assets	**101,074**	105,322
Investor relations	**133,065**	165,585
Office	**16,291**	-
Professional fees	**33,700**	42,000
Share based payments	**245,468**	145,744

(Expressed in Canadian dollars)

10. Share Capital and Reserves

Authorized Share Capital

Unlimited common shares without par value

Issued Share Capital

	Shares	Share capital - gross	Share issue costs	Share capital - net
		$	$	$
Balances, April 1, 2012	56,949,251	5,477,630	583,672	4,893,958
Issued				
Exploration and evaluation assets (i)	100,000	14,000	-	14,000
Private placements (ii)	12,310,998	1,564,097	84,250	1,479,847
Balances, March 31, 2013	69,360,249	7,055,727	667,922	6,387,805
Issued				
Private placements (iii)	23,643,630	1,566,334	82,636	1,483,699
Exploration and evaluation assets (iv)	100,000	12,000	-	12,000
Available for sale investment (v)	20,000,000	3,210,510	31,972	3,178,538
Balance, March 31, 2014	**113,103,879**	**11,844,571**	**782,530**	**11,062,042**

(i) In August 2012, the Company issued 100,000 common shares at $0.14 in connection with the Wilson Property option agreement for a value of $14,000.

(ii) On June 25, 2012, the Company completed a non-brokered private placement for a total of 2,200,000 units (the “Units”) at a price of $0.20 per Unit for gross proceeds of $440,000. Each Unit consists of one common share and one share purchase warrant, each warrant entitling the holder thereof to purchase one additional common share of the Company for a period of 24 months at a price of $0.30 during the first 12 months and $0.45 during the last 12 months.

On November 21, 2012, the Company completed an initial closing of a non-brokered private placement for a total of 8,797,666 units (the “Units”) at a price of $0.15 per Unit for gross proceeds of $1,319,650. Each Unit consisted of one common share and one-half share purchase warrant, with each full warrant entitling the holder thereof to purchase one additional common share of the Company for a period of 24 months, subject to acceleration, at a price of $0.25 during the first 12 months and $0.35 during the last 12 months. Finders’ fees totaling $24,140 cash and 160,933 warrants were paid to certain registered finders in connection with the closing, each finder’s warrant entitling the holders to purchase one common share of the Company for a period of two years.

On December 5, 2012, the Company closed the second closing of its non-brokered private placement. The Company sold an additional 946,665 units (“Units”) at a price of $0.15 per Unit for gross proceeds of $142,000. A finder’s fee of $3,150 cash and 21,000 finder’s warrants has been paid to a registered finder on a portion of the second tranche of the private placement, each finder’s warrant entitling the holder to purchase one common share of the Company for a period of two years at a price of $0.25.

On December 20, 2012, the Company closed the third and final closing of its non-brokered private placement. The Company sold an additional 366,667 units (“Units”) at a price of $0.15 per Unit for gross proceeds of $55,000. A finder’s fee of $1,050 cash and 7,000 finder’s warrants has been paid to a registered finder on the third closing of the private placement, each finder’s warrant entitling the holder to purchase one common share of the Company for a period of two years at a price of $0.25.

10.10. Share Capital and Reserves (continued)

Issued Share Capital (continued)

(iii) On April 11, 2013, the Company completed the first tranche of a non-brokered private placement, selling a total of 8,112,500 Units for gross proceeds of $811,250. Each Unit consists of one common share and one share purchase warrant, each warrant entitling the holder thereof to purchase one additional common share of the Company for a period of 24 months at a price of $0.15 during the first 12 months and $0.20 during the last 12 months. The fair value attributable to these share purchase warrants was $263,235.

On April 22, 2013, the Company completed the second tranche of a non-brokered private placement, selling a total of 1,250,000 Units for gross proceeds of $125,000. Each Unit consists of one common share and one share purchase warrant, each warrant entitling the holder thereof to purchase one additional common share of the Company for a period of 24 months at a price of $0.15 during the first 12 months and $0.20 during the last 12 months. The fair value attributable to these share purchase warrants was $40,579.

On May 9, 2013, the Company completed the final tranche of a non-brokered private placement, selling a total of 921,750 Units for gross proceeds of $92,175. Each Unit consists of one common share and one share purchase warrant, each warrant entitling the holder thereof to purchase one additional common share of the Company for a period of 24 months at a price of $0.15 during the first 12 months and $0.20 during the last 12 months. The fair value attributable to these share purchase warrants was $30,249. Finder's fees totaling $1,750 cash and 17,500 finder's warrants were paid to certain dealers in connection with the closing of the final tranche of the private placement. The fair value attributable to these finder's warrants was $631.

On November 12, 2013, the Company completed the first tranche of a non-brokered private placement, selling a total of 7,234,380 Units for gross proceeds of $723,438. Each Unit consists of one common share and one share purchase warrant, each warrant entitling the holder thereof to purchase one additional common share of the Company for a period of 36 months at a price of $0.15 during the first 18 months and $0.20 during the last 18 months. The fair value attributable to these share purchase warrants was $251,435. Finder's fees totaling $800 cash and 8,000 finder's warrants were paid to a dealer in connection with the closing of this private placement. The finder warrants entitles the holder to purchase one additional common share of the Company for a period of 18 months at a price of $0.10. The fair value attributable to these finder's warrants was $569.

On November 25, 2013, the Company completed the second tranche of a non-brokered private placement, selling a total of 3,675,000 Units for gross proceeds of $367,500. Each Unit consists of one common share and one share purchase warrant, each warrant entitling the holder thereof to purchase one additional common share of the Company for a period of 36 months at a price of $0.15 during the first 18 months and $0.20 during the last 18 months. The fair value attributable to these share purchase warrants was $127,419. Finder's fees totaling $8,000 cash and 60,000 finder's warrants were paid to certain dealers in connection with the closing of this private placement. The finder warrants entitles the holder to purchase one additional common share of the Company for a period of 18 months at a price of $0.10. The fair value attributable to these finder's warrants was $4,264.

On December 13, 2013, the Company completed the final tranche of a non-brokered private placement, selling a total of 2,450,000 Units for gross proceeds of $245,000. Each Unit consists of one common share and one share purchase warrant, each warrant entitling the holder thereof to purchase one additional common share of the Company for a period of 36 months at a price of $0.15 during the first 18 months and $0.20 during the last 18 months. The fair value attributable to these share purchase warrants was $85,112. Finder's fees totaling $10,800 cash and 48,000 finder's warrants were paid to a dealer in connection with the closing of this private placement. The finder warrants entitles the holder to purchase one additional common share of the Company for a period of 18 months at a price of $0.10. The fair value attributable to these finder's warrants was $3,428.

(iv) In December 2013, the Company issued 100,000 common shares at $0.12 per share in connection with the Wilson Property option agreement for a value of $12,000.

(v) In March 2014, the Company issued 20,000,000 common shares at $0.16 per share in connection with the GRIT transaction (Note 5) for a value of $3,210,510.

(Expressed in Canadian dollars)

10. Share Capital and Reserves (continued)

Warrants

A summary of the warrant activities is as follows:

	Number of shares	Weighted average exercise price ($)
Balance, April 1, 2012	19,135,060	0.33
Issued [1]	2,200,000	0.30
Issued [2]	5,244,432	0.25
Expired	(6,100,500)	0.52
Balance, March 31, 2013	20,478,992	0.31
Issued [3]	10,301,750	0.15
Issued [4]	13,359,380	0.15
Issued [5]	116,000	0.10
Expired	(12,784,560)	0.35
Balance, March 31, 2014	**31,471,562**	**0.20**

[1] Each warrant entitles the holder to purchase one additional common share at a price of $0.30 in the first 12 months and $0.45 in the last 12 months.
[2] Each warrant entitles the holder to purchase one additional common share at a price of $0.25 in the first 12 months and $0.35 in the last 12 months.
[3] Each warrant entitles the holder to purchase one additional common share at a price of $0.15 in the first 12 months and $0.20 in the last 12 months.
[4] Each warrant entitles the holder to purchase one additional common share at a price of $0.15 in the first 18 months and $0.20 in the last 18 months.
[5] Each finder's warrant entitles the holder to purchase one additional common share at a price of $0.10 for a period of 18 months.

(Expressed in Canadian dollars)

10. Share Capital and Reserves (continued)

Warrants (continued)

The following share purchase warrants were outstanding as at March 31, 2014:

Expiry date		Number of warrants	Exercise price ($)	Remaining contractual life (years)
June 25, 2014		2,200,000	0.45	0.24
November 20, 2014	[1]	4,408,033	0.35	0.64
November 20, 2014		56,000	0.25	0.64
November 20, 2014		95,733	0.15	0.64
December 5, 2014		21,000	0.25	0.68
December 5, 2014	[1]	473,333	0.35	0.68
December 20, 2014		7,000	0.25	0.72
December 20, 2014	[1]	183,333	0.35	0.72
April 11, 2015	[2]	8,112,500	0.15	1.03
April 22, 2015	[2]	1,250,000	0.15	1.06
May 9, 2015	[2]	939,250	0.15	1.11
May 12, 2015		8,000	0.10	1.12
May 25, 2015		60,000	0.10	1.15
June 10, 2015		48,000	0.10	1.19
December 9, 2015		250,000	0.25	1.69
November 12, 2016	[3]	7,234,380	0.15	2.62
November 25, 2016	[3]	3,675,000	0.15	2.66
December 10, 2016	[3]	2,450,000	0.15	2.70
		31,471,562		

[1] Last 12-months of term, strike price increases to $0.35

[2] These warrants are subject to an acceleration clause whereby if the weighted average trading price of the Company's shares is equal to or exceeds $0.225 per share during the first 11 months or $0.30 per share after the first 11 months for a period of 20 consecutive trading days, the Company will have the right to accelerate the expiry date of the warrants upon 30 days notice.

[3] These warrants are subject to acceleration clause whereby if the closing price of the Company's shares equals or exceeds $0.25 per share during the first 17 months or $0.35 per share after the first 17 months for a period of 20 consecutive trading days, the Company will have the right to accelerate the expiry date of the warrants upon 30 days notice. Last 18 months of term, strike price increases to $0.20.
All warrants are shown at their current exercise price, if applicable.

The fair value of each warrant granted is estimated at the time of the grant using the Black-Scholes option pricing model with weighted average assumptions for grants as follows:

	Year ended March 31, 2014	2013
Risk-free interest rate	1.12%	1.07%
Expected life	2.54	2.00
Annualized volatility	124.98%	114.38%
Dividend rate	-	-
Grant date fair value	$ 0.036	$ 0.055

10. Share Capital and Reserves (continued)

Escrow Shares

The Company has escrowed 6,990,001 of the issued shares of which 10% have been released for trade upon listing of the Company's shares with the balance being released over 3 years at 15% of the escrowed shares every six months. At March 31, 2014 there are no remaining escrowed shares (March 31, 2013 – 2,097,000)

Stock Options

The Company had a fixed stock-based compensation plan (the "Plan") providing for the grant of stock options to purchase a maximum of 11,500,000 common shares to eligible recipients. In January 2014, the Company amended the Plan to increase the total number of stock options to 15,500,000.

During the year ended March 31, 2013:

In July 2012, the Company granted 300,000 stock options exercisable at $0.15 per option to a director of the Company. The options vested 25% on the grant date and 25% every six months thereafter. The fair value attributable to these stock options was $34,089 using the Black Scholes option pricing model.

In October 2012, the Company granted 250,000 stock options exercisable at $0.15 per option to a consultant of the Company. The options vested 50% on the grant date and 50% six months thereafter. The fair value attributable to these stock options was $30,229 using the Black Scholes option pricing model.

In November 2012, the Company 75,000 stock options exercisable at $0.15 per options to consultants of the Company. The options vested 20% on the grant date and 20% every six months thereafter. The fair value attributable to these stock options was $8,351 using the Black Scholes option pricing model.

In March 2013, the Company granted 2,850,000 stock options exercisable at $0.20 per option to directors, officers and consultants of the Company. The options vested 25% at the grant date and 25% every six months thereafter. The fair value attributable to these stock options was $267,408 using the Black Scholes option pricing model.

550,000 stock options with a weighted average exercise price of $0.22 were forfeited. In addition, 380,000 stock options with a weighted average exercise price of $0.26 expired unexercised.

During the year ended March 31, 2014:

In July 2013, the Company granted 500,000 stock options exercisable at $0.15 per option to consultants and an officer of the Company. The options vested 25% at the grant date and 25% every six months thereafter. The fair value attributable to these stock options was $27,112 using the Black Scholes option pricing model.

In September 2013, the Company granted 600,000 stock options exercisable at $0.15 per share to consultants of the Company. The options vested 20% at the grant date and 20% every six months thereafter. The fair value attributable to these stock options was $37,431 using the Black Scholes option pricing model.

In February 2014, the Company granted 2,700,000 stock options exercisable at $0.15 per share to directors, officers and consultants of the Company. The options vested 25% at the grant date and 25% every six months thereafter. The fair value attributable to these stock options was $284,395 using the Black Scholes option pricing model.

In March 2014, the Company granted 900,000 stock options exercisable at $0.15 per share to consultants of the Company. The options vested 20% at the grant date and 20% every six months thereafter. The fair value attributable to these stock options was $98,705 using the Black Scholes option pricing model.

500,000 stock options with a weighted average exercise price of $0.20 were forfeited and the Company reversed $18,095 in share based payment attributable to the vested portion of these forfeited stock options. In addition, 62,500 stock options with a weighted average exercise price of $0.25 had expired unexercised.

(Expressed in Canadian dollars)

10. Share Capital and Reserves (continued)

Stock Options (continued)

A summary of the stock options activities is as follows:

	Number of shares	Weighted average exercise price ($)
Balance, April 1, 2012	7,042,500	0.24
Granted	3,475,000	0.19
Expired	(380,000)	0.26
Forfeited	(550,000)	0.22
Balance, March 31, 2013	9,587,500	0.23
Granted	4,700,000	0.15
Expired	(62,500)	0.25
Forfeited	(500,000)	0.20
Balance March 31, 2014	**13,725,000**	**0.20**

The following table summarizes information about the options outstanding at March 31, 2014:

Expiry date	Options outstanding	Options exercisable	Exercise price ($)	Remaining contractual life (years)
December 1, 2014	150,000	150,000	0.20	0.67
December 9, 2015	4,200,000	4,200,000	0.25	1.69
January 6, 2016	250,000	250,000	0.32	1.77
March 1, 2016	50,000	50,000	0.30	1.92
June 23, 2016	500,000	500,000	0.25	2.23
September 1, 2016	75,000	75,000	0.16	2.42
October 1, 2016	250,000	250,000	0.20	2.51
November 14, 2016	25,000	25,000	0.20	2.63
December 9, 2016	300,000	300,000	0.20	2.70
January 1, 2017	100,000	80,000	0.20	2.76
February 6, 2017	150,000	150,000	0.25	2.86
July 18, 2017	300,000	300,000	0.15	3.30
October 15, 2017	250,000	250,000	0.15	3.55
November 5, 2017	75,000	30,000	0.15	3.60
March 5, 2018	2,350,000	1,762,500	0.20	3.93
July 3, 2018	500,000	250,000	0.15	4.26
September 15, 2018	600,000	240,000	0.15	4.46
February 3, 2019	2,700,000	675,000	0.15	4.85
March 24, 2019	900,000	180,000	0.15	4.98
	13,725,000	**9,717,500**		

The fair value of each option granted is estimated at the time of the grant using the Black-Scholes option pricing model with weighted average assumptions for grants as follows:

	Year ended March 31,	
	2014	**2013**
Risk-free interest rate	1.67%	1.22%
Expected life	5.0	5.0
Annualized volatility	119.85%	120.22%
Dividend rate	-	-
Grant date fair value	$ 0.095	$ 0.098

(Expressed in Canadian dollars)

10. Share Capital and Reserves (continued)

Loss per share

The effect of dilutive securities including options and warrants has not been shown as the effect of all such securities is anti-dilutive.

11. Segmented Information

Operating segment:

The Company operated in one operating segment, which is mineral exploration in the United States.

Geographic segments:

The Company operates in two geographic segments: Canada and the United States.

	March 31, 2014	March 31, 2013
Non-current assets:	$	$
Canada	27,694	37,195
United States	2,796,427	2,072,248
	2,824,121	**2,109,443**

12. Financial Instruments and Risk Management

Fair values

The Company has the following financial instruments carried at fair value:

		Fair Value	
Financial Assets	**Financial instrument classification**	**March 31, 2014 ($)**	**March 31, 2013 ($)**
Cash and cash equivalents	Fair value through profit or loss	1,026,920	417,286
GDX options	Fair value through profit or loss	8,280	-
GRIT common shares	Available for sale	2,616,293	-
		3,677,368	**417,286**

Financial assets classified as fair value through profit or loss were designated as such on initial recognition and unrealized gains or losses are recorded in profit or loss. Financial assets classified as available for sale was designated as such on initial recognition and unrealized gains or losses are recorded in other comprehensive income.

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments which are measured at fair value by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: Other techniques for which all inputs have a significant effect on the recorded fair value that are not observable, either directly or indirectly.
Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

(Expressed in Canadian dollars)

12. Financial Instruments and Risk Management (continued)

Fair value hierarchy (continued)

All financial instruments measured at fair value use level 1 valuation techniques in each period, being the closing bid price of the shares as quoted on a public exchange, or, where not quoted, as determined by the share of fair values of the underlying net assets of the investee.

The following table summarizes the classification of the Company's financial instruments within the fair value hierarchy at March 31, 2014:

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	$	$	$	$
Cash and cash equivalents	1,026,920	-	-	1,026,920
GDX options	8,280	-	-	8,280
GRIT common shares	2,616,293	-	-	2,616,293
	3,651,493	-	-	3,651,493

The following table summarizes the classification of the Company's financial instruments within the fair value hierarchy at March 31, 2013:

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	$	$	$	$
Cash and cash equivalents	417,286	-	-	417,286

There were no transfers between levels of the fair value hierarchy during the period.

The aggregate fair value of investments with unrealized losses is:

	Fair Value	Unrealized Loss
	$	$
As at March 31, 2014:		
GDX options	8,280	20,161
GRIT common shares	2,616,293	574,308
As at March 31, 2013:		
GDX options	-	-
GRIT common shares	-	-

12. Financial Instruments and Risk Management (continued)

Financial Risk Management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Interest rate risk
- Foreign currency risk
- Other price risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk and the Company's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

(i) Credit risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company manages credit risk by placing cash with major Canadian financial institutions. The Company's receivables primarily consist of sales tax recoverable due from the Federal Government of Canada. Management believes that credit risk related to these amounts is nominal

(ii) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to liquidity risk is to ensure that it always has sufficient cash and credit facilities to meet its obligations when due, under both normal and stressed conditions, without incurring unacceptable losses or damage to the Company's reputation. Management typically forecasts cash flows for a period of six to twelve months to identify financing requirements. These requirements are then addressed primarily through access to capital markets. All of the Company's financial liabilities mature within one year.

(iii) Interest rate risk:

Interest rate risk is the risk of financial loss to the Company if market rates of interest were to change adversely. The Company's exposure to interest rate risk is not material.

12. Financial Instruments and Risk Management (continued)

Financial Risk Management (continued)

(iv) Foreign currency risk:

Foreign currency risk is the risk that the future cash flows or fair value of the Company's financial instruments that are denominated in a currency that is not the Company's functional currency will fluctuate due to the change in foreign exchange rate.

The functional currency of the Company and its wholly owned subsidiary is the Canadian dollar. While the Company's parent is Canadian and its capital is raised in Canadian dollars, the Company conducts business activities in the United States. As such, it is subject to risk due to fluctuations in the exchange rates for the Canadian and United States dollar. As at March 31, 2014, the Company has cash denominated in US dollars of $821,447 (March 31, 2013 – $236,849) and held for trading investment in US dollars of $7,490 (March 31, 2013 – $Nil), and trade and other payables in US dollars of $4,151 (March 31, 2013 – $20,311). Each 1% change in the Canadian dollar versus the US dollar will result in a gain/loss of approximately USD $8,248 (March 31, 2013 – USD $2,165).

In addition, the Company holds an investment that is denominated in British Pounds (£). As such, it is subject to fluctuations in the exchange rates for the Canadian dollar and British Pounds. As at March 31, 2014, the Company has an available for sale investment denominated in British Pounds of £1,419,584. Each 1% change in the Canadian dollar versus the British Pound will result in a gain/loss of approximately £14,196 (March 31, 2013 - $nil).

(v) Other price risk:

Other price risk is the risk that changes in market prices including commodity or equity prices will have an effect on future cash flows associated with financial instruments.

The equity price risk associated with the Company's current available for sale investment primarily relates to the change in the market prices of the investments in the portfolio. As at March 31, 2014, the Company owns 1,731,200 GRIT common shares with each common share valued at £0.82 (or $1.51). Each £0.01 change in the value per common share will result in a gain/loss of approximately £17,312 (or $31,906).

The equity price risk associated with the Company's current available for sale investment primarily relates to changes to the market price of gold with all gains and losses being recognized through the statement of profit or loss. Management believes the price risk related to this investment is nominal.

13. Capital Disclosure and Management

The Company's capital management policy is to maintain a strong, but flexible capital structure that optimizes the cost of capital, creditor and market confidence while sustaining the future development of the business.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. The Company's capital structure includes shareholders' equity of $6,506,959. In order to maintain or adjust the capital structure, the Company may from time to time issue shares, seek additional debt financing and adjust its capital spending to manage current and projected debt levels.

The Company is not subject to externally imposed capital requirements other than as noted above.

There were no changes to the Company's approach to capital management during the year ended March 31, 2014.

(Expressed in Canadian dollars)

14. Income Taxes

A reconciliation of the provision for income taxes is as follows:

	March 31, 2014	March 31, 2013
	$	$
Loss before income taxes	(1,234,909)	(5,071,157)
Combined Canadian federal and provincial statutory rate	26%	25%
Expected income tax recovery at statutory tax rates	(321,076)	(1,267,789)
Non-deductible expenses	64,474	927,903
Unrecognized benefit of non-capital losses	256,602	339,886
Income tax (expense) recovery	-	-

The Company's deferred tax assets and liabilities are:

	March 31, 2014	March 31, 2013
	$	$
Other assets	62,497	65,621
Equipment	7,322	4,890
Tax loss carry-forwards	1,159,340	892,580
Total unrecognized deferred tax assets	1,229,159	963,091

At March 31, 2014, the Company has unrecognized losses for income tax purposes of approximately $4,459,000 which may be used to offset taxable incomes of future years. If unused, these losses will expire as follows:

	$
2030	280,000
2031	705,000
2032	1,088,000
2033	1,360,000
2034	1,026,000
	4,459,000

In assessing the Company's ability to utilize deferred tax assets, management considers whether it is probable that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences are or become deductible or during the periods before expiry of the loss carry forwards. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which tax assets are deductible, management currently believes it is probable that the Company will not realize the benefits of the deferred tax assets.