Consolidated Financial Statements
(Expressed in Canadian Dollars)

NULEGACY GOLD CORPORATION

For the years ended March 31, 2013 and 2012

NULEGACY GOLD CORPORATION

Index to Consolidated Financial Statements

March 31, 2013

(Expressed in Canadian Dollars)

DeVISSER GRAY LLP
CHARTERED ACCOUNTANTS

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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 ("the Company"), which comprise the consolidated statements of financial position as at March 31, 2013 and March 31, 2012, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years ended March 31, 2013 and March 31, 2012, 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, 2013 and March 31, 2012 and their financial performance and their cash flows for the years ended March 31, 2013 and March 31, 2012 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 indicates that the Company has limited working capital, no current sources of revenue and is dependent upon its ability to secure new sources of financing. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

De Visser Gray LLP

CHARTERED ACCOUNTANTS

Vancouver, Canada
July 26, 2013

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

For the years ended March 31, 2013 and 2012

	Note	**March 31, 2013**	March 31, 2012
		$	$
Assets			
Current assets:			
Cash and cash equivalents	5	**443,306**	2,090,862
Receivables		**23,660**	25,902
Prepaid expenses and deposits		**148,974**	230,718
Other financial assets	12	**-**	15,000
		615,940	2,362,482
Non-current assets:			
Equipment	6	**11,175**	15,264
Exploration and evaluation assets	7	**1,993,136**	3,414,442
		2,620,251	5,792,188
Liabilities and Shareholders' Equity			
Current liabilities:			
Trade and other payables	8,9	**83,030**	243,060
		83,030	243,060
Shareholders' equity:			
Share capital	10	**6,387,805**	4,893,958
Warrants reserve	10	**2,927,108**	2,518,880
Share option reserve	10	**1,551,022**	1,284,185
Share subscriptions payable		**40,338**	150,000
Accumulated deficit		**(8,369,052)**	(3,297,895)
		2,537,221	5,549,128
		2,620,251	5,792,188

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

Approved and authorized on behalf of the Board on July 26, 2013.

"Albert J. Matter"
Director

"Petra Decher"
Director

Corporate information (Note 1)
Going concern (Note 2)
Basis of preparation (Note 2)
Subsequent events (Note 15)

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

For the years ended March 31, 2013 and 2012

	Note	Years ended March 31, 2013	2012
		$	$
Operating expenses:			
Amortization	6	**14,764**	3,346
Bank charges		**1,462**	2,726
Consulting	9	**215,603**	313,064
Dues and subscriptions		**8,283**	6,017
Insurance		**28,345**	24,182
Interest		**12**	16
Investor relations	9	**553,372**	292,021
Office		**106,320**	109,088
Printing and reproduction		**14,168**	16,160
Professional fees	9	**184,869**	142,059
Regulatory and transfer agent		**38,043**	52,040
Rent		**67,465**	47,984
Telecommunication		**12,224**	5,701
Travel and accommodation		**35,153**	26,977
Share based payments	9,10	**266,837**	721,168
		1,546,920	1,762,549
Other income (loss):			
Foreign exchange gain		**2,368**	29,429
Property write off		**(3,512,330)**	(40,372)
Investment write off		**(15,000)**	-
Interest and other income		**725**	1,667
		(3,524,237)	(9,276)
Net loss and comprehensive loss		**(5,071,157)**	(1,771,825)
Basic and diluted loss per share amounts	10(f)	**(0.08)**	(0.04)
Weighted average common shares outstanding		**62,283,639**	47,981,087

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

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

For the years ended March 31, 2013 and 2012

	Note	Number of shares	Share capital	Share subscriptions payable	Warrants reserve	Share option reserve	Accumulated deficit	Total
			$	$	$	$	$	$
Balances, April 1, 2011		44,349,251	4,367,064	-	1,233,547	563,017	(1,526,070)	4,637,558
Shares issued, acquisition of mineral properties	10	100,000	20,000	-	-	-	-	20,000
Shares issued, private placement, net of issue costs	10	12,500,000	506,894	150,000	1,285,333	-	-	1,942,227
Share based payments	10	-	-	-	-	721,168	-	721,168
Net loss		-	-	-	-	-	(1,771,825)	(1,771,825)
Balances, March 31, 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	10	100,000	14,000	-	-	-	-	14,000
Shares issued, private placements, net of issue costs	10	12,310,998	1,479,847	(150,000)	408,228	-	-	1,738,075
Subscriptions received		-	-	40,338	-	-	-	40,338
Share based payments	10	-	-	-	-	266,837	-	266,837
Net loss		-	-	-	-	-	(5,071,157)	(5,071,157)
Balances, March 31, 2013		**69,360,249**	**6,387,805**	**40,338**	**2,927,108**	**1,551,022**	**(8,369,052)**	**2,537,221**

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

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

For the years ended March 31, 2013 and 2012

	Years ended March 31,	
	2013	2012
	$	$
Operating activities:		
Net loss	**(5,071,157)**	(1,771,825)
Adjustments for:		
Amortization	**14,764**	3,346
Property write off	**3,512,330**	40,372
Investment write off	**15,000**	-
Share based payments	**266,837**	721,168
Receivables	**2,242**	18,902
Prepaid expenses and deposits	**81,744**	(146,144)
Trade and other payables	**(163,735)**	163,073
Cash flow used in operating activities	**(1,341,975)**	(971,108)
Financing activities:		
Proceeds from private placements, net of issue costs	**1,888,075**	1,792,227
(Decrease) Increase in subscriptions payable	**(109,662)**	150,000
Cash flow from financing activities	**1,778,413**	1,942,227
Investing activities:		
Purchase of equipment	**(10,675)**	(15,122)
Purchase of available-for-sale financial assets	**-**	(15,000)
Exploration and evaluation assets	**(2,073,319)**	(2,326,921)
Cash flow used in investing activities	**(2,083,994)**	(2,357,043)
Net decrease in cash and cash equivalents	**(1,647,556)**	(1,385,924)
Cash and cash equivalents, beginning of year	**2,090,862**	3,476,786
Cash and cash equivalents, end of year	**443,306**	2,090,862
Other items:		
Exploration and evaluation assets expenditures in accounts payable at year end	**3,705**	-
Shares issued for the acquisition of the Wilson property	**14,000**	20,000

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

1. **Corporate information:**

NuLegacy Gold Corporation (the “Company” or the “Group”) 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 Group’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 Group 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 Group’s title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

These consolidated financial statements have been prepared on the assumption that the Company and its subsidiaries will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at March 31, 2013, the Company had not advanced its properties to commercial production and is not able to finance day to day activities through operations. The Company’s continuation as a going concern is dependent upon the successful results from its exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management believes they have sufficient working capital to maintain the next 12 months of operations.

These consolidated financial statements have been prepared on a going concern basis, which assumes the Company will be able to realize assets and discharge liabilities and commitments in the normal course of business for the foreseeable future. These consolidated financial statements do not include any adjustments that would be necessary should the Company be unable to continue as a going concern.

2. **Basis of preparation:**

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

(a) 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 for the year ended March 31, 2013, including the comparative amounts, were approved and authorized for issue by the board of directors on July 26, 2013.

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. The consolidated financial statements are presented in Canadian dollars and all values are rounded to the nearest dollar except where otherwise indicated.

2. Basis of preparation (continued)

(b) Going Concern:

These consolidated financial statements have been prepared on the basis that the Company is a going concern, which contemplates the realization of its assets and the settlement of its liabilities in the normal course of operations. However, the Company currently has no significant sources of revenue and has experienced recurring losses. At March 31, 2013, the Company had an accumulated deficit of $8,369,052. The Company's ability to continue as a going concern is dependent on the Company's ability to obtain additional debt or equity financing to successfully advance the exploration and development of mineral property interests in its exploration portfolio and/or to be able to derive material proceeds from the sale or divesture of those properties and/or other assets such as royalty rights and equity interests. There is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that may be necessary should the Company be unable to continue as a going concern. Such adjustments and classifications could be material.

(c) Basis of Consolidation:

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary NuLegacy Gold N.V., which is 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.

(d) Standards issued or amended but not yet effective:

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

IFRS 7 Financial Instruments: Disclosures

IFRS 7 applies to offsetting financial assets and financial liabilities in accordance with IAS 32. The amendments are effective for annual periods beginning on or after January 1, 2013 with early adoption permitted.

IFRS 9 Financial Instruments

IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets and fair value measurement of financial liabilities to address own credit risk. The standard is effective for years beginning on or after January 1, 2015. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Company's financial assets. The Company will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

IFRS 10 Consolidated Financial Statements

IFRS 10 is effective for annual periods beginning on or after January 1, 2013. The standard replaces IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation—Special Purpose Entities. The Standard establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities and redefines "control" more concisely. The adoption of this standard is not expected to have any impact on the financial statements of the Company, nor to redefine current relationships as "controlled".

2. Basis of preparation (continued)

IFRS 11 Joint Arrangements

IFRS 11 is effective for annual periods beginning on or after January 1, 2013. The standard supersedes IAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities—Non-Monetary Contributions by Venturers. The standard addresses the definition of a joint arrangement and establishes principles that are applicable to the accounting for all joint arrangements. The adoption of this standard is not expected to have any impact on the financial statements of the Company.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 is effective for annual periods beginning on or after January 1, 2013. The IFRS requires an entity to disclose information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities; and the effects of those interests on its financial position, financial performance and cash flows. The standard integrates and makes consistent the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities, previously required under IAS 27 Consolidated and Separate Financial Statements, IAS 28 Investments in Associates and IAS 31 Interests in Joint Ventures. The adoption of this standard is expected to require additional disclosures regarding the nature of ownership of the Company's interest in its subsidiaries, but has yet to be determined by management.

IFRS 13 Fair Value Measurement

IFRS 13 is effective for annual periods beginning on or after January 1, 2013. The standard combines in a single standard the definition of fair value, thus improving consistency, sets out a framework for measurement of fair value, and outlines the disclosure requirements for items measured at fair value. Management is assessing the impact of adoption of this standard on the Company.

IAS 1 Presentation of Financial Statements

Amendment to IAS 1 is effective for years beginning on or after July 1, 2012. The amendment to IAS 1 improves how components of other comprehensive income are presented. Management is assessing the impact of adoption of this standard on the Company.

IAS 32 Financial Instruments: Presentation

Amendment to IAS 32 amendment provides clarification on the application of offsetting rules. The amendments are effective for annual periods beginning on or after January 1, 2014. Management is assessing the impact of adoption of this standard on the Company.

Reissued IAS 27 Separate Financial Statements

Reissued IAS 27 requires that when an entity prepares separate financial statements, investments in subsidiaries, associates, and jointly controlled entities are accounted for either at cost, or in accordance with IFRS 9 Financial Instruments. This standard is effective for years beginning on or after January 1, 2013.

Reissued IAS 28 Investment in Associates and Joint Ventures

Reissued IAS 28 supersedes IAS 28 Investments in Associates and defines 'significant influence' and provides guidance on how the equity method of accounting is to be applied (including exemptions from applying the equity method in some cases). It also prescribes how investments in associates and joint ventures should be tested for impairment. This standard is effective for years beginning on or after January 1, 2013.

3. 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, liabilities and contingent liabilities, income and expenses. 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.

Information about significant areas of estimation uncertainty considered by management in preparing the consolidated financial statements is described below:

(a) Reserve and resource estimates:

Reserves are estimates of the amount of ore that can be economically and legally extracted from the Company's mining properties. The Company does not have any currently defined reserves. The Company estimates its mineral resources based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the mineralized body, and requires complex geological judgments to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, and production costs along with geological assumptions and judgments made in estimating the size and grade of the mineralized body.

Changes in resource estimates may impact upon the carrying value of exploration and evaluation assets, mine properties, property, plant and equipment, recognition of deferred tax assets, and depreciation and amortisation charges.

(b) Exploration and evaluation expenditure:

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 expenditure is 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.

(c) Impairment of assets:

The Company assesses each cash generating unit annually to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Fair value for mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. 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. Management has assessed its cash generating units as being an individual mine site, which is the lowest level for which cash inflows are largely independent of those of other assets.

3. Significant accounting judgments, estimates and assumptions (continued):

(d) Contingencies:

By their nature, contingencies will only be resolved when one or more uncertain future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

(e) 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.

(f) Fair value hierarchy:

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

4. Summary of significant accounting policies:

(a) Business Combinations:

Acquisition of subsidiaries and businesses are accounted for using the acquisition method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquired entity or acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognized at their fair values at the acquisition date, except for non-current assets (or disposal companies) that are classified as held for sale in accordance with IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, which are recognized and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the cost of the business combination over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. If, after reassessment, the Company's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognized immediately in profit or loss in the consolidated statements of comprehensive income or loss.

The interest of non-controlling shareholders in the acquiree is initially measured at the non-controlling shareholder's proportion of the net fair value of the assets, liabilities and contingent liabilities recognized.

4. Summary of significant accounting policies (continued):

(b) Foreign Currencies:

The Company's presentation currency is the Canadian dollar ("$"). The functional currency of the Company is the Canadian dollar.

The Company has determined that the functional currency of its subsidiary is the Canadian dollar.

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.

(c) Financial assets:

Financial assets are classified into one of four categories:

- Fair value through profit or loss ("FVTPL");
- Held-to-maturity ("HTM");
- Available for sale ("AFS"); and,
- Loans and receivables.

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 held for trading 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 are classified as FVTPL.

(ii) AFS financial assets:

Available for sale 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.

4. Summary of significant accounting policies (continued):

(c) Financial assets (continued):

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 other financial assets are classified as AFS.

(iii) Held-to-maturity investments:

Investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs.

(iv) Loans and receivables:

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Loans and receivables are initially recognized at the transaction value and subsequently carried at amortized cost less impairment losses. The impairment loss of receivables is based on a review of all outstanding amounts at year end. Bad debts are written off during the year in which they are identified. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The Company has classified its receivables as loans and receivables.

(v) Effective interest method:

The effective interest method calculates the amortized cost of a financial asset and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset, or, where appropriate, a shorter period. Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as FVTPL.

(vi) Impairment of financial assets:

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each period end. 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.

4. Summary of significant accounting policies (continued):

(c) Financial assets (continued):

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.

(vii) De-recognition of financial assets:

A financial asset is derecognized when:

- The contractual right to the asset's cash flows expire; or
- If the Company transfers the financial asset and all risks and rewards of ownership to another entity.

(d) 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 financial liabilities at FVTPL or other financial liabilities.

(i) 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 expenses 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.

(ii) De-recognition of financial liabilities:

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

(e) Interest income:

Interest income is recognized in the statement of comprehensive loss as it accrues, using the effective interest method.

(f) 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.

4. Summary of significant accounting policies (continued):

(g) Receivables:

Trade 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.

(h) 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 amortisation is charged during the exploration and evaluation phase.

4. Summary of significant accounting policies (continued):

(i) Equipment:

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the rehabilitation obligation, and for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The capitalised value of a finance lease is also included within property, plant and equipment.

The premium paid in excess of the intrinsic value of land to gain access is amortised over the life of mine.

Depreciation for equipment is provided at rates calculated to write off the cost, less their estimated residual value, using the straight line method over the following expected useful lives:

- Equipment 2 years

An item of PPE is derecognized upon disposal, when held for sale 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 the Consolidated Statement of Comprehensive Loss.

The Company conducts an annual assessment of the residual balances, useful lives and depreciation methods being used for PPE and any changes arising from the assessment are applied by the Company prospectively.

Expenditure on major maintenance refits or repairs comprises the cost of replacement assets or parts of assets and overhaul costs. Where an asset or part of an asset that was separately depreciated and is now written off is replaced, and it is probable that future economic benefits associated with the item will flow to the Company through an extended life, the expenditure is capitalised.

Where part of the asset was not separately considered as a component, the replacement value is used to estimate the carrying amount of the replaced assets which is immediately written off. All other day to day maintenance costs are expensed as incurred.

4. Summary of significant accounting policies (continued):

(j) 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.

(k) Trade payables:

Trade payables are non-interest bearing and are stated at their nominal value.

(l) 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.

4. Summary of significant accounting policies (continued):

(l) Share based payments (continued):

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 are measured at the date the services are rendered which could consist of multiple measurement dates.

(m) 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.

(n) Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting year. Diluted earnings (loss) per share is computed similar to basic earnings (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.

(Expressed in Canadian dollars)

4. Summary of significant accounting policies (continued):

(o) Comprehensive income (loss):

Comprehensive income (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 income (loss), components of other comprehensive income and cumulative translation adjustments are presented in the consolidated statements of comprehensive income (loss) and the consolidated statements of changes in equity.

(p) 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 probably 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 expect 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.

(q) 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.

5. Cash and cash equivalents:

	March 31, 2013	March 31, 2012
Bank balances	**$ 417,286**	$ 1,573,613
Short term deposits	**26,020**	517,249
	$ 443,306	$ 2,090,862

(Expressed in Canadian dollars)

6. Equipment:

		Computers
Cost		
As at April 1, 2011	$	4,185
Additions		15,122
As at March 31, 2012		19,307
Additions		10,675
As at March 31, 2013	**$**	**29,982**
Accumulated depreciation and impairment		
As at April 1, 2011	$	697
Charge for the year		3,346
As at March 31, 2012		4,043
Charge for the year		14,764
As at March 31, 2013	**$**	**18,807**
Net book value		
As at March 31, 2012	$	15,264
As at March 31, 2013	**$**	**11,175**

7. Exploration and evaluation assets:

	Red Hill Properties					
	Miranda Property	Barrick Property	Wilson Property	Wood Hills South Property	Half Ounce Property	Total
Balance April 1, 2011	$ 563,691	$ 58,609	$ 119,886	$ 325,598	$ 40,109	$ 1,107,893
Additions	901,584	572,356	327,501	545,217	263	2,346,921
Dispositions	-	-	-	-	(40,372)	(40,372)
Balance March 31, 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**

(a) Red Hill Properties

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 US$3,500,000 as follows:

Expenditure deadline	Expenditure commitment (US$)	Total cumulative expenditure (US$)
June 30, 2010	200,000 (spent)	200,000
December 31, 2010	300,000 (spent)	500,000
September 30, 2011	700,000 (spent)	1,200,000
September 30, 2012	1,050,000	2,250,000
September 30, 2013	1,400,000	3,650,000
September 30, 2014	1,850,000	5,500,000

(Expressed in Canadian dollars)

7. Exploration and evaluation assets (continued):

The Company could elect to acquire a further 10% interest by preparing and bearing the costs of a feasibility study to be completed within 4 years, and incurring an additional US$1,000,000 on exploration each year. If the feasibility study is not completed, the Company must incur exploration expenditures of US$1,000,000 per year for 10 years from the date of the election in order to acquire the additional 10%. Thereafter, if either of the joint venture parties' interest falls below 10%, that party's interest reverts to a 0.5% NSR royalty.

Miranda (Coal Canyon) Option

On January 5, 2011, the Company signed an agreement that incorporates Miranda Gold Corp.'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 require 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. These expenditures are included in the table above and the Company is up to date with its commitments. Thus, NuLegacy can 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 can 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 were written off.

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	1,875,000
December 31, 2014	1,125,000	3,000,000
December 31, 2015	2,000,000	5,000,000

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.

(Expressed in Canadian dollars)

7. Exploration and evaluation assets (continued):

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 Wilson Property, which consists of 482 unpatented mining claims.

During the current year 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.

(b) 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 as per the following table:

Expenditure deadline	Expenditure commitment ($US)	Aggregate amount (US$)
December 31, 2010	150,000 (spent)	150,000
December 31, 2011	250,000 (spent)	400,000
December 31, 2012	500,000 (spent)	900,000
December 31, 2013	500,000	1,400,000
December 31, 2014	1,000,000	2,900,000
December 31, 2015	1,000,000	3,900,000
December 31, 2016	1,600,000	5,000,000

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

8. Trade and other payables:

	March 31, 2013	March 31, 2012
Trade payables	**$ 33,032**	$ 243,060
Related party payables	**49,998**	-
	$ 83,030	$ 243,060

(Expressed in Canadian dollars)

9. Related party transactions:

The Company's sole subsidiary is listed in the following table:

		% equity Interest	
Name	Country of Incorporation	**As at March 31, 2013**	As at March 31, 2012
NuLegacy Gold N.V.	United States	100%	100%

During the year ended March 31, 2013, the Company entered into the following transactions with related parties, not disclosed elsewhere in these consolidated financial statements:

As at March 31, 2013, an advance of $11,000 (March 31, 2012 - $15,000), on account of future expenses was included in prepaid expenses and $20,160 (March 31, 2012 - $Nil) was included in accounts payable and accrued liabilities to a company controlled by a director and officer of the Company.

As at March 31, 2013, an advance of $11,187 (March 31, 2012 - $14,976), on account of future expenses was included in prepaid expenses and $9,952 (March 31, 2012 - $Nil) was included in accounts payable and accrued liabilities to a director and officer of the Company.

As at March 31, 2013, $17,115 (March 31, 2012 - $Nil) was included in accounts payable and accrued liabilities to a company controlled by a director and officer of the Company.

As at March 31, 2013, an advance of $3,500 (March 31, 2012 - $3,500) to a former officer of the Company, on account of future expenses was included in prepaid expenses.

As at March 31, 2013, an advance of $11,000 (March 31, 2012 - $Nil), on account of future expenses was included in prepaid expenses and $2,771 (March 31, 2012 - $Nil) was included in accounts payable and accrued liabilities to a director and officer of the Company.

Summary of key management personnel compensation:

	Years ended March 31,	
	2013	2012
Management fees	**$ 165,585**	$ 77,750
Consulting fees	**158,467**	182,992
Professional fees	**83,600**	115,189
Exploration and evaluation assets expenditures	**105,322**	75,569
Share issuance costs	**30,687**	25,936
Share based payments	**$ 145,744**	$ 284,455

(Expressed in Canadian dollars)

10. Share capital:

(a) Authorized:

Unlimited common shares without par value

(b) Share capital:

	Shares	Share capital gross	Share issue costs	Share capital
Balances, April 1, 2011	44,349,251	$ 4,867,963	$ 500,899	$ 4,367,064
Issued				
Mineral properties (i)	100,000	20,000	-	20,000
Private placements (ii)	12,500,000	589,667	82,773	506,894
Balances, March 31, 2012	56,949,251	$ 5,477,630	$ 583,672	$ 4,893,958
Issued				
Mineral properties (i)	100,000	14,000	-	14,000
Private placements (iii)	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**

(i) In August 2011, the Company issued 100,000 common shares at $0.20 for the acquisition of the Wilson property for a value of $20,000.

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 December 5, 2011, the Company completed an initial closing of a non-brokered private placement for a total of 6,932,500 units (the "Units") at a price of $0.15 per Unit for gross proceeds of $1,039,875. Each Unit consisted 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 18 months at a price of $0.25 during the first 12 months and $0.35 during the last 6 months. A finder's fee of 8% cash and a total of 16,560 non-transferable finder's warrants was paid to certain registered dealers on a portion of the private placement. Each finder's warrant will entitle the holder to purchase one common share of the Company for a period of 18 months at a price of $0.15.

On December 23, 2011, the Company completed a second closing of its non-brokered private placement. The Company sold an additional 4,125,266 units (the "Units") at price of $0.15 per Unit for gross proceeds of $618,790. Each Unit consisted of one common share and one share purchase warrant entitling the holder to purchase an additional common share for a period of 18 months at a price of $0.25 during the first 12 months and $0.35 during the last 6 months. A finder's fee of $40,200 (8%) and 268,000 non-transferable finder's warrants was paid to an arm's length dealer in respect of a portion of the Units sold under the second closing. Each finder's warrant entitles the holder to purchase one common share of the Company for a period of 18 months at a price of $0.15.

On January 26, 2012, the Company completed an initial closing of a non-brokered private placement for a total of 313,636 units (the "Units") at a price of $0.15 per Unit for gross proceeds of $47,045. Each Unit consisted 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 18 months at a price of $0.25 during the first 12 months and $0.35 during the last 6 months.

10. Share capital (continued):

(b) Share capital (continued):

On February 3, 2012, the Company completed a second closing of its non-brokered private placement. The Company sold an additional 1,128,598 units (the “Units”) at price of $0.15 per Unit for gross proceeds of $169,290. Each Unit consisted of one common share and one share purchase warrant entitling the holder to purchase an additional common share for a period of 18 months at a price of $0.25 during the first 12 months and $0.35 during the last 6 months.

(iii) 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.

(c) 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, 2013 there are 2,097,000 remaining escrowed shares.

10. Share capital (continued):

(d) Warrants:

A summary of the warrants outstanding as of March 31, 2013, and changes during the two year period ended on that date is as follows:

	Number of shares	Weighted average exercise price in Canadian dollars
Balance, April 1, 2011	18,044,250	$ 0.34
Granted *	12,500,000	0.35
Granted	284,560	0.15
Expired	(11,693,750)	0.32
Balance, March 31, 2012	19,135,060	$ 0.29
Granted **	2,200,000	0.30
Granted ***	5,244,432	0.25
Expired	(6,100,500)	0.38
Balance, March 31, 2013	**20,478,992**	$ 0.25

* Each warrant entitled 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 6 months.
** 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.
*** 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.

All warrants are shown at their current outstanding exercise price, if applicable.

The following share purchase warrants were outstanding as at March 31, 2013:

Expiry date		Number of warrants		Weighted average exercise price
June 5, 2013		16,560	$	0.15
June 5, 2013		6,932,500	$	0.35
June 23, 2013		268,000	$	0.15
June 23, 2013		4,125,266	$	0.35
July 26, 2013		313,636	$	0.35
August 3, 2013		1,128,598	$	0.35
June 25, 2014	*	2,200,000	$	0.30
November 20, 2014	**	4,408,033	$	0.25
November 20, 2014		56,000	$	0.25
November 20, 2014		95,733	$	0.15
December 5, 2014		21,000	$	0.25
December 5, 2014	**	473,333	$	0.25
December 20, 2014		7,000	$	0.25
December 20, 2014	**	183,333	$	0.25
December 9, 2015		250,000	$	0.25
		20,478,992	$	0.25

* Last 12-months of term, strike price increases to $0.45

** Last 12-months of term, strike price increases to $0.35

10. Share capital (continued):

(e) Stock options:

At March 31, 2013, 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.

The exercise price of each option may be set equal to or greater than the closing market price of the common shares on the TSX Venture Exchange on the day prior to the date of the grant of the option, less any allowable discount from market. Options have a maximum term of ten years and must terminate within a reasonable period of time as fixed by the directors (not to exceed one year) following the termination of the optionee's employment.

A summary of the status of the Plan as of March 31, 2013, and changes during the two year period ended on that date is as follows:

	Number of shares	Weighted average exercise price in Canadian dollars
Balance, April 1, 2011	5,525,000	$ 0.26
Granted	200,000	0.29
Granted	675,000	0.25
Granted	150,000	0.15
Granted	925,000	0.20
Options amended	(182,500)	0.27
Forfeited	(250,000)	0.28
Balance, March 31, 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**

The following table summarizes information about the options outstanding at March 31, 2013:

Options outstanding	Options exercisable	Exercise price	Remaining contractual life (years)	Expiry date
62,500	62,500	$ 0.25	0.2	June 30, 2013
150,000	150,000	$ 0.20	1.7	December 1, 2014
4,200,000	4,150,000	$ 0.25	2.7	December 9, 2015
250,000	200,000	$ 0.32	2.8	January 6, 2016
50,000	50,000	$ 0.30	2.9	March 1, 2016
500,000	500,000	$ 0.25	3.2	June 23, 2016
75,000	75,000	$ 0.16	3.4	September 1, 2016
250,000	187,500	$ 0.20	3.5	October 1, 2016
25,000	15,000	$ 0.20	3.6	November 14, 2016
300,000	225,000	$ 0.20	3.7	December 9, 2016
100,000	40,000	$ 0.20	3.8	January 1, 2017
150,000	90,000	$ 0.25	3.9	February 6, 2017
300,000	150,000	$ 0.15	4.3	July 18, 2017
250,000	125,000	$ 0.15	4.5	October 15, 2017
75,000	-	$ 0.15	4.6	November 5, 2017
2,850,000	712,500	$ 0.20	4.9	March 5, 2018
9,587,500	**6,732,500**	**$ 0.23**	3.6	

(Expressed in Canadian dollars)

10. Share capital (continued):

(e) Stock options (continued):

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:

	Years ended March 31,	
	2013	2012
Risk-free interest rate	**1.13 - 1.27%**	1.57%
Expected life	**5**	4.6
Annualized volatility	**113.62 – 121.12**	114.73
Dividend rate	**-**	-
Grant date fair value	**$ 0.12 – 0.15**	$ 0.16

(f) 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:

(a) Operating segments:

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

(b) Geographic segments:

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

12. Financial instruments:

Fair values

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

		Fair Value	
Financial Assets	Financial instrument classification	**March 31 2013**	March 31 2012
Cash and cash equivalents	Fair value through profit and loss	**$ 443,306**	$ 2,090,862
Acapulco Gold	Available-for-Sale	**-**	15,000
		$ 443,306	$ 2,105,862

All financial assets classified as available-for sale were designated as such on initial recognition. 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 (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 assets 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	$ 443,306	$ -	$ -	$ 443,306
	$ 443,306	$ -	$ -	$ 443,306

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

The following table summarizes the classification of the Company's financial assets within the fair value hierarchy at March 31, 2012:

	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	$ 2,090,862	$ -	$ -	$2,090,862
Private securities	-	15,000	-	15,000
	$ 2,090,862	$ 15,000	$ -	$2,105,862

13. 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.

13. Financial risk management (continued):

(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, and arises principally from the Company's receivables, and cash and cash equivalents. The cash and cash equivalents consist mainly of short-term money market deposits and are held with reputable financial institutions, from which management believes the risk of loss to be remote. The Company's financial assets are held in institutions rated by Moody's as A- or higher.

(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 three to six 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.

(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. The financial risk is the risk to the Company's operations that arises from fluctuations in foreign exchange rates and the degree of volatility of these rates. Currently, the Company does not use derivative instruments to reduce its exposure to foreign currency risk. The Company is exposed to fluctuations between the US and Canadian dollars as many of its trade payables are denominated in US dollars. The Company's exposure to fluctuation in the US and Canadian dollars is not material.

(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 Company has no forward purchase or sale contracts negotiated at March 31, 2013.

(Expressed in Canadian dollars)

13. Financial risk management (continued):

(vi) Capital risk 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 $2,537,221. 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, 2013.

(vii) Summary of the carrying value of the Company's financial instruments:

The fair value of all financial instruments approximates their carrying value.

14. Income taxes:

The Company's deferred tax assets and liabilities are:

		March 31		
		2013		2012
Deferred tax assets (liabilities)				
Other assets	**$**	**65,621**	$	71,879
Equipment		**4,890**		1,011
Tax loss carry-forwards		**892,580**		512,500
		963,091		585,390
Valuation allowance		**(963,091)**		(585,390)
Net deferred tax assets	**$**	**-**	$	-

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

	Year ended March 31	
	2013	2012
Loss before income taxes	**$ (5,071,157)**	$ (1,771,825)
Combined Canadian and provincial statutory tax rates	**25%**	26.13%
Recovery of income taxes based on combined statutory tax rates	**(1,267,789)**	(462,889)
Non-deductible expenses	**927,903**	178,359
Unrecognized benefit of non-capital losses	**339,886**	284,530
Income tax (expense) recovery	**$ -**	$ -

At March 31, 2013, the Company has unrecognized losses for income tax purposes of approximately $3,433,000 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
	$	3,433,000

14. Income taxes (continued):

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.

15. Subsequent events:

a) In April 2013, the Company terminated the Wood Hills South Property Option Agreement.

b) In May 2013, the Company completed a non-brokered private placement of 10,284,250 units at a price of $0.10 per unit for gross proceeds of $1,028,045. Each unit consists of one common share and one share purchase warrant, with each warrant entitling the holder to purchase one additional common share of the Company for a period of 24 months, subject to acceleration, at a price of $0.15 during the first 12 months and $0.20 during the last 12 months.

c) In July 2013, the Company granted stock options to certain consultants of the Company to purchase up to an aggregate 500,000 shares at a price of $0.15 per share for a period of five years.