CASTLE RESOURCES INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED MARCH 31, 2014 AND 2013

(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

CASTLE RESOURCES INC.
Condensed Interim Consolidated Statements of Financial Position
Expressed in Canadian dollars
As at

	March 31, 2014 $	September 30, 2013 $
ASSETS		
Current		
Cash	623,117	1,233,796
Amounts receivable (Notes 5 and 14)	349,682	372,163
Prepaid expenses	86,499	111,778
Total current assets	1,059,298	1,717,737
Long-term		
Prepaid expenses	86,972	116,638
Investments (Note 8)	284,292	73,125
Equipment (Note 6)	12,400	15,784
Exploration and evaluation assets (Note 7)	43,282,625	42,872,135
Total assets	44,725,587	44,795,419
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 14)	319,463	376,317
Other liabilities (Note 10)	183,400	78,000
Total current liabilities	502,863	454,317
Long-term		
Loan payable (Note 9)	2,746,183	2,611,125
Deferred tax liability	1,817,000	1,817,000
Total liabilities	5,066,046	4,882,442
SHAREHOLDERS' EQUITY		
Capital stock (Note 11)	51,954,973	51,606,188
Share-based payments reserve (Note 13)	4,173,906	4,214,965
Warrants reserve (Note 12)	588,162	841,862
Deficit	(17,057,500)	(16,750,038)
Total shareholders' equity	39,659,541	39,912,977
Total liabilities and shareholders' equity	44,725,587	44,795,419

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)
COMMITMENTS AND CONTINGENCIES (Notes 1 and 17)

APPROVED ON BEHALF OF THE BOARD:
Signed "STEPHEN SHEFSKY",Director
Signed "MIKE SYLVESTRE" ,Director

CASTLE RESOURCES INC.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

Expressed in Canadian dollars

	Three months ended March 31,		Six months ended March 31,	
	2014	2013	2014	2013
			$	$
Expenses				
Consulting and management fees (Note 13 and 14)	316,071	292,117	532,303	452,799
Professional fees	28,982	114,322	41,755	151,447
Office and general (Note 14)	113,507	88,801	201,508	193,812
Due diligence costs	61,058	-	82,738	-
Transfer agent and listing fees	15,455	23,931	19,405	27,337
Interest and financing fees (Note 9)	67,035	103,099	135,058	188,585
Exploration costs	-	2,655	-	2,655
Depreciation costs	1,692	1,915	3,384	3,176
Total expenses	603,800	626,840	1,016,151	1,019,811
Loss before the undernoted	(603,800)	(626,840)	(1,016,151)	(1,019,811)
Interest income	102	13,651	4,268	15,852
Gain on investments (Note 8)	404,195	-	404,195	-
Gain on sale of investments (Note 8)	15,982	-	15,982	-
Impairment and unrealized loss on investments (Note 8)	(95,778)	(936,000)	(154,278)	(2,016,000)
Net loss before income taxes	(279,299)	(1,549,189)	(745,984)	(3,019,959)
Provision for income taxes				
Flow-through share premium (Notes 10)	65,100	98,323	133,100	196,453
Net loss and comprehensive loss for the period	(214,199)	(1,450,866)	(612,884)	(2,823,506)
Loss per share				
Basic and diluted	(0.00)	(0.01)	(0.00)	(0.02)
Weighted average common shares outstanding				
Basic and diluted	201,466,081	181,660,565	197,691,549	174,575,028

CASTLE RESOURCES INC.
Condensed Interim Consolidated Financial Statements of Cash Flows
Expressed in Canadian dollars

	Six months ended March 31, 2014 $	2013 $
CASH (USED IN) PROVIDED BY:		
OPERATING ACTIVITIES		
Loss for the period	(612,884)	(2,823,506)
Charges not affecting cash:		
Depreciation costs	3,384	3,176
Impairment and unrealized loss on investments	154,278	2,016,000
Gain on investments	(404,195)	-
Gain on sale of investments	(15,982)	-
Flow-through share premium	(133,100)	(196,453)
Interest and financing fees	135,058	136,046
Share-based payments	10,663	-
Net change in non-cash working capital	(108,126)	(3,527,191)
	(970,904)	(4,391,928)
INVESTING ACTIVITIES		
Acquisition of equipment	-	(12,978)
Proceeds on sale of investments	54,732	-
Exploration and evaluation assets	(256,792)	(2,323,777)
	(202,060)	(2,336,755)
FINANCING ACTIVITIES		
Common shares issued through private placements	640,000	7,379,577
Share issue costs	(77,715)	(473,880)
	562,285	6,905,697
CHANGE IN CASH:	(610,679)	177,014
Cash, beginning of period	1,233,796	856,485
Cash, end of period	623,117	1,033,499

CASTLE RESOURCES INC.

Condensed Interim Consolidated Statements of Changes in Equity

Expressed in Canadian dollars

	Common shares $	**Share-based payments Reserve** $	**Warrants reserve** $	**Deficit** $	**Total shareholders' equity** $
Balance, October 1, 2013	51,606,188	4,214,965	841,862	(16,750,038)	39,912,977
Private placements	562,285	-	-	-	562,285
Flow-through share premium	(238,500)	-	-	-	(238,500)
Shares to be issued as advance royalty	25,000	-	-	-	25,000
Share-based payments	-	10,663	-	-	10,663
Stock options expired	-	(51,722)	-	51,722	-
Warrants expired	-	-	(253,700)	253,700	-
Loss for the period	-	-	-	(612,884)	(612,884)
Balance, March 31, 2014	51,954,973	4,173,906	588,162	(17,057,500)	39,659,541

	Common shares $	**Share-based payments reserve** $	**Warrants reserve** $	**Deficit** $	**Total shareholders' equity** $
Balance, October 1, 2012	45,254,084	3,751,436	3,183,678	(14,357,565)	37,831,633
Private placements	6,528,337	-	377,362	-	6,905,699
Flow-through share premium	(330,218)	-	-	-	(330,218)
Share issued as advance royalty	25,000	-			25,000
Stock option expired	-	(43,452)	-	43,452	-
Warrants and broker warrants expired	-	-	(2,713,978)	2,713,978	-
Loss for the year	-	-	-	(2,823,506)	(2,823,506)
Balance, March 31, 2013	51,477,203	3,707,984	847,062	(14,423,641)	41,608,608

1. NATURE OF OPERATIONS AND GOING CONCERN

Castle Resources Inc. (the "Company") was incorporated in Ontario, Canada on May 1, 2006. The Company's principal assets are Exploration and Evaluation Assets ("E&E"), made up of acquisition costs and deferred exploration expenditures for mining properties which are not in commercial production. The Company is in the process of exploring its mining claims and has not yet determined whether or not the properties contain economically recoverable reserves.

The Company's shares are listed on the TSX Venture Exchange. The head office, principal address and records office of the Company are located at 20 Victoria Street, Suite 800, Toronto, Ontario, Canada, M5C 2N8.

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 recoverability of the carrying value of exploration and evaluation assets and the Company's continued existence is dependent upon the preservation of its interests in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to complete additional financings, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require a material write-down of the carrying values.

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, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, unregistered claims, aboriginal claims and non-compliance with regulatory and environmental requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, and political uncertainty.

The Company needs equity capital and financing for its working capital and for the costs of exploration and development of its properties. Because of continuing operating losses, the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. Because of the Company's continued losses, management feels that there is a material uncertainty about the Company's ability to continue as a going concern.

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying consolidated financial statements. Such adjustments could be material.

These condensed interim consolidated financial statements were approved for issue by the Board of Directors on March 23, 2014.

2. BASIS OF PREPARATION

These condensed interim consolidated financial statements of the Company and its subsidiaries were prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting. The condensed interim financial statements do not include all of the information required for the full annual consolidated financial statements and should be read in conjunction with the most recent audited annual consolidated financial statements of the Company as at and for the year ended September 30, 2013.

3. RECENT ACCOUNTING PRONOUNCEMENTS

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2014 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

IAS 32 – Financial Instruments: Presentation ("IAS 32") was amended by the IASB in December 2011 to clarify certain aspects of the requirements on offsetting. The amendments focus on the criterion that an entity currently has a legally enforceable right to set off the recognized amounts and the criterion that an entity intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The amendments to IAS 32 are effective for annual periods beginning on or after January 1, 2014.

IAS 36 – Impairments of Assets ("IAS 36") was amended by the IASB in May 2013 to clarify the requirements to disclose the recoverable amounts of impaired assets and require additional disclosures about the measurement of impaired assets when the recoverable amount is based on fair value less costs of disposal, including the discount rate when a present value technique is used to measure the recoverable amount. The amendments to IAS 36 are effective for annual periods beginning on or after January 1, 2014.

The Company has not early adopted these revised standards and is currently assessing the impact that these standards could have on future consolidated financial statements.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these condensed interim consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These condensed interim consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the condensed interim consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods. Such estimates and assumptions affect the carrying value of assets, the determination of impairment charges of assets, impact decisions as to when exploration and evaluation costs should be capitalized or expensed, and affect estimates for decommissioning obligations and reclamation costs. Other significant estimates made by the Company include factors affecting valuations of share-based payments, warrants, investments and income tax accounts. The Company regularly reviews its estimates and assumptions, however, actual results could differ from these estimates and these differences could be material.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

- Assets' carrying values and impairment charges

In the determination of carrying values and impairment charges, management looks at the higher of the recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

- Capitalization of exploration and evaluation costs

Management has determined that exploration and evaluation costs incurred and capitalized during the period have future economic benefits and are economically recoverable. In making this judgment, management has assessed various sources of information including but not limited to the geologic and metallurgic information, history of conversion of mineral deposits to proven and probable mineral reserves, operating management expertise and existing permits. See Note 7 for details of capitalized exploration and evaluation costs.

- Mineral reserve estimates

Mineral reserve and mineral resource estimates are determined in accordance with National Instrument 43-101, "Standards of Disclosure for Mineral Projects", issued by the Canadian Securities Administrators. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any mineral reserve or mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Differences between management's assumptions including economic assumptions such as commodity prices and market conditions could have a material effect in the future on the Company's financial position and results of operation.

- Impairment of exploration and evaluation assets

While assessing whether any indications of impairment exist for exploration and evaluation assets, consideration is given to both external and internal sources of information. Information the Company considers includes changes in the market, economic and legal environments in which the Company operates. Such changes are not within the Company's control and could affect the recoverable amount of exploration and evaluation assets. Internal sources of information include the manner in which exploration and evaluation assets are being used or are expected to be used and indications of expected economic performance of the assets. Estimates may include, but are not limited to, estimates of the discounted future after-tax cash flows expected to be derived from the Company's mining properties, costs to sell the properties and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's exploration and evaluation assets.

- Estimation of decommissioning and restoration costs and timing of expenditure

The decommissioning and restoration cost estimates are updated annually during the life of a project to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations), and are subject to review at regular intervals. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements and constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

Expressed in Canadian dollars

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

- Determination of economic viability of a project

Management has determined that costs associated with its exploration and evaluation assets have future economic benefits and are economically recoverable. In making this judgment, management has assessed various sources of information including but not limited to the geologic and metallurgic information, history of conversion of reported recovered quantities to proven and probable reserves, operating management expertise, existing permits and projected life of projects.

- Income taxes and recoverability of potential deferred tax assets

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

- Share-based payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are generally determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, forfeiture rate, future employee turnover rates and future employee stock option exercise behaviours and corporate performance. Such judgments and assumptions are inherently uncertain. Warrants are valued in a similar way. Changes in these assumptions affect the fair value estimates.

- Asset lives, depletion/depreciation rates for equipment

Depreciation and depletion expenses are allocated based on assumed asset lives and depletion/depreciation rates. Should the asset life or depletion/depreciation rate differ from the initial estimate, an adjustment would be made in the statement of loss.

- Contingencies

Refer to Notes 1 and 17.

5. AMOUNTS RECEIVABLE

	March 31, 2014	September 30, 2013
GST/HST recoverable	$ 14,349	$ -
Refundable exploration tax credits (i)	259,358	259,358
Other receivable	75,975	112,805
Balance	$ 349,682	$ 372,163

(i) Included in the refundable exploration tax credits are $238,358 British Columbia Mining Tax Credit ("BCMETC") appeal with Canada Revenue Agency ("CRA") for 2011 fiscal year and $21,000 claim for 2013 fiscal year.

Expressed in Canadian dollars

6. EQUIPMENT

(a) Cost

	Office furniture and equipment $	Computer equipment $	Computer software $	Total $
Balance, October 1, 2012	17,002	15,118	8,227	40,347
Additions	-	8,546	4,430	12,976
Balance, September 30, 2013 and March 31, 2014	17,002	23,664	12,657	53,323

(b) Accumulated depreciation

	Office furniture and equipment $	Computer equipment $	Computer software $	Total $
Balance, October 1, 2012	7,199	10,551	8,227	25,977
Depreciation	1,961	7,017	2,584	11,562
Balance, September 30, 2013	9,160	17,568	10,811	37,539
Depreciation	784	1,677	923	3,384
Balance, March 31, 2014	9,944	19,245	11,734	40,923

	Office furniture and equipment $	Computer equipment $	Computer software $	Total $
Balance, September 30, 2013	7,842	6,096	1,846	15,784
Balance, March 31, 2014	7,058	4,419	923	12,400

7. EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation assets consisted of the following:

Granduc Claims, British Columbia, Canada	
Balance at October 1, 2012	$ 40,029,762
Acquisition costs	50,000
Capitalized costs	3,051,731
Less: refundable exploration tax credits	(259,358)
Balance at September 31, 2013	$ 42,872,135
Acquisition costs	50,000
Capitalized costs	360,490
Balance at March 31, 2014	$ 43,282,625

Expressed in Canadian dollars

7. EXPLORATION AND EVALUATION ASSETS (continued)

The Granduc Project, British Columbia, Canada

On October 15, 2010, the Company acquired a 100% interest in the Granduc Claims (“the Granduc Project”). The acquisition supersedes the option agreement dated July 16, 2010. Pursuant to the agreement, in addition to amounts previously paid in accordance with the superseded option agreement related to the Granduc Project, the Company paid Bell Copper Corporation an additional $2,000,000 and issued an additional 2,750,000 common shares of the Company (issued in October 2010 with a value of $1,375,000 based on the quoted market price of the Company’s shares) for an aggregate acquisition price (including amounts paid pursuant to the superseded option agreement) of $4,500,000 and 3,000,000 common shares of the Company.

On August 16, 2011, the Company completed an acquisition of a mining claim located in the Skeena mining division in British Columbia. The claim is related to the Granduc Project. In connection with this acquisition, the Company paid cash consideration in the amount of $20,000, issued an aggregate of 94,118 common shares of the Company (valued at $80,000 based on the quoted market price of the Company’s shares), and granted a 2% NSR over the acquired claim.

The Granduc Project is subject to a 2% Net Smelter Royalty ("NSR") in respect of certain mineral claims. The NSR can be purchased for $500,000 for the first one percent (1%) and $1 million for the remaining one percent (1%).

The Granduc Project is also subject to a 1.5% NSR in respect of certain mineral claims. The Company is committed to make annual payments of $25,000 and $25,000 worth of common shares (based on the average price of the shares over the previous 10 trading days prior to issuance) until the related mineral claims lapse or are put into commercial production. As of March 31, 2014, the Company has paid $100,000 cash and issued 720,069 common shares.

8. INVESTMENTS

The Company’s investments consist of the following:

	March 31,2014		September 30, 2013	
	Number of Shares	Value of investments $	Number of shares	Value of investments $
Winston Resources Inc.	900,000	45,000	900,000	9,000
Zara Resources Inc.	720,000	25,200	720,000	25,200
Leo Resources Inc.	360,000	7,200	360,000	3,600
Hadley Mining Inc.	720,000	14,400	720,000	7,200
GreenBank Capital Inc. *	1,245,778	186,867	7,003,891	-
CNRP Mining Inc.	562,500	5,625	562,500	28,125
Total investments		284,292		73,125

* Effective November 15, 2013, GreenBank Capital Inc. consolidated its common shares on the basis of one (1) “new“common share for five (5) “old“ common shares.

8. INVESTMENTS (continued)

Winston Resources Inc. ("WRW or Winston")

On June 22, 2012, pursuant to a purchase and assignment agreement entered into on April 30, 2012 between the Company and CNRP Mining Inc. ("CNRP"), the Company received 18,000,000 common shares of CNRP as partial consideration for the sale of the Company's 60% interest in the Elmtree Gold Property. The CNRP shares were subsequently exchanged for common shares of WRW on a one-for-one basis pursuant to a reverse takeover transaction plan of arrangement involving CNRP and WRW.

In connection with the April 30, 2012 purchase and sale agreement and in addition to the receipt of WRW common shares, the Company will also receive:

(i) Cash payments of $500,000 over a 12 month period; and
(ii) a 3% NSR interest on the Elmtree Deposit.

Pursuant to the agreement with CNRP, until the earlier of the completion of the distribution of these common shares to the shareholders of the Company, or June 22, 2014, the Company will:

(i) assign all of its voting rights in and to these common shares to an officer of CNRP; and
(ii) not sell any of these common shares to any third party without the prior consent of CNRP.

The original fair value of the 18,000,000 WRW common shares was $4,500,000 using the quoted market price of WRW on the closing date (June 22, 2012). The investment in WRW is accounted for at fair value through profit and loss.

On April 25, 2013, Winston directors approved a share consolidation of its common share on the basis of one (1) new common share for twenty (20) common shares effective May 15, 2013. Following consolidation and subject to rounding, the Company now has 900,000 common shares with the fair value of $45,000 using the quoted market price as at March 31, 2014. For the six months ended March 31, 2014, the Company recorded an aggregated unrealized gain of $36,000 (2012 – unrealized loss of $2,016,000).

GreenBank Capital Inc. ("GreenBank")

On April 16, 2013**,** the Company received 7,003,891 common shares of GreenBank Capital Inc. ("Greenbank") as a result of a transfer of shares to shareholders of WRW as a dividend in kind under a plan of arrangement effective the same date. Greenbank is listed on the Canadian National Stock Exchange under the ticker symbol "GBC". The shares ownership represents 27.2% of the issued and outstanding capital of the GreenBank and the investment in GreenBank was accounted for on an equity basis. As the GreenBank shares declined from $0.10 (April 16, 2013) to $0.005 (September 30, 2013) per common share, the Company wrote-down the investment in GreenBank to a nominal value at the end of September 2013.

In November 2013, Greenbank completed a non-brokered private placement with a director of Greenbank. This resulted in a dilution of the Company's ownership to 19.6% after new shares were issued. On January 1, 2014, a director of Greenbank exercised his warrants, which further diluted the Company's ownership to 15.3%. Effective January 1, 2014, the Company has determined that it no longer has significant influence over its investment in Greenbank and accordingly, accounted for its investments in Greenbank, Zara, Leo and Hadley at fair value through profit and loss.

GreenBank has a 35% ownership interest in Zara, a 38% ownership in Leo, and a 49% ownership interest in Hadley. The company originally had significant influence over GreenBank and therefore, accounted for Zara, Leo and Hadley investments on an equity basis.

8. INVESTMENTS (continued)

Zara Resources Inc. ("ZRI or Zara")

In December 2012, the Company received 720,000 common shares of Zara Resources Inc. as a dividend in kind from WRW under a plan of arrangement. Zara is listed on the Canadian National Stock Exchange under the ticker symbol "ZRI".

The Company had significant influence over Zara through its initial ownership interest in GreenBank and therefore, accounted its investment in Zara on an equity basis. Zara`s shares declined from $0.10 (December 7, 2012) to $0.04 (December 31, 2013) per common share. As a result, the Company wrote-off the investment in Zara at December 31, 2013.

Leo Resources Inc. ("LEO or Leo Resources")

In April 2013, Leo Resources was spun off from Zara by way of a statutory plan of arrangement and as a result, the Company received 360,000 common shares of Leo Resources Inc. Leo is listed on the Canadian National Stock Exchange under the ticker symbol "LEO".

The Company had significant influence over Leo through its initial ownership interest in GreenBank and therefore, accounted its investment in Leo on an equity basis. Leo continued to experience losses and the Company's share of losses exceeded the initial investment value. As a result, the Company wrote-off the investment in Leo at December 31, 2013.

Hadley Mining Inc. ("HM or Hadley")

In December 2012, the Company received 720,000 common shares of Hadley Mining Inc. as a dividend in kind under a plan of arrangement. Hadley is listed on the Canadian National Stock Exchange under the ticker symbol "HM".

The Company has significant influence over Hadley through its initial ownership interest in GreenBank, and therefore accounted its investment in Hadley on an equity basis. Hadley`s shares declined from $0.10 (December 7, 2012) to $0.03 (December 31, 2013) per common share. As a result, the Company wrote-off the investment in Hadley at December 31, 2013.

CNRP Mining Inc. ("CND or CNRP")

On April 17, 2013**,** the Company received 562,500 common shares of CNRP as a result of a transfer of shares to shareholders of WRW as a dividend in kind under a plan of arrangement effective the same date. CNRP is listed on the Canadian National Stock Exchange under the ticker symbol "CND". The investment in CNRP is accounted for at fair value through profit and loss.

9. LOAN PAYABLE

On July 14, 2010, the Company entered into a 5-year, non-revolving term loan facility in the principal amount of $2,200,000 with interest payable at the rate of 5% in the first 12 months and 9% in the following 48 months. The facility is repayable on July 14, 2015.

The facility is secured against all of the Company's assets. The facility was subject to a 10% discount amounting to $220,000. As a result, total proceeds to the Company amounted to $1,980,000.

In connection with the financing, the Company issued 3,600,000 drawdown warrants and 300,000 standby warrants. The estimated fair value of the drawdown warrants of $216,000 was estimated using the Black-Scholes option pricing model with the following assumptions: an expected dividend yield of 0%, expected volatility of 168%, a

Expressed in Canadian dollars

9. LOAN PAYABLE (continued)

risk-free interest rate of 2.56% and an expected life of 5 years. Each drawdown warrant is exercisable into one common share and one-half warrant at a price of $0.25 for a period of 5 years. The estimated fair value of the standby warrants of $15,000 was estimated using the Black-Scholes option pricing model with the following assumptions: an expected dividend yield of 0%, expected volatility of 185%, a risk-free interest rate of 1.56% and an expected life of 2 years. Each standby warrant was exercisable into one common share at a price of $0.20 for a period of 2 years. The 300,000 standby warrants were exercised during the year ended September 30, 2011.

The value of the warrants and the discount was recorded against the loan to be accreted over the term of the loan. During the six months ended March 31, 2014, the Company recorded $135,058 (December 31, 2012 - $188,585) interest, accretion and financing fees in the financial statements of loss.

10. OTHER LIABILITIES

	Liability incurred on flow-through shares issued $	Settlement of flow-through liability on incurring expenditures $	Balance, ending $
September 30, 2013			
Issued on October 2, 2012 (i)	163,550	(163,550)	-
Issued on March 15, 2013 (ii)	166,668	(131,668)	35,000
Issued on June 27, 2013 (iii)	43,000	-	43,000
	373,218	(295,218)	78,000
March 31, 2014			
Issued on March 15, 2013 (ii)	166,668	(166,668)	-
Issued on June 27, 2013 (iii)	43,000	(43,000)	-
Issued on December 9, 2013 (iv)	178,500	(55,100)	123,400
Issued on December 20, 2013 (v)	60,000	-	60,000
	448,168	(264,768)	183,400

(i) On October 2, 2012, the Company issued 8,177,500 flow-through shares at a price of $0.21 per share for total proceeds of $1,717,275 which must be used for qualifying exploration expenditures and to be renounced to the flow-through shareholders effective December 31, 2013. The Company had incurred the required qualifying exploration expenditure as at September 30, 2013.

(ii) On March 15, 2013 the Company issued 6,666,722 flow-through shares at a price of $0.135 per share for total proceeds of $900,007 which must be used for qualifying exploration expenditures and to be renounced to the flow-through shareholders effective December 31, 2014. The Company had incurred the required qualifying exploration expenditure as at December 31, 2013.

(iii) On June 27, 2013 the Company issued 2,857,142 flow-through shares at a price of $0.07 per share for total proceeds of $200,000 which must be used for qualifying exploration expenditures and to be renounced to the flow-through shareholders effective December 31, 2014. The Company had incurred the required qualifying exploration expenditure as at December 31, 2013.

(iv) On December 9, 2013 the Company issued 7,142,856 flow-through shares at a price of $0.07 per share for total proceeds of $500,000 which must be used for qualifying exploration expenditures and to be renounced to the flow-through shareholders effective December 31, 2014. The Company had spent approximately $155,000 of the required qualifying exploration expenditures as at March 31, 2014.

Expressed in Canadian dollars

10. OTHER LIABILITIES (continued)

(v) On December 20, 2013 the Company issued 2,000,000 flow-through shares at a price of $0.07 per share for total proceeds of $140,000 which must be used for qualifying exploration expenditures and to be renounced to the flow-through shareholders effective December 31, 2014. The Company had not spent any of the required qualifying exploration expenditure as at March 31, 2014.

11. CAPITAL STOCK

Authorized
Unlimited number of common shares
Unlimited number of preferred shares

Issued
Common shares

	Number #	Amount $
Balance at October 1, 2012	145,277,401	45,254,084
Private placement (i)	27,979,579	5,479,670
Share issue costs	-	(458,361)
Flow-through share premium (Note 10)	-	(163,550)
Shares issued as advance royalty (Note 7)	119,048	25,000
Private placement (ii)	15,756,722	1,899,907
Warrant valuation	-	(277,000)
Share issue costs	-	(110,678)
Flow-through share premium (Note 10)	-	(166,668)
Private placement (iii)	2,857,142	200,000
Share issue costs	-	(33,216)
Flow-through share premium (Note 10)	-	(43,000)
Balance at September 30, 2013	191,989,892	51,606,188
Private placement (iv)	7,142,856	500,000
Share issue costs	-	(60,918)
Flow-through share premium (Note 10)	-	(178,500)
Private placement (v)	2,000,000	140,000
Share issue costs	-	(16,797)
Flow-through share premium (Note 10)	-	(60,000)
Share issued as advance royalty (Note 7)	500,000	25,000
Balance at March 31, 2014	201,632,748	51,954,973

(i) On October 2, 2012, the Company raised proceeds of $5,479,670 by way of a brokered private placement of 19,802,079 common shares at a price of $0.19 and 8,177,500 flow-through common shares at a price of $0.21.

The agents received a cash commission of 5% of the gross proceeds raised through the agents under the offering, and 1,398,979 compensation options entitling them to acquire up to 1,398,979 shares at a price of $0.19 per compensation option expiring on October 2, 2014. The Company paid a total amount of $332,461 for commission, legal and filing fees and other cash-related share issue costs.

Expressed in Canadian dollars

11. CAPITAL STOCK (continued)

(ii) On March 15, 2013, the Company raised proceeds of $1,899,907 by way of a non-brokered private placement of 9,090,000 hard dollar units ("HD Unit") at a price of $0.11 and 6,666,722 flow-through units ("FT Unit") at a price of $0.135. Each HD Unit comprised of one common share and one half of one common share purchase warrants. Each HD warrant is exercisable at a price of $0.15 expiring on September 15, 2014. Each FT Unit comprised of one common share and one half of one common share purchase warrants. Each FT warrant is exercisable at a price of $0.17 expiring on September 15, 2014. Both HD and FT warrants are subject to certain acceleration provisions.

The agents received cash commission of 6% of the gross proceeds raised through the agents and 615,403 compensation options. The Company paid a total amount of $141,419 for commission, legal and filing fees and other cash-related share issue costs.

(iii) On June 27, 2013, the Company raised proceeds of $200,000 by way of a non-brokered private placement of 2,857,142 flow-through shares (FT Shares) at a price of $0.07. The Company paid a total amount of $33,216 for commission, legal and filing fees and other cash-related share issue costs.

(iv) On December 9, 2013, the Company raised proceeds of $500,000 by way of a non-brokered private placement of 7,142,856 flow-through shares (FT Shares) at a price of $0.07. The Company paid a total amount of $60,918 for commission, legal and filing fees and other cash-related share issue costs.

(v) On December 20, 2013, the Company raised proceeds of $140,000 by way of a non-brokered private placement of 2,000,000 flow-through shares (FT Shares) at a price of $0.07. The Company paid a total amount of $16,797 for commission, legal and filing fees and other cash-related share issue costs.

12. WARRANTS RESERVE

	Number $\#$	Amount $
Balance at October 1, 2012	23,769,143	3,183,678
Broker warrants issued (i)	1,398,979	125,900
Warrants expired	(17,579,125)	(2,179,478)
Broker warrants expired	(1,180,500)	(534,500)
Private placement (ii)	7,878,361	277,000
Broker warrants	615,403	24,600
Warrants issue costs	-	(55,338)
Balance as at September 30, 2013	14,902,261	841,862
Warrant expired	(1,409,518)	(253,700)
Balance as at March 31, 2014	13,492,743	588,162

(i) In connection with the October 2, 2012 private placement (Note 12 (i)), the agent received 1,398,979 finder's warrants which entitle the holder to purchase one common share of the Company at a price of $0.19 expiring on October 2, 2014. The estimated fair value of the finder's warrants of $125,900 was estimated using the Black-Scholes option pricing model with the following assumptions: an expected dividend yield of 0%, expected volatility of 89%, a risk-free interest rate of 1.06%, forfeiture rate of 0% and an expected life of 2 years.

(ii) In connection with the March 15, 2013 private placement (Note 12 (ii)), the Company issued 4,545,000 HD warrants and 3,333,361 FT warrants. The estimated fair value of the HD warrants of $167,000 and FT warrants of $110,000 was estimated using the Black-Scholes option pricing model with the following assumptions: an expected dividend yield of 0%, expected volatility of 89%, a risk-free interest rate of 0.99%, forfeiture rate of 0% and an expected life of 18 months.

Expressed in Canadian dollars

12. WARRANTS RESERVE (continued)

The agent received 615,403 finder's warrants which entitle the holder to purchase one common share of the Company at a price of $0.135 expiring on September 15, 2014. The estimated fair value of the finder's warrants of $24,600 was estimated using the Black-Scholes option pricing model with the following assumptions: an expected dividend yield of 0%, expected volatility of 89%, a risk-free interest rate of 0.99%, forfeiture rate of 0% and an expected life of 18 months.

As of March 31, 2014, the following warrants were outstanding:

Value $	Outstanding Warrants #	Warrants Exercisable #	Exercise Price $	Expiry Date
135,075	4,545,000	4,545,000	0.15	September 15, 2014
86,587	3,333,361	3,333,361	0.17	September 15, 2014
24,600	615,403 (i)	615,403	0.135	September 15, 2014
125,900	1,398,979 (ii)	1,398,979	0.19	October 2, 2014
216,000	3,600,000 (iii)	3,600,000	0.25	July 14, 2015
588,162	13,492,743	13,492,743		

(i) These are brokers' warrants issued in connection with the March 15, 2013 private placement.
(ii) These are brokers' warrants issued in connection with the October 2, 2012 private placement.
(iii) These are drawdown warrants issued in connection with the debt facility (Note 9).

13. SHARE-BASED PAYMENTS

The Company has an incentive stock option plan (the "Plan") whereby the Company can grant to directors, officers, employees and consultants options to purchase shares of the Company. The Plan provides for the issuance of stock options to acquire up to 10% of the Company's issued and outstanding capital. The Plan is a rolling plan as the number of shares reserved for issuance pursuant to the grant of stock options will increase as the Company's issued and outstanding capital stock increases. Options granted under the Plan vest immediately pending any regulatory hold period.

The Plan provides that it is solely within the discretion of the Board to determine who receives stock options and in what amounts. In no case (calculated at the time of grant) shall the Plan result in:

- The number of options granted in a 12-month period to any one consultant exceeding 2% of the issued shares of the Company;
- The aggregate number of options granted in a 12-month period to any one individual exceeding 5% of the
- outstanding shares of the Company;
- The number of options granted in any 12-month period to employees or consultants undertaking investor relations activities exceeding in aggregate 2% of the issued shares of the Company;
- The aggregate number of common shares reserved for issuance to any one individual upon the exercise of options granted under the Plan or any previously established and outstanding stock option plans or grants exceeding 5% of the issued shares of the Company in any 12-month period.

On January 15, 2013, the Company was obligated to grant an aggregate of 300,000 stock options to a consultant exercisable at $0.195 per share exercisable up to January 15, 2018. All options vested immediately on grant date. The estimated fair value of the options granted of $51,721 was estimated using the Black-Scholes option pricing model with the following assumptions: an expected dividend yield of 0%, expected volatility of 139%, a risk-free interest rate of 1.40%, forfeiture rate of 0% and an expected life of 5 years. Subsequent to the termination of the consultant in December 2013, these stock options expired 30 days after termination's date.

Expressed in Canadian dollars

13. SHARE-BASED PAYMENTS (continued)

On April 23, 2013, the Company granted of an aggregate of 7,542,000 incentive stock options to certain employees of the Company. All options vested immediately on grant date. The options are exercisable on or before April 23, 2018 at an exercise price of $0.11 per share. The estimated fair value of the options granted of $459,924 was estimated using the Black-Scholes option pricing model with the following assumptions: an expected dividend yield of 0%, expected volatility of 144%, a risk-free interest rate of 1.11%, forfeiture rate of 0% and an expected life of 5 years.

During the six months ended March 31, 2014, the Company capitalized $80,905 of share-based payments in exploration and evaluation assets as these related directly to individuals exclusively involved with working on the Granduc property (September 30, 2013 - $60,372).

In September 2013, the Company granted an aggregate of 200,000 stock options to a new member of the Board. All options vested immediately on grant date. The options are exercisable on or before September 10, 2018 at an exercise price of $0.09 per share. The estimated fair value of the options granted of $10,663 was estimated using the Black-Scholes option pricing model with the following assumptions: an expected dividend yield of 0%, expected volatility of 149%, a risk-free interest rate of 2.16%, forfeiture rate of 0% and an expected life of 5 years.

The following table reflects the continuity of stock options at September 30, 2013 and March 31, 2014:

	2014		2013	
	Number of stock options #	Weighted average exercise price $	Number of stock options #	Weighted average exercise price $
Balance, beginning of period	16,945,500	0.29	9,260,000	0.44
Granted	200,000	0.09	7,542,000	0.11
Options to be granted	-	-	300,000	0.20
Expired/Forfeited	(300,000)	0.20	(156,500)	0.43
Balance, end of period	16,845,500	0.29	16,945,500	0.29

As of March 31, 2014, the following stock options were outstanding:

Value $	Outstanding Options #	Options Exercisable #	Exercise Price $	Expiry Date
57,000	1,425,000	1,425,000	0.10	June 1, 2014
256,300	1,165,000	1,165,000	0.25	April 23, 2015
95,000	500,000	500,000	0.20	July 1, 2015
78,000	300,000	300,000	0.23	September 9, 2015
1,494,600	3,180,000	3,180,000	0.50	October 18, 2015
490,200	860,000	860,000	0.60	January 21, 2016
1,207,531	1,700,000	1,700,000	0.75	March 2, 2016
29,353	50,000	50,000	0.88	August 2, 2016
455,260	7,465,500	7,465,500	0.11	April 23, 2018
10,663	200,000	200,000	0.09	September 10, 2018
4,173,907	16,845,500	16,845,500		

Expressed in Canadian dollars

14. RELATED PARTY TRANSACTIONS

These condensed interim consolidated financial statements include balances and transactions with directors and officers of the Company and corporations related to them. The Company paid fees for services to certain officers and directors or companies controlled by certain officers and directors during the period that were recorded in the accounts shown below:

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company:

Key Management Compensation

	March 31, 2014	September 30, 2013
Exploration and evaluation assets	$ 66,000	$ 126,000
Consulting and management fees – Consulting fees	463,597	1,215,672
Consulting and management fees – Directors ‘fees	20,000	32,500
	$ 549,597	$ 1,374,172

Included in amounts receivable as at March 31, 2014 is approximately $72,684 (September 30, 2013 - $57,598) in office and general expense reimbursements due from companies with common management. During the six months ended March 31, 2014, a total of approximately $54,464 (March 31, 2013 - $78,648) reimbursed by these companies was included in office and general.

Included in accounts payable and accrued liabilities as at March 31, 2014 is $116,000 (September 30, 2013 - $Nil) payable to key management personnel related to accrued bonus.

These amounts are unsecured, non-interest bearing with no fixed terms of repayment.

15. CAPITAL MANAGEMENT

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

The Company includes shareholders’ equity, comprised of issued capital stock, share-based payments reserve, warrants reserve and deficit, in the definition of capital.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest in are in the exploration and evaluation stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

15. CAPITAL MANAGEMENT (continued)

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during 2014 and 2013. The Company is not subject to any externally imposed requirements.

The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

16. FINANCIAL RISK MANAGEMENT

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its risk management objectives. The main objective of the Company's risk management process is to ensure that the risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed to are described below. There have been no significant changes in the risks, objectives, policies and procedures during 2014 and 2013.

Market Risk
Market risk is the risk that the fair value of, or future cash flows from, the Company’s financial instruments will significantly fluctuate because of changes in market prices. The Company is exposed to market risk in trading its investments and unfavourable market conditions could result in dispositions of investments at less than favourable prices. In addition, most of the Company’s investments are in the resource sector.

For the six months ended March 31, 2014 , a 10% decrease in the closing prices of its portfolio investments would result in an estimated increase in net loss of $28,429 (September 30, 2013 - $3,713).

Liquidity risk
Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

At March 31, 2014, the Company had cash balance of $623,117 (September 30, 2013 - $1,233,796) and current assets of $1,059,298 (September 30, 2013 - $1,717,737), to settle current liabilities of $502,863 (September 30, 2013 - $454,317). The Company has working capital of $556,435 at March 31,2014 (September 30, 2013 – $1,263,420).

Interest Rate Risk
The Company has cash balances and no interest-bearing debt other than the loan payable as describe in Note 9. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

Credit Risk
The Company's credit risk is primarily attributable to guaranteed investment certificates and amounts receivable. The Company has no significant concentration of credit risk arising from operations. Guaranteed investment certificates have been invested with reputable financial institutions, from which management believes the risk of loss to be remote. Amounts receivable include harmonized sales tax due from the Federal Government of Canada and tax credits due from the Government of the Province of British Columbia, Canada. Management believes that the credit risk concentration with respect to these amounts included in the amounts receivable is remote; however such amounts are subject to government audit.

16. FINANCIAL RISK MANAGEMENT (continued)

Sensitivity analysis
As at March 31, 2014, the carrying and fair value amounts of the Company's financial instruments are approximately the same.

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible over a twelve month period:

Fair Value
The Company's investments where the Company does not have significant influence over are classified as held-for-trading, measured at fair value. Cash and amounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities and loan payable are classified as other financial liabilities, which are measured at amortized cost.

The carrying value of cash, amounts receivable, accounts payable and accrued liabilities and loan payable approximate their fair value due to the relatively short periods to maturity of the financial instruments.

Fair Value hierarchy and liquidity risk disclosure
The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1); (b) inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

As at March 31, 2014 and September 30, 2013, the Company's financial instruments that are carried at fair value, consisting of investments, which have been classified Level 1, within the fair value hierarchy.

17. COMMITMENTS AND CONTINGENCIES

Management Contracts
The Company is party to certain management and employee contracts. These contracts contain clauses requiring additional payments of up to $2,440,000 be made upon the occurrence of certain events such as a change of control. As the triggering events have not taken place, the contingent payments have not been reflected in these consolidated financial statements. Minimum management contract commitments remaining under these contracts are approximately $1,251,533, due within one year.

Premise Lease
The Company is subject to a lease commitment and is committed to expenditures approximately of $50,243 and $16,748 in fiscal year 2014 and 2015 respectively.

Environmental
The Company's exploration and evaluation activities are subject to laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.