I-Minerals Inc.

Consolidated Financial Statements
April 30, 2014 and 2013
(Expressed in US dollars)

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INDEPENDENT AUDITOR'S REPORT

To the shareholders of I-Minerals Inc.

We have audited the accompanying financial statements of I-Minerals Inc. and its subsidiaries, which comprise the consolidated statement of financial position as at April 30, 2014 and 2013 and the consolidated statements of loss and comprehensive loss, cash flows and changes in equity for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these 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 about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit 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 I-Minerals Inc. and its subsidiaries as at April 30, 2014 and 2013 and its financial performance and its cash flows for the years then ended, in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 1 in the financial statements, which indicates that as of April 30, 2014, the Company had an accumulated deficit of $12,158,728. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt upon the Company’s ability to continue as a going concern.

(signed) “BDO Canada LLP”

Chartered Accountants

August 22, 2014

I-Minerals Inc.

Consolidated Statements of Financial Position

April 30, 2014 and 2013

(Expressed in US dollars)

	Notes	2014 $	2013 $
ASSETS			
Current assets			
Cash		604,936	43,196
Receivables and prepaids	5	109,007	49,369
		713,943	92,565
Equipment		19,547	19,648
Mineral property	6	13,449,071	11,600,943
Deposits		8,728	58,728
		14,191,289	11,771,884
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	7,13	592,150	528,422
Demand loans	8	-	100,000
Loans	8	-	210,991
Promissory notes	9	-	1,905,000
		592,150	2,744,413
Promissory notes	9	4,191,629	-
Warrant derivatives	10	3,179,812	234,596
Deferred income tax liability		748,000	748,000
		8,711,591	3,727,009
EQUITY ATTRIBUTABLE TO SHAREHOLDERS			
Share capital	11	15,935,039	14,756,503
Contributed surplus		1,624,164	1,444,926
Commitment to issue shares	9, 18	79,223	-
Deficit		(12,158,728)	(8,156,554)
		5,479,698	8,044,875
		14,191,289	11,771,884

NATURE OF OPERATIONS AND ABILITY TO CONTINUE AS A GOING CONCERN (Note 1)
SUBSEQUENT EVENTS (Notes 11(c) and 18)

On behalf of the Board

%Thomas M. Conway+ Director

%W. Barry Girling+ Director

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

I-Minerals Inc.

Consolidated Statements of Loss and Comprehensive Loss

For the years ended April 30, 2014 and 2013

(Expressed in US dollars)

	Note	2014 $	2013 $
EXPENSES			
Accounting		34,248	33,726
Amortization		8,377	8,338
Management and consulting fees	13	73,262	127,499
Office, telephone and miscellaneous		146,483	125,752
Professional fees		140,449	277,669
Promotion and shareholder communication		108,431	53,117
Share-based payments	11(c)	155,847	-
Transfer and regulatory fees		55,083	25,649
Warrant amendment expense	11(d)	-	233,385
		(722,180)	(885,135)
Foreign exchange gain (loss)		10,435	(4,929)
Loss on settlement of debt	8,9	(209,256)	-
Amortization of financing fees	9	(61,256)	-
Bonus shares issued as financing fees	9	-	(146,952)
Interest on convertible loans, demand loans and loans	8	(11,991)	(76,176)
Interest on promissory notes	9	(360,977)	(100,496)
Change in fair value of convertible loans	8	-	(40,528)
Change in fair value of warrant derivatives	10	(2,646,949)	106,114
LOSS AND COMPREHENSIVE LOSS FOR THE YEAR		(4,002,174)	(1,148,102)
Loss per share . basic and diluted	11(e)	(0.06)	(0.02)
Weighted average number of shares outstanding		71,207,078	61,971,465

I-Minerals Inc.

Consolidated Statements of Cash Flows

For the years ended April 30, 2014 and 2013

(Expressed in US dollars)

	2014 $	2013 $
OPERATING ACTIVITIES		
Loss for the year	(4,002,174)	(1,148,102)
Items not involving cash:		
Amortization	8,377	8,338
Share-based payments	155,847	-
Warrant amendment expense	-	233,385
Foreign exchange gain (loss)	(4,420)	5,166
Loss on settlement of debt	209,256	-
Amortization of financing fees	61,256	-
Bonus shares and bonus warrants issued as financing fees	-	146,952
Change in fair value of convertible loans	-	40,528
Change in fair value of warrant derivatives	2,646,949	(106,114)
	(924,909)	(819,847)
Change in non-cash operating working capital items:		
Receivables and prepaids	(59,638)	90,214
Accounts payable and accrued liabilities	284,492	331,289
Cash flows used in operating activities	(700,055)	(398,344)
INVESTING ACTIVITIES		
Deposits recovered (paid)	50,000	(7,620)
Mineral property expenditures	(1,748,343)	(1,304,921)
Purchase of equipment	(8,276)	(770)
Cash flows used in investing activities	(1,706,619)	(1,313,311)
FINANCING ACTIVITIES		
Proceeds from private placement, net of cash issuance costs	533,414	-
Promissory notes received, net of cash transaction costs	2,535,000	1,759,181
Promissory notes repaid	-	(13,771)
Demand loans repaid	(100,000)	-
Cash flows from financing activities	2,968,414	1,745,410
INCREASE IN CASH	561,740	33,755
CASH, BEGINNING OF THE YEAR	43,196	9,441
CASH, END OF THE YEAR	604,936	43,196
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	7,211	13,845
Taxes paid	-	-

Non-cash transactions (Note 17)

I-Minerals Inc.

Consolidated Statements of Changes in Equity
For the years ended April 30, 2014 and 2013

(Expressed in US dollars)

	Number of Shares #	Amount $	Contributed Surplus $	Commitment to Issue Shares $	Accumulated Deficit $	Total Equity Attributable to Shareholders $
Balance at April 30, 2012	60,685,576	13,884,344	1,444,926	-	(7,008,452)	8,320,818
Issued during the year:						
Shares issued for interest payment	617,736	92,548	-	-	-	92,548
Shares issued to settle convertible notes	3,710,365	362,762	-	-	-	362,762
Shares issued to settle accounts payable	1,188,314	93,221	-	-	-	93,221
Shares issued pursuant to mineral property agreement	1,300,000	176,676	-	-	-	176,676
Shares issued as a financing fee	800,000	146,952	-	-	-	146,952
Loss and comprehensive loss for the year	-	-	-	-	(1,148,102)	(1,148,102)
Balance at April 30, 2013	68,301,991	14,756,503	1,444,926	-	(8,156,554)	8,044,875
Issued during the year:						
Shares issued pursuant to private placement of units	3,100,000	409,505	-	-	-	409,505
Less: issue costs . cash	-	(24,214)	-	-	-	(24,214)
Less: issue costs . finder's warrants	-	(23,391)	23,391	-	-	-
Shares issued for interest payment	1,001,112	266,743	-	-	-	266,743
Shares issued to settle loans	2,277,341	365,353	-	-	-	365,353
Shares issued as a financing fee	1,339,262	184,540	-	-	-	184,540
Commitment to issue shares as a financing fee	-	-	-	79,223	-	79,223
Share-based payments	-	-	155,847	-	-	155,847
Loss and comprehensive loss for the year	-	-	-	-	(4,002,174)	(4,002,174)
Balance at April 30, 2014	76,019,706	15,935,039	1,624,164	79,223	(12,158,728)	5,479,698

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

1. NATURE OF OPERATIONS AND ABILITY TO CONTINUE AS A GOING CONCERN:

I-Minerals Inc. (the %Company+) was incorporated under the laws of British Columbia, Canada, in 1984. The Company is listed for trading on the TSX Venture Exchange under the symbol %IMA+and the OTCQX marketplace under the symbol %IMAHF+. The Companyqs address and head office is 880 - 580 Hornby Street, Vancouver, British Columbia, Canada.

These consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for the next year. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. At April 30, 2014, the Company was still in the exploration stage and had not yet achieved profitable operations, had an accumulated deficit of $12,158,728 since inception and expects to incur further losses in the development of its business, all of which indicates the existence of a material uncertainty that may cast significant doubt upon the Companyqs ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business. The Companyqs ability to continue as a going concern is dependent upon its ability to complete a feasibility study, to obtain the necessary financing to develop the property and to meet its obligations and repay its liabilities arising from normal business operations when they come due. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. The Company is currently receiving funds from a company controlled by a director of the Company through promissory notes (Note 9).

2. SIGNIFICANT ACCOUNTING POLICIES:

Statement of compliance

These consolidated financial statements, including comparatives have been prepared using accounting policies consistent 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+). The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

These consolidated financial statements were approved by the board of directors for use on August 22, 2014.

Basis of consolidation

The consolidated financial statements include the results of the Company and its wholly-owned subsidiaries. The results of each subsidiary will continue to be included in the consolidated financial statements of the Company until the date that the Company's control over the subsidiary ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Details of subsidiaries are as follows:

		Percentage owned	
	Incorporated in	April 30 2014	April 30, 2013
i-minerals USA inc.	Idaho	100%	100%
CKD Ventures Ltd., Inc. (U.S.A.) (inactive)	Idaho	100%	100%

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

Equipment

Equipment is carried at cost and is amortized over the estimated useful economic lives using the declining balance method at an annual rate of 30%.

Mining claims and deferred exploration costs

The Company records its interest in mineral properties and areas of geological interest at cost less option payments received and other recoveries. Exploration and development costs relating to these interests and projects are capitalized on the basis of specific claim blocks or areas of geological interest until the properties to which they relate are placed into production, sold or allowed to lapse. Acquisition costs and deferred exploration and development costs will be amortized over the useful life of the orebody following attainment of commercial production or will be written-off if the property or project is abandoned.

Exploration costs that are not attributable to a specific property are charged to operations as general exploration expense. Exploration costs incurred prior to the Company acquiring the legal rights to a property are charged to operations as general exploration expense.

The Company is in the process of developing its mineral properties. Management reviews the carrying value of mineral properties on a periodic basis and will recognize impairment in value based upon current exploration and development results, the prospect of further work being carried out by the Company, the assessment of future probability of profitable revenues from the property or from the sale of the property. Amounts shown for properties represent costs incurred net of write-downs and recoveries, and are not intended to represent present or future values. The ultimate recovery of such capitalized costs is dependent upon the development of economic ore reserves or the sale of mineral rights.

Impairment of non-financial assets

At the end of each reporting period the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. 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. 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. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the income or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in income or loss.

Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans and receivables or at fair value through income or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through income and loss.

Financial assets classified as loans and receivables and held-to-maturity are measured at amortized cost using the effective interest method less any allowance for impairment. The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period.

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive loss except for losses in value that are considered other than temporary or a significant or prolonged decline in the fair value of that investment below its cost.

Transaction costs associated with FVTPL financial assets are expensed as incurred while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method.

Financial liabilities classified as FVTPL include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives are also classified as FVTPL unless they are designated as effective hedging instruments. Transaction costs on financial liabilities classified as FVTPL are expensed as incurred. Fair value changes on financial liabilities classified as FVTPL are recognized through the statement of comprehensive loss.

De-recognition of financial assets and liabilities

Financial assets are de-recognized when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On de-recognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in income or loss.

Financial liabilities are de-recognized when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability de-recognized and the consideration paid and payable is recognized in income or loss.

Impairment of financial assets

At each reporting date, the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Decommissioning and restoration provisions

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the legal or constructive obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of facts such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax risk-free rate that reflects the time value of money are used to calculate the net present value. These costs are charged against income or loss over the economic life of the related asset, through amortization using the unit-of production method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in income or loss.

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in income or loss.

The operations of the Company may in the future be affected from time to time in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

Other provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

Earnings per share

Basic earnings or loss per share represents the income or loss for the period, divided by the weighted average number of common shares outstanding during the period. Diluted earnings or loss per share represents the income or loss for the period, divided by the weighted average number of common shares outstanding during the period plus the weighted average number of dilutive shares resulting from the exercise of stock options, warrants and other similar instruments where the inclusion of these would not be anti-dilutive.

Foreign currencies

The financial statements for the Company and each of its subsidiaries are prepared using their respective functional currencies. Functional currency is the currency of the primary economic environment in which an entity operates. The presentation currency of the Company is US dollars. The functional currency of all companies in the group is US dollars.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. 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. All gains and losses on translation of these foreign currency transactions are charged to the statement of operations. All gains and losses on translation of a subsidiary from the functional currency to the presentation currency are charged to other comprehensive income.

Income tax

Income tax on the income or loss for the periods presented comprises current and deferred tax. Income tax is recognized in income or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous periods.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The Company does not provide for temporary differences relating to investments in subsidiaries, associates, and joint ventures to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet reporting date applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is probable that future taxable incomes will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Equity

Common shares are classified as equity. Commissions paid to underwriters, professional fees, regulatory fees, and other costs that are directly attributable to the issuance of shares are charged to equity. Deferred financing costs represent costs incurred on incomplete financings which are expected to be subsequently completed. Financing costs incurred on failed financings are charged to expense.

Share-based payments

The Company has established a stock option plan for the benefit of full-time and part-time employees, officers, directors and consultants of the Company and its affiliates.

The fair value of all stock options granted is recorded as a charge to operations or deferred exploration costs and a credit to contributed surplus under the graded vesting method. The fair value, as adjusted for the expected level of vesting of the options and of stock options which vest immediately is recorded at the date of grant; the fair value, as adjusted for the expected level of vesting of the options and of options which vest in the future is recognized over the vesting period. Stock options granted to non-employees are measured at the fair value of the goods or services received on the vesting date. When the value of the goods or services received in exchange for the share-based payment cannot be reliability estimated, the fair value is measured by use of a valuation model. Prior to the vesting date, the current fair value of stock options granted to consultants is recognized from the date of grant to the reporting date.

Any consideration received on the exercise of stock options together with the related portion of contributed surplus is credited to share capital. The fair value of stock options is estimated using the Black-Scholes option pricing model.

3. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE:

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting periods beginning on or after January 1, 2013.

The following new standards, amendments and interpretations that have been adopted for the Company¢s current fiscal year have not had a material impact on the Company:

IFRS 10, *Consolidated Financial Statements*
IFRS 11, *Joint Arrangements*
IFRS 12, *Disclosure of Interests in Other Entities*
IFRS 13, *Fair Value Measurement*
IAS 1, *Presentation of Financial Statements*

The following new standards have been issued but not yet applied.

IFRS 9 . Financial Instruments: Classification and Measurement. IFRS 9 introduces new requirements for the classification and measurement of financial instruments and is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is currently evaluating the impact on its consolidated financial statements.

IAS 32 . Financial instruments, Presentation. IAS 32 was amended to clarify the requirements for offsetting financial assets and liabilities. The amendments clarify that the right of offset must be available on the current date and cannot be contingent on a future date. The amendments apply to annual periods beginning on or after January 1, 2014. The change in accounting standard will not have a significant impact on the Company's consolidated financial statements.

IAS 36 . Impairment of Assets. IFRS 36 was amended by *recoverable amount disclosures for nonfinancial assets.* The amendments apply retrospectively for annual periods beginning on or after January 1, 2014. The change in accounting standard will not have a significant impact on the Company's consolidated financial statements

IFRIC 21 . Levies. IFRIC 21 clarifies and provides guidance on when to recognize the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods commencing on or after January 1, 2014. The change in accounting standard does not have a significant impact on the Company's consolidated financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS:

The preparation of financial statements requires management to use judgement in applying its accounting policies and estimates and assumptions about the future. Estimates and other judgements are continuously evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and judgements:

(i) The assumption that the Company is a going concern and will continue in operation for the foreseeable future and at least one year. The factors considered by management are disclosed in Note 1.

(ii) The Company is in the process of advancing its mineral property. The Company has identified probable reserves. The recoverability of amounts shown for mineral property acquisition costs and mineral property deferred costs is dependent upon the ability of the Company to obtain the necessary financing to complete the development of its mineral property, and upon future profitable production or proceeds from the disposition or development of its mineral property.

(iii) The assessment of indicators of impairment for the mineral property and the related determination of the recoverable amount and write-down of the property where applicable.

(iv) Although the Company has taken steps to verify title to the mineral property in which it has an interest, these procedures do not guarantee the Company's title. The property may be subject to prior agreements or transfers and title may be affected by undetected defects.

(v) The Company operates in the United States and Canada and transacts in multiple currencies including Canadian dollars, US dollars and Euros. Being an exploration stage company, the Company has no revenues from operations to date and therefore has based the determination of functional currency on expenditures, financial commitments and historical financing, the areas where the majority of the Company's transactions occur. Transactions related to all three of these criteria occur in more than one currency, however the US dollar is the dominant currency for each of these criteria and therefore the currency of the primary economic environment to which the Company is the most significantly exposed. As such, management has determined the US dollar to be the functional currency of the Company and all significant subsidiaries within the consolidated group.

5. RECEIVABLES AND PREPAIDS:

	April 30, 2014 $	April 30, 2013 $
GST recoverable	10,266	6,813
Prepaid expenses	39,493	41,208
Deposits	57,900	-
Accounts receivable	1,348	1,348
Total receivables and prepaids	109,007	49,369

6. MINERAL PROPERTY:

The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties is in good standing.

Helmer-Bovill Property – Latah County, Idaho

The Company entered into a purchase and sale agreement with Idaho Industrial Minerals LLC (“IIM”), a company in which one of the Company’s directors has a 25% interest, under which the Company had the right to acquire a 100% interest in 10 lease applications that comprise the Helmer-Bovill property by issuing to IIM a total of 1,750,000 shares of the Company. During fiscal 2009, 50,000 shares were issued in return for an extension of the agreement. During fiscal 2010, the terms of the agreement were further amended and the agreement was extended until August 2013. Under the terms of the amended agreement, the shares were to be issued based on certain development-based benchmarks being attained as follows:

- 100,000 shares upon assignment of the mineral lease applications to the Company (issued);
- 350,000 shares upon the State of Idaho issuing mineral leases to the Company (issued);
- 600,000 shares upon the completion of a feasibility study (issued); and,
- 700,000 shares upon completion of the permitting process necessary to construct and operate a mining facility (issued).

On January 21, 2013, the Company issued the final 1,300,000 shares to IIM at a fair value of $176,676, determined by reference to the trading price of the Company’s shares on the transaction date. With the issuances of the final tranches of shares, the Company believes it has now fulfilled all its obligations under the purchase and sale agreement with IIM. Refer to Note 16 for details of a contingent liability.

During the year ended April 30, 2012, the Company acquired an undivided 100% interest in two State of Idaho mineral leases contiguous to the Helmer-Bovill Property. The Company paid $10,000 and issued 50,000 shares at the fair value of $15,170. The two State of Idaho mineral leases are subject to a 3% production royalty on gross sales.

Details of acquisition and exploration costs for the years ended April 30, 2014 and 2013 are as follows:

	Helmer-Bovill Property $
Balance, April 30, 2012	10,212,720
ACQUISITION COSTS	
Shares	176,676
	176,676
EXPLORATION COSTS	
Engineering and consulting	642,627
Environmental	81,450
Excavation and screening	11,616
Field and survey	19,178
Marketing and research	60,222
Mineral analysis and processing	197,804
Permitting, licenses and fees	173,238
Project management	13,185
Travel	12,227
	1,211,547
Balance, April 30, 2013	11,600,943

	Helmer-Bovill Property $
Balance, April 30, 2013	11,600,943
EXPLORATION COSTS	
Drilling	662,559
Engineering and consulting	312,132
Environmental	88,969
Excavation and screening	7,590
Field and survey	36,266
Marketing and research	140,938
Mineral analysis and processing	426,138
Permitting, licenses and fees	120,272
Project management	15,410
Travel	37,854
	1,848,128
Balance, April 30, 2014	13,449,071

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES:

	April 30, 2014 $	April 30, 2013 $
Trade payables	257,360	211,996
Amounts due to related parties (Note 13)	177,611	205,200
Interest payable on demand loans (Note 8)	-	3,000
Interest payable on loans (Note 8)	-	6,330
Interest payable on promissory notes (Note 9)	157,179	101,896
Total accounts payable and accrued liabilities	592,150	528,422

8. DEMAND LOANS AND LOANS:

Summary of demand loans and loans are as follows:

	April 30, 2014 $	April 30, 2013 $
Demand loans	-	100,000
Loans	-	210,991
Total loans	-	310,991

On June 30, 2009, the Company completed the first tranche of a non-brokered unsecured convertible loan financing, raising $250,000. On September 15, 2009, the Company completed the second tranche, raising $192,880. On January 29, 2010, the Company completed Series B, raising CDN$450,000 ($422,550) (collectively the %Convertible Loans+).

Interest was at 12 per cent per year, calculated semi-annually and paid semi-annually either in cash or in shares, at the election of the Company. The Convertible Loans had a term of two years and were convertible into shares of the Company at the rate of one share per CDN$0.35 of principal outstanding, with exchange rates fixed at the dates of issuance. Accordingly, the first tranche, second tranche and Series B Convertible Loans were convertible into 830,565 shares, 599,006 shares and 1,285,714 shares, respectively.

During the year ended April 30, 2012, the Company extended the term of the Convertible Loans to January 29, 2013. Of the CDN$225,000 ($222,075) in Series B convertible loans extended, the conversion price was reduced to CDN$0.25 per share (900,000 shares). The remaining CDN$225,000 ($222,075) in Series B Convertible Loans were repaid in full. The conversion feature of the convertible loans expired on January 29, 2013 and the Convertible Loans became due on demand loans (the %Demand Loans+).

On April 18, 2013, CDN$12,500 ($12,094) and $344,000 of the Demand Loans plus accrued interest of $6,668 were settled by the issuance of 3,710,365 shares at the aggregate fair value of CDN$371,037 ($362,762). CDN$212,500 of the Demand Loans were converted to Loans due April 1, 2014 with no change in other terms. $100,000 remained outstanding as Demand Loans at April 30, 2013.

During the year ended April 30, 2013, the Company paid interest through the issuance of 617,736 common shares ($92,548) and $13,845 of cash. The fair value of the common shares was determined by reference to the twenty day weighted average share price on the interest due date.

During the year ended April 30, 2014, the Company repaid the Demand Loans plus accrued interest of $6,411. During the year ended April 30, 2014, CDN$212,500 ($206,571) of the Loans plus accrued interest of CDN$15,234 ($14,855) were settled by the issuance of 2,277,341 shares at the aggregate fair value of CDN$375,761 ($365,353). Accordingly, the Company recorded a loss on settlement of debt of $143,927.

The Convertible Loans were comprised of three components: the debt component, the conversion component, and a share purchase warrant component. The Company determined that the fair value of each component was not reliably measurable. As a result, the Company designated the Convertible Loans, including all components, as FVTPL financial liabilities. During the year ended April 30, 2013, the Company recorded a loss on the change in the fair value of the Convertible Loans of $40,528.

9. PROMISSORY NOTES:

	$
Balance, April 30, 2012	160,117
Add: Proceeds from promissory notes	1,759,181
Deduct: Repayment of promissory notes	(13,771)
Deduct: Unrealized foreign exchange gain	(527)
Balance, April 30, 2013	1,905,000
Add: Proceeds from promissory notes	2,545,000
Add: Accrued interest rolled in as principal	104,280
Deduct: Finance fees	(423,907)
Add: Amortization of finance fees	61,256
Balance, April 30, 2014	4,191,629

During the year ended April 30, 2012, the Company received a $150,000 promissory note from a director of the Company. In addition, the Company received a CDN$10,000 ($9,990) promissory note from a director of the Company.

During the year ended April 30, 2013, the Company received an aggregate of $1,755,000 and CDN$4,000 ($4,181) of promissory notes from directors of the Company. On September 19, 2012, the Company entered into an agreement with a company controlled by a director of the Company (the %Lender+) outlining the terms of $1,000,000 of the promissory notes (the %First Promissory Notes+). The First Promissory Notes bore interest at the rate of 9.5% per annum and were unsecured and due on demand. The Company issued 800,000 bonus shares to the Lender at the fair value of $146,952, determined by reference to the trading price of the Companyqs common shares on the transaction date. The fair value of the bonus shares was recorded as a debt issuance cost and the fair value of the shares were expensed on their issuance date due to the associated debt being due on demand at the time of their issuance.

On September 13, 2013 and January 27, 2014, the Company entered into additional agreements with the Lender pursuant to which up to $5,787,280 will be advanced to the Company in tranches, of which $4,554,280 had been advanced as at April 30, 2014 (the %Second Promissory Notes+). Effective January 27, 2014, the Company executed an amended Promissory Note agreement whereby $2,800,000 of principal and $104,280 of accrued interest thereon (%the indebtedness+) pursuant to the First Promissory Notes and Second Promissory Notes were exchanged for new Promissory Notes (%the Promissory Notes+) having a principal balance equal to the previous amounts of the indebtedness. The new Promissory Notes include the same terms of the previous Promissory Notes with the exception that the interest rate on $1,000,000 included in the First Promissory Notes was increased from 9.5% per annum to 12% per annum and the maturities of the Promissory Notes were established as to $1,000,000 on December 31, 2015, $2,000,000 on June 30, 2016 and the balance due on December 31, 2016. Certain conditions may result in early repayment. The Company recorded this debt exchange as a modification of debt having no impact on the Companyqs Statement of Comprehensive Loss.

The Promissory Notes bear interest at the rate of 12% per annum and during the year, the Company recorded interest totalling $360,977 (2013 - $100,496) on its promissory notes. Interest is payable semi-annually as calculated on May 31st and November 30th. Interest is to be paid either in cash or in common shares at the option of the Lender. The Promissory Notes are collateralized by the Companyqs Helmer-Bovill Property (Note 6).

The Company will issue the Lender bonus shares and bonus share purchase warrants equal to 6% of the amounts advanced. Each bonus share purchase warrant will entitle the Lender to purchase one common share of the Company at a price equal to the greater of (a) the market price of the Companyqs common shares on the date of the advance and (b) the volume weighted average price of the Companyqs common shares over the twenty trading days immediately prior to the date of the advance. The bonus share purchase warrants expire on the earlier of (a) December 1, 2016 and (b) the date the advance has been repaid in full, including interest.

During the year ended April 30, 2014, the Company issued 1,339,262 bonus shares to the Lender at the fair value of $184,540 and the Company was committed to issuing an additional 313,350 bonus shares to the Lender at the fair value of $79,223. The fair value of the bonus shares was determined by reference to the trading price of the Companyqs common shares on the date the advances were received.

The Company also issued 1,339,262 bonus share purchase warrants and the Company was committed to issuing an additional 313,350 bonus share purchase warrants to the Lender. The aggregate of 1,652,612 bonus share purchase warrants had a weighted average exercise price of $0.19. The fair value of bonus share purchase warrants issued/committed to be issued during the year ended April 30, 2014 of $150,144 was estimated using the Black-Scholes option pricing model with the following weighted average assumptions: stock price . CDN$0.16; exercise price . CDN$0.19; expected risk-free interest rate . 1.13%; expected life . 3.1 years; expected volatility . 102% and expected dividend rate . 0%.

The aggregate finance fees, including $10,000 of legal fees, are recorded against the Promissory Notes balance and are being amortized to the Statement of Comprehensive Loss over the life of the Promissory Notes.

During the year ended April 30, 2014, the Company settled $201,414 of interest payable on the Promissory Notes by the issuance of 1,001,112 common shares at the fair value of $266,743. Accordingly, the Company recorded a loss on settlement of debt of $65,329.

At April 30, 2014, accounts payable and accrued liabilities included $157,179 (2013 - $101,896) of interest payable on the Promissory Notes.

10. DERIVATIVE LIABILITIES:

Derivate liabilities are financial instruments classified as fair value through profit or loss financial liabilities.

	$
Balance, April 30, 2012	107,325
Warrant amendment expense (Note 11(d))	233,385
Change in fair value of warrant derivatives	(106,114)
Balance, April 30, 2013	234,596
Warrants issued/committed to be issued pursuant to Promissory Notes (Note 9)	150,144
Warrants issued pursuant to private placement of units (Note 11(b))	148,123
Change in fair value of warrant derivatives	2,646,949
Balance, April 30, 2014	3,179,812

Warrant Derivative Liabilities

At April 30, 2013, the Company had 20,000,000 share purchase warrants exercisable into common shares at an exercise price denominated in Canadian dollars. During the year ended April 30, 2014, the Company issued 1,339,262 share purchase warrants and was committed to issuing 313,350 share purchase warrants pursuant to the Promissory Notes (Note 9). In addition, 1,550,000 share purchase warrants were issued pursuant to a private placement of units (Note 11(b)). As a variable amount of US dollars are exercisable into a fixed number of common shares, the share purchase warrants (the %Warrant Derivative Liabilities+) are classified as derivative liabilities.

At April 30, 2014, the Company determined the fair value of Warrant Derivative Liabilities to be $3,179,812 (2013 - $234,596) as estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	2014	2013
Stock price (CDN$)	0.28	0.06
Exercise price (CDN$)	0.38	0.40
Risk-free interest rate (%)	1.13	1.13
Expected life (years)	2.03	3.00
Expected volatility (%)	117	93
Expected dividends ($)	Nil	nil

11. SHARE CAPITAL:

Common shares

a) Authorized:

Unlimited number of common shares, without par value.

The holders of common shares are entitled to receive dividends which are declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares are ranked equally with regards to the Companyqs residual assets.

b) Financings:

During the year ended April 30, 2014, the Company completed the following financing:

i) On January 31, 2014, the Company completed a private placement of 3,100,000 units at CDN$0.20 per unit for gross proceeds of $557,628 (CDN$620,000). Each unit is comprised of one common share and one-half of one share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at a price of CDN$0.40 per share until January 31, 2016. A value of $148,123 has been attributed to these warrants using the Black-Scholes option pricing model and has been credited to derivative liabilities (Note 10).

The Company paid commissions consisting of $16,747 (CDN$18,620) cash and 200,000 finderqs warrants. Each finderqs warrant entitles the holder to purchase one common share at a price of CDN$0.25 per share until January 31, 2016. In addition, the Company incurred legal and other out-of-pocket expenses related to the private placement in the amount of $7,467. The fair value of $23,391 (CDN$26,007) for the finderqs warrants was estimated using the Black-Scholes option pricing model and was charged to share issue costs and contributed surplus with the following assumptions: stock price . CDN$0.23; exercise price . CDN$0.25; expected risk-free interest rate . 1.13%; expected life . 2.0 years; expected volatility . 114% and expected dividend rate . 0%.

c) Stock options:

The Company has granted stock options under the terms of its Stock Option Plan (the %Plan+). The Plan provides that the directors of the Company may grant options to purchase common shares to directors, officers, employees and service providers of the Company on terms that the directors of the Company may determine are within the limitations set forth in the Plan. The maximum number of shares available under the Plan is limited to 10% of the issued common shares. The maximum term of stock options is ten years. All stock options vest on the date of grant, unless otherwise stated.

The Companyqs stock options outstanding as at April 30, 2014 and 2013 and the changes for the years then ended are as follows:

	Number Outstanding		Weighted Average Exercise Price
Balance at April 30, 2012	2,920,000	CDN$	0.42
Expired	(470,000)	CDN$	0.44
Balance at April 30, 2013	2,450,000	CDN$	0.42
Granted	2,410,000	CDN$	0.15
Forfeited	(700,000)[(1)]	CDN$	0.46
Balance outstanding at April 30, 2014	4,160,000	CDN$	0.26
Balance exercisable at April 30, 2014	3,450,000	CDN$	0.27

Notes:
(1) The stock options were forfeited as they were to vest based on milestones associated with the Kellyqs Basin Project. The Company adjusted its strategy to focus on developing the Bovill Kaolin Project.

The stock options vest on the date of grant, based on the completion of certain performance milestones or based on the passage of time.

The weighted average grant date fair value of stock options granted during the year ended April 30, 2014 of CDN$0.10 was estimated using the Black-Scholes option pricing model with the following assumptions: stock price . CDN$0.13; exercise price . CDN$0.15; expected risk-free interest rate . 1.65%; expected life . 5.0 years; expected volatility . 107% and expected dividend rate . 0%.

Expected volatility was determined by reference to the historical volatility of the Companyɋ common shares trading on the TSX Venture Exchange. During the year ended April 30, 2014, an amount of $155,847 (2013 . $nil) was expensed and credited to contributed surplus.

Summary of stock options outstanding at April 30, 2014:

Security	Number Outstanding	Exercise Price	Expiry Date
Stock options	1,150,000	CDN$ 0.40	January 7, 2015
Stock options	100,000	CDN$ 0.40	February 15, 2015
Stock options	500,000	CDN$ 0.40	December 1, 2015
Stock options	(1)1,400,000	CDN$ 0.10	July 30, 2018
Stock options	260,000	CDN$ 0.15	July 30, 2018
Stock options	300,000	CDN$ 0.25	July 30, 2018
Stock options	200,000	CDN$ 0.25	November 19, 2018
Stock options	150,000	CDN$ 0.25	January 8, 2019
Stock options	100,000	CDN$ 0.25	April 25, 2019

(1) Subsequent to April 30, 2014, 100,000 of these stock options were exercised for gross proceeds of $9,185 (CDN$10,000).

The weighted average remaining contractual life of stock options outstanding at April 30, 2014 is 2.9 years (2013 . 2.3 years).

d) Share purchase warrants:

A summary of fully-exercisable share purchase warrants as at April 30, 2014 and 2013 and the changes for the years then ended are as follows:

	Number Outstanding		Weighted Average Exercise Price
Balance at April 30, 2012	23,722,428	CDN$	0.39
Expired	(3,722,428)	CDN$	0.36
Balance at April 30, 2013	(1)20,000,000	CDN$	0.40
Issued	3,089,262	CDN$	0.29
Balance at April 30, 2014	23,089,262	CDN$	0.39

Notes:

(1) On April 29, 2013, the Company extended the life of 20,000,000 warrants from April 29, 2013 to April 29, 2016. This resulted in warrant modification expense of $233,385, crediting derivative liabilities, using the following assumptions: stock price . CDN$0.30; expected risk-free interest rate . 1.13%; expected life . 3.00 years; expected volatility . 93%; and expected dividend rate . 0%.

Summary of warrants outstanding at April 30, 2014:

Security	Number Outstanding	Exercise Price	Expiry Date
Warrants	1,550,000	CDN$ 0.40	January 31, 2016
Warrants	200,000	CDN$ 0.25	January 31, 2016
Warrants	20,000,000	CDN$ 0.40	April 29, 2016
Warrants	667,520	CDN$ 0.14	December 1, 2016[(1)]
Warrants	122,142	CDN$ 0.14266	December 1, 2016[(1)]
Warrants	104,119	CDN$ 0.165	December 1, 2016[(1)]
Warrants	76,723	CDN$ 0.17	December 1, 2016[(1)]
Warrants	87,818	CDN$ 0.17223	December 1, 2016[(1)]
Warrants	111,762	CDN$ 0.185	December 1, 2016[(1)]
Warrants	74,414	CDN$ 0.28	December 1, 2016[(1)]
Warrants	94,764	CDN$ 0.23	December 1, 2016[(1)]

Notes:
(1) The warrants are exercisable until the earlier of December 1, 2016 or the date that the promissory note advance is repaid (Note 9).

e) Basic and diluted loss per share:

During the year ended April 30, 2014, potentially dilutive common shares totalling 27,249,262 (2013 . 22,450,000) were not included in the calculation of basic and diluted loss per share because their effect was anti-dilutive.

12. INCOME TAXES:

A reconciliation of the income tax provision computed at statutory rates to the reported income tax provision for the years ended April 30, 2014 and 2013 is as follows:

	2014 $	2013 $
Statutory tax rate	26.00%	25.00%
Loss before income taxes	(4,002,174)	(1,148,102)
Expected income tax recovery	(1,041,000)	(287,000)
Increase (decrease) in income tax recovery resulting from:		
Non-deductible expenses	799,000	42,000
Share issue costs	(71,000)	-
Impact of over-provision in previous year	893,000	(40,000)
Effect of change in statutory rate	(39,000)	-
Foreign income taxed at foreign rate	(14,000)	(14,000)
Change in unrecognized deferred income tax assets	(527,000)	299,000
Income tax expense	-	-

The significant components of the Companyqs deferred income tax assets and liabilities after applying enacted corporate tax rates at April 30, 2014 and 2013 are as follows:

	2014 $	2013 $
Deferred income tax assets (liabilities)		
Operating losses carried forward	4,915,000	3,925,000
Resource property and deferred exploration	(3,563,000)	(2,040,000)
Share issuance costs	102,000	92,000
Other	1,000	5,000
Unrecognized deferred tax assets	(2,203,000)	(2,730,000)
Net deferred income tax liability	(748,000)	(748,000)

At April 30, 2014, the Company has accumulated non-capital losses totalling $4,605,000 (2013 - $4,004,000) in Canada and net operating losses of $10,622,000 (2013 - $8,354,000) in the USA, which are available to carry forward and offset future yearsqtaxable income. The losses expire in various amounts from 2015 to 2034.

13. RELATED PARTY TRANSACTIONS:

During the year ended April 30, 2014, management and consulting fees of $56,383 (2013 . $59,666) were charged by directors or officers or companies controlled by them. A further $158,000 (2013 . $150,000) in consulting fees were charged by directors and are included with mineral property deferred costs.

Included in accounts payable and accrued liabilities are amounts owed to directors or officers or companies controlled by them. As at April 30, 2014, the amount was $177,611 (2013 . $205,200). All amounts are non-interest bearing, unsecured, and due on demand.

The promissory notes received from a company controlled by a director during the years ended April 30, 2014 and 2013 (Notes 9 and 18) are related party transactions.

On February 13, 2013, the Company settled accounts payable and accrued liabilities due to the former Chief Executive Officer by making a cash payment of $30,000, issuing 1,188,314 common shares at the fair value of $93,221 and agreeing to pay $30,000 in six monthly payments beginning October 1, 2013 (paid).

Key management includes the Chief Executive Officer and the directors of the Company. The compensation paid or payable to key management for services during the years ended April 30, 2014 and 2013 is as follows:

	2014 $	2013 $
Consulting fees	214,383	209,666
Share-based payments	112,375	-
	326,758	209,666

14. SEGMENT DISCLOSURES:

The Company considers its business to comprise a single operating segment, being exploration of resource properties, within the geographic area of the United States.

15. FINANCIAL INSTRUMENTS:

Management of Capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain a flexible capital structure which optimizes the costs of capital as an acceptable risk. In the management of capital, the Company includes the components of equity attributable to shareholders, promissory notes as well as cash.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust capital structure, the Company may attempt to issue shares, issue debt or acquire or dispose of assets.

The Company is dependent on the equity markets as its primary source of operating working capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects. The Company is dependent on raising further funds to fund its obligations as they come due. Management anticipates challenges in raising further equity financing should current economic conditions persist. State-sponsored debt financing instruments may be available and the Company intends to pursue such funding to cover the bulk of the capital costs associated with placing the Helmer-Bovill Property into production.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

During the year ended April 30, 2014, the Company made no changes to its policies for managing capital.

The Company is not subject to any capital requirements imposed by a regulator or other third party, other than continued listing requirements of the TSX Venture Exchange.

Classification of Financial Instruments

The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities, promissory notes and warrant derivatives. The Company designated its cash and receivables as loans and receivables, which are measured at amortized cost. The accounts payable and accrued liabilities and promissory notes are designated as other financial liabilities, which are measured at amortized cost. Warrant derivatives are designated as FVTPL financial liabilities, which are measured at fair value.

Fair Value of Financial Instruments

The Company classifies fair values of financial instruments within a three-level hierarchy that prioritizes the inputs to fair value measurement and reflects the significance of the inputs used in making the fair value measurements. Fair values of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include valuations using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly. Level 3 valuations are based on inputs that are unobservable and significant to the overall fair value measurement. As at April 30, 2014, the Company's financial instruments which are measured at fair value on a recurring basis are warrant derivatives, classified as "Level 3".

Discussions of risks associated with financial assets and liabilities are detailed below:

a) Currency risk

A portion of the Company's financial assets and liabilities is denominated in foreign currencies giving rise to risks from changes in foreign exchange rates. The Company is exposed to currency exchange rate risks to the extent of its activities in Canada. The Company does not use derivative financial instruments to reduce its foreign exchange exposure.

The following table reflects the face value of the Company's currency exposure at April 30, 2014:

	Canadian dollar	US dollars
Financial Assets		
Cash	290,011	340,243
Receivables	-	1,348
	290,011	341,591
Financial Liabilities		
Accounts payable and accrued liabilities	86,104	512,871
Promissory notes	-	4,554,280
	86,104	5,067,151

Future changes in exchange rates could have a material effect on the Company's business, financial condition and results of operations. A five percent change in the value of the Canadian dollar as compared to the US dollar would give rise to a gain/loss of approximately $10,000.

b) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its commercial obligations.

The Company's cash is held primarily through large Canadian and US banks and accordingly, the Company's exposure to credit risk is considered to be limited.

c) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash is subject to a variable interest rate. The Company's interest rate on its promissory notes are at fixed rates and therefore represent no interest rate risk to the Company.

d) Liquidity risk

The Company manages liquidity risk by maintaining sufficient cash to enable settlement of transactions as they come due. Management monitors the Company's contractual obligations and other expenses to ensure adequate liquidity is maintained. At April 30, 2014 and 2013, the Company had working capital (deficiencies) as follows:

	2014 $	2013 $
Current assets	713,943	92,565
Current liabilities	(592,150)	(2,744,413)
Working capital (deficiency)	121,793	(2,651,848)

The following tables summarize the contractual maturities of the Company's significant financial liabilities and capital commitments, including contractual obligations:

April 30, 2014	Less than 1 year $	1 to 3 years $	Total $
Accounts payable and accrued liabilities	592,150	-	592,150
Promissory notes	-	4,554,280	4,554,280
	592,150	4,554,280	5,146,430

April 30, 2013	Less than 1 year $	1 to 3 years $	Total $
Accounts payable and accrued liabilities	528,422	-	528,422
Demand loans	100,000	-	100,000
Loans	210,991	-	210,991
Promissory notes	1,905,000	-	1,905,000
	2,744,413	-	2,744,413

16. CONTIGENT LIABILITY:

On March 20, 2014, the Company announced that it had been served with a complaint by Robert Lemke (carrying on business as Hoodoo Resources, LLC) and the Brent Thomson Family Trust, each minority partners as to a 12.5% interest in Idaho Industrial Minerals, LLC (“IIM”). Following preliminary review of the complaint by management and legal counsel, in addition to a separate declaratory action pending amongst the members of IIM, management believes that Thomson and Lemke are attempting to exercise derivative rights without the consent of the majority of the members of IIM and reject consideration paid to IIM with respect to the Company’s Helmer-Bovill Property in January 2013 pursuant to an August 10, 2001 agreement, as amended, between the Company and IIM (the “IIM Agreement”).

The IIM Agreement required the Company to deliver a total of 1.8 million shares to IIM for the Company to earn outright title to the mineral leases which comprise the Helmer-Bovill Property. The final tranche of 1.3 million shares was delivered to IIM on January 22, 2013. Thomson and Lemke allege they were deceitfully induced into signing the fourth amendment to the IIM Agreement. Thomson and Lemke are seeking specific performance in the return of the Helmer-Bovill Property (Note 6). Preliminary review by the Company’s legal counsel can find no basis for a derivative rights action. The Company believes the probability of an economic outlay for this contingent liability is remote.

Other than the complaint noted above, the Company may, during the normal course of its operations, be subject to various complaints or actions. However, the Company is currently unaware of any complaint that may result in material economic damages.

17. NON-CASH TRANSACTIONS:

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the consolidated statements of cash flows. During the year ended April 30, 2014, the following transactions were excluded from the consolidated statement of cash flows:

a) Deferred exploration expenditures of $129,073 included in accounts payable and accrued liabilities at April 30, 2014, less expenditures included in accounts payable at April 30, 2013 of $29,288 (net exclusion of $99,785);

b) The issuance by the Company of 1,001,112 common shares at the fair value of $266,743 as payment of $201,414 of interest on the Promissory Notes (Note 9);

c) The issuance/commitment to issue of 1,652,612 common shares at the fair value of $263,763 and 1,652,612 warrants at the fair value of $150,144 pursuant to the Promissory Notes (Note 9);

d) The issuance by the Company of 2,277,341 common shares at the fair value of $365,353 pursuant to the settlement of $206,571 of Loans (Note 8) and $14,855 of accrued interest included in accounts payable and accrued liabilities; and,

e) The issuance by the Company of 200,000 finder's warrants at the fair value of $23,391 (Note 11(b)).

During the year ended April 30, 2013, the following transactions were excluded from the consolidated statement of cash flows:

a) Deferred exploration expenditures of $29,288 included in accounts payable and accrued liabilities at April 30, 2013, less expenditures included in accounts payable at April 30, 2012 of $122,662 (net inclusion of $93,374);

b) The issuance by the Company of 617,736 common shares at the fair value of $92,548 as payment of interest on the Convertible Loans (Note 8);

c) The issuance by the Company of 1,300,000 common shares at the fair value of $176,676 pursuant to a mineral property agreement (Note 6);

d) The issuance by the Company of 3,710,365 common shares at the fair value of $362,762 pursuant to the settlement of Demand Loans (Note 8); and,

e) The issuance by the Company of 1,188,314 common shares at the fair value of $93,221 pursuant to the settlement of accounts payable and accrued liabilities (Note 13).

18. SUBSEQUENT EVENTS:

An additional subsequent event is disclosed in Note 11(c).

Subsequent to April 30, 2014:

a) The Company received an aggregate of $600,000 of Promissory Notes (Note 9).

b) On May 23, 2014, the Company granted 300,000 options to a consultant of the Company at an exercise price of CDN$0.25 per share up to May 23, 2019. These options vested on the date of grant.

c) On July 31, 2014, the Company issued 412,193 bonus shares and bonus share purchase warrants to the Lender of the Promissory Notes (Note 9) covering advances from January 1, 2014 to June 30, 2014. At April 30, 2014, the Company had recorded $79,223 as a commitment to issue 313,350 bonus shares covering advances from January 1, 2014 to April 30, 2014. The July 31, 2014 share issuance settled the commitment to issue shares.

d) On August 12, 2014, the Company settled $211,937 of interest payable on the Promissory Notes (Note 9) by the issuance of 741,233 common shares. The interest settled was for the period from January 1, 2014 to May 31, 2014.