SOLOMON RESOURCES LIMITED

An Exploration Stage Company

Condensed Consolidated Interim Financial Statements

Three and Nine months ended April 30, 2013 and April 30, 2012

Unaudited

Expressed in Canadian Dollars

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SOLOMON RESOURCES LTD.

An Exploration Stage Company

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NOTICE OF NO AUDITOR REVIEW OF
INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim condensed 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 financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

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SOLOMON RESOURCES LIMITED

(an exploration stage company)

Condensed Consolidated Statement of Interim Financial Position

(unaudited - expressed in Canadian Dollars)

	Note		April 30, 2013	July 31, 2012
Assets				
Cash		$	4,492	281,261
Reclamation deposit	5		-	10,000
Receivables			11,354	18,966
Deposits			720	47,980
Prepaid expenses			4,495	30,737
Total current assets			21,061	388,944
Equipment	6		-	5,771
Mineral Property interests	7		2	30,374
Total non-current assets			2	36,145
Total assets		**$**	**21,063**	**425,089**
Liabilities				
Accounts payable and accrued liabilities		$	315,882	68,702
Due to related parties		$	105,981	306,129
Total liabilities		$	421,863	374,831
Equity				
Share Capital	8		30,499,332	29,472,747
Subscriptions received			-	300,000
Reserves			1,327,794	1,284,284
Accumulated Deficit			(32,227,926)	(31,006,773)
Total equity			(400,800)	50,258
Total equity and liabilities		**$**	**21,063**	**425,089**
Going concern	2			
Commitments	15			
Subsequent events	16			

The notes form an integral part of these condensed consolidated interim financial statements

Approved on behalf of the Board:

"Steve Vaughan"	*"David Stone"*
Steve Vaughan, Director	**David Stone, Director**

SOLOMON RESOURCES LIMITED

(an exploration stage company)

Condensed Consolidated Statements of Interim Comprehensive Income

(unaudited - expressed in Canadian Dollars)

		Nine months ended April 30		Three months ended April 30	
		2013	**2012**	**2013**	**2012**
General and Administrative Expenses					
Management fees		$ 85,099	$ 93,828	$ 14,234	$ 29,694
Share based payments		34,540	45,543	-	-
Travel, promotion and shareholder costs		46,219	37,759	16,952	19,234
Professional fees		144,563	54,281	12,956	2,161
Property investigation		-	9,439	-	-
Office and miscellaneous		100,556	44,225	66,235	20,804
Rent		27,000	27,447	9,000	9,000
Property maintenance		2,805	13,745	0	3,204
Transfer agent fees		9,635	8,743	2,010	779
Amortization, less amortization capitalised		-	33,265	-	12,843
Total general and administrative expenses		450,418	368,275	121,388	97,719
Other items					
Oil and gas royalties		8,740	7,674	5,164	6,421
Interest received		-	-	-	-
Write off of expenditures on mineral properties		(808,414)	(1,849,740)	(808,414)	(1,849,740)
Recovery of expenditures on mineral properties		24,616	27,868	19,997	-
Gain on disposal of equipment		4,322	-	4,552	-
Premium on issue of flow through shares		-	8,000	-	-
Flow through share financing costs		-	(102)	-	-
Gain / (loss) on exchange		-	506	-	299
Total other items		(770,735)	(1,805,794)	(778,700)	(1,843,020)
Loss before income taxes		(1,221,153)	(2,174,069)	(900,088)	(1,940,739)
Income tax recovery / (Expense)	Note 9				
Current		-	-	-	-
Future income tax recovery		-	-	-	-
Comprehensive loss for the period		**$ (1,221,153)**	**$ (2,174,069)**	**$ (900,088)**	**$ (1,940,739)**
Loss per share - basic and diluted		(0.03)	(0.08)	(0.02)	(0.07)
Weighted average number of shares outstanding (basic and diluted)		38,874,170	25,762,673	45,774,646	26,669,972

The notes form an integral part of these condensed consolidated interim financial statements.

SOLOMON RESOURCES LIMITED

(an exploration stage company)

Statement of Interim Changes to Shareholders' Equity

(unaudited - expressed in Canadian Dollars)

	Number of shares	Capital stock (note 8)	Subscriptions received	Reserves	Accumulated deficit	Total equity
At July 31, 2011	**24,669,972**	**$ 29,348,425**	**$ -**	**$ 1,237,575**	**$(28,437,204)**	**$ 2,148,796**
For the nine months to April 30, 2012						
Net (loss) for the period		-	-	-	(2,174,069)	(2,174,069)
Shares issued for cash	2,000,000	147,000	-	-	-	147,000
Flow through share liability		-	-	-	-	-
Share issue costs		(22,678)	0	1,166	-	(21,512)
Share based payments		-	-	45,543	-	45,543
At April 30, 2012	**26,669,972**	**$ 29,472,747**	**$ -**	**$ 1,284,284**	**$(30,611,273)**	**$ 145,758**
For the three months to July 31, 2012						
Net (loss) for the period		-	-	-	(395,500)	(395,500)
Share subscriptions received		-	300,000	-	-	300,000
At July 31, 2012	**26,669,972**	**$ 29,472,747**	**$ 300,000**	**$ 1,284,284**	**$(31,006,773)**	**$ 50,258**
For the nine months to April 30, 2013						
Net (loss) for the period		-	-	-	(1,221,153)	(1,221,153)
Shares issued for cash	14,644,000	732,200	(300,000)	-	-	432,200
Shares isued for mineral property interests	6,000,000	300,000	-	-	-	300,000
Shares issued for debt	1,000,000	50,000	-	-	-	50,000
Share issue costs		(55,615)	-	8,970	-	(46,645)
Share based payments		-	-	34,540	-	34,540
At April 30, 2013	**48,313,972**	**$ 30,499,332**	**$ -**	**$ 1,327,794**	**$(32,227,926)**	**$(400,800)**

SOLOMON RESOURCES LIMITED

(an exploration stage company)

Condensed Consolidated Statements of Interim Cash Flows
(unaudited - expressed in Canadian Dollars)

		Nine months ended April 30 2013	2012
Operating activities			
Net loss for the period	$	(1,221,153)	(2,174,069)
Items not affecting cash			
Amortization		-	38,528
Share based payments		34,540	45,543
Gain on disposal of equipment		(4,322)	-
Write off of expenditure on exploration properties		795,552	1,849,740
Operating cash flows		(395,383)	(240,258)
Changes in non-cash working capital			
Reclamation deposit		10,000	-
Tenement bond		-	2,101
Receivables		7,612	24,571
Deposits		47,260	-
Prepaid expenses		26,242	42,458
Accounts payable and accrued liabilities		247,180	50,445
Due to related parties		(200,148)	-
Less: settled through the disposal of equipment with a deemed value of		29,280	-
Less: settled through the disposal of mineral properties with a deemed value of		20,000	-
Less: settled with the issue of shares		50,000	-
		237,426	119,575
Cash from (used in) operating activities		**(157,957)**	**(120,683)**
Financing activities			
Cash proceeds (net) on issue of new shares		376,585	125,487
Cash provided by financing activities		**376,585**	**125,487**
Investing activities			
Cash expended on mineral properties		(470,132)	(252,353)
Acquisition of equipment		(25,264)	(3,836)
Cash from (used in) investing activities		**(495,396)**	**(256,189)**
Inflow / (Outflow) of cash		**(276,769)**	**(251,385)**
Cash			
Beginning of period		281,261	263,179
End of period	**$**	**4,492**	**11,794**

Supplemental disclosure with respect to cash flows - note 10.

The notes form an integral part of these condensed consolidated interim financial statements.

1. NATURE OF OPERATIONS

Solomon Resources Limited (the "Company") was incorporated on August 1, 1989 under the laws of British Columbia. The Company is in the process of exploring and developing its mineral property interests and has not determined whether the properties contain economically recoverable reserves of ore. The Company has not earned significant revenues from its mineral property interests and is considered to be in the exploration stage. The Company's corporate office is at Suite 704, 595 Howe Street, Vancouver, British Columbia, Canada, V6C 2T5.

2. GOING CONCERN ASSUMPTION

The Company's financial statements have been prepared on a going concern basis, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

Several conditions cast doubt on the validity of this assumption. The business of mining exploration involves a high degree of risk and there is no assurance that current exploration projects will result in future profitable mining operations or a sale of any projects. The Company currently has no significant source of revenue, and has significant cash requirements to meet its administrative overhead, pay its debts and liabilities, and maintain its mineral interests. The ability of the Company to continue as a going concern and meet its commitments as they become due, including the acquisition, exploration and development of mineral properties, is dependent on the Company's ability to obtain the necessary financing. Management is planning to raise additional capital to finance operations and continue to explore mineral property interests. There is no assurance that these plans will be successful.

The Company reported comprehensive losses of $900,088 and $1,940,739 for the three months ended April 30, 2013 and 2012, respectively, and $1,221,153 and $2,174,069 for the nine months ended April 30, 2013 and 2012, respectively, and has an accumulated deficit in the exploration stage of $32,227,926 as at April 30, 2013 (July 31, 2012 - $31,006,773). Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will be able to continue this financing due to uncertain economic conditions.

3. CURRENCY AND BASIS OF PREPARATION

These condensed consolidated interim financial statements are stated in Canadian dollars, which is the Company's functional and reporting currency.

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34') using accounting policies consistent with International Financial Reporting Standards ("IFRS"). The accounting policies have been selected to be consistent with IFRS as is expected to be effective on July 31, 2013. The standards and interpretations within IFRS are subject to change and accordingly the accounting policies for the annual period that are relevant to these condensed consolidated financial statements will be finalized only when the annual IFRS financial statements are prepared for the year ending July 31, 2013.

Notes to Condensed Consolidated Interim Financial Statements for the three and nine months ended April 30, 2013 and April 30, 2012 (Unaudited – expressed in Canadian dollars)

Comparative figures in the statements of financial position, and the notes thereto, are provided for July 31, 2012, being the most recent year-end. Comparative figures in the income statements are provided for the three and nine months ended April 30, 2012.

The condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned integrated subsidiaries, Avasca Inc. (a British Columbia company), Valhalla Minerals U.S. Incorporated (a Delaware corporation), and Thor Gold Alaska Inc. (an Alaskan Corporation). All significant intercompany balances and transactions have been eliminated.

4. SIGNIFICANT ACCOUNTING POLICIES

Only those accounting policy notes that have changed or expanded materially since the date of the last annual report are recorded in interim financial reports.

There have been no changes in accounting policies since the date of the last annual report.

5. RECLAMATION DEPOSIT

The Company's reclamation deposit of $10,000, in respect of a previously relinquished option to a mineral property interest in British Columbia, was refunded to the Company during the nine months ended April 30, 2013 (2012 – Nil).

6. EQUIPMENT

		Cost	Accumulated depreciation	Net book value
At July 31, 2012	$	90,964	(85,193)	5,771
Additions		25,264		25,264
Disposals		(116,228)	91,508	(24,720)
Depreciation for the period			(6,315)	(6,315)
At April 30, 2013	$	-	-	-

Notes to Condensed Consolidated Interim Financial Statements for the three and nine months ended April 30, 2013 and April 30, 2012 (Unaudited – expressed in Canadian dollars)

7. MINERAL PROPERTY INTERESTS

		Ten Mile Creek	South West Yukon	Rurembo Rwanda	Other Properties	Total
		Note (a)	Note (b)	Note (c)	Note (d)	
Balance, July 31, 2012	$	8,381	3	21,988	2	30,374
Expenditures during the period						
Personnel		-	-	290,394	-	290,394
Travel and accommodation		-	-	92,068	-	92,068
Field costs		-	-	42,138	-	42,138
Administration		-	-	48,343	-	48,343
Option costs		-	-	300,000	-	300,000
Disposals		-	(3)	-	-	(3)
Write-down of expenditures		(8,381)	-	(794,931)	-	(803,312)
Balance, April 30, 2013	$	-	-	-	2	2

(a) **Ten Mile Creek**

The Company's interest in the Ten Mile Creek option agreement was abandoned and written off during the year ended July 31, 2012. The Company's camp on the property earned modest revenue for the Company during the year ended July 31, 2012 and the revenue was netted off against the cost of the camp. During the quarter ended October 31, 2012 the camp was demobilized and the remaining value was written off.

(b) **South West Yukon**

During the year ended July 31, 2012 the Company relinquished and wrote off several claim groups in the South West Yukon. The Company continued to hold the Pacer, Outpost and Rosie claim groups but, with no plans for further work on the properties, their values were written down to $1 each during the year ended July 31, 2012. During the quarter ended April 30, 2013 the Company transferred these claims to the Chief Executive Officer in settlement of a debt owing by the Company to him (see Note 14, Related Parties).

(c) **Rurembo Prospecting License, Republic of Rwanda**

In July 2012, the Company signed a letter of intent ("LOI") with a group of private Canadian investors ("the optionors") to acquire a 100% interest in the Rurembo Prospecting License in the Republic of Rwanda. An agreement was signed in October 2012 that confirmed and formalized the LOI. During the nine months ended April 30, 2013, the Company capitalized $772,943 (2012 – nil) in field, personnel, travel, administration, camp and option costs on the property. The property was returned to the optionors subsequent to April 30, 2013 and the Company's investment was written off.

(d) **Other Properties**

(i) Sleitat Mountain, Alaska

The Company owns a 20% interest in the Sleitat Mountain Tin-Tungsten-Silver deposit near Dillingham, southwest Alaska. An 80% interest in the property is held by Osisko Mining Corp. The Company is responsible for 20% of any exploration or development expenditures incurred. Should the Company not participate in the expenditures, its interest in the property will be diluted in accordance with industry practice. If the Company's interest is diluted to less than a 10% participating interest, it will retain only a 1% NSR on subsequent production of any metals from the property.

Subsequent to April 30, 2013 the Company reached an agreement to sell its interest (see Note 16, Subsequent Events).

(ii) COL-Magnet Copper-Gold Property, British Columbia

Between December 2006 and May 2007, the Company acquired by on-line staking certain mineral claims in the Omineca Mining Division in north-central British Columbia.

No exploration work is planned for the immediate future and these properties have been written down to a nominal value.

Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation.

The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company. As at April 30, 2013, the Company has no property restitution provisions.

Notes to Condensed Consolidated Interim Financial Statements for the three and nine months ended April 30, 2013 and April 30, 2012 (Unaudited – expressed in Canadian dollars)

Realization of assets

The investment in and expenditures on mineral properties comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal. Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore. The amounts shown for acquisition costs and deferred exploration expenditures represent costs incurred to date and do not necessarily reflect present or future values. These costs will be depleted over the useful lives of the properties upon commencement of commercial production or written off if the properties are abandoned or the claims allowed to lapse.

Title to mineral property interests

Although the Company has taken steps to verify the title to mineral properties 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 or transfers and title may be affected by undetected defects.

8. SHARE CAPITAL

(a) Authorized - Unlimited common shares without par value

(b) Issued

		April 30, 2013
	Number of shares	Capital stock
Common shares without par value	48,313,972	$ 30,524,332

		July 31, 2012
	Number of shares	Capital stock
Common shares without par value	26,669,972	$ 29,472,747

During the nine months ended April 30, 2013 14,644,000 new common shares were issued pursuant to a private placement that closed in two tranches (September 24 and October 31, 2012). Gross proceeds of $732,200 were raised, of which $300,000 had been received prior to July 31, 2012. The total legal, filing and brokerage cost of the issue, including the calculated value of finder warrants, was

Notes to Condensed Consolidated Interim Financial Statements for the three and nine months ended April 30, 2013 and April 30, 2012 (Unaudited – expressed in Canadian dollars)

$49,675. In the three months ended April 30, 2013 6,000,000 shares were issued to the optionors of the Rurembo property in Rwanda (see Note 7 (c) Mineral Properties and 1,000,000 shares were issued to a company owned by the late Chief Executive Officer in partial settlement of an outstanding debt. (See Note 14, Related Party Transactions). Share issuance costs of $5,940 were incurred.

During the nine months ended April 30, 2012 2,000,000 new shares were issued as a consequence of two private placements for gross cash proceeds of $155,000. $8,000 was credited to income as the premium at which flow through shares were issued. Share issuance costs of $22,679 were charged to share capital.

(c) Stock options

The Company has an incentive stock option plan (the "Plan") that allows it to grant share purchase options to its employees, directors, consultants and management company employees. Under the terms of the Plan, the exercise price of each option will not be lower than the lowest exercise price permitted by the TSX-V (currently $0.10). The Plan allows for a maximum of 10% of outstanding shares to be issued under the Plan.

Options have a maximum term of five years and terminate up to 90 days following the date on which an optionee ceases to be an employee, director, consultant or management company employee, and up to 30 days following the date on which an optionee who is engaged to provide investor relations activities ceases to be engaged to provide such services. In the case of the death of an optionee, the options terminate at the earlier of 12 months after the date of death and the expiration of the option period. Vesting of options is determined by the Board of Directors at the time the options are granted. Options issued to consultants providing investor relations activities must vest in stages over twelve months with no more than one-quarter of the options vesting in any three-month period.

Stock option activity in the period was as follows:

	Number of Options Outstanding	Exercise Price	Weighted Average Exercise Price
Balance July 31, 2011	**1,924,000**	**$ 0.165 to $ 3.60**	**$0.43**
Granted	705,000	$ 0.10	$ 0.10
Expired / Cancelled	(369,000)	$ 0.165 to $ 3.60	$ 0.62
Balance July 31, 2012	**2,260,000**	**$ 0.10 to $ 3.60**	**$ 0.30**
Granted	1,300,000	$0.10	$0.10

Notes to Condensed Consolidated Interim Financial Statements for the three and nine months ended April 30, 2013 and April 30, 2012 (Unaudited – expressed in Canadian dollars)

Expired	(20,000)	$3.60	$3.60
Balance, April 30, 2013	**3,540,000**	**$ 0.10 to $ 2.50**	**$ 0.18**

As at April 30, 2013, the following options were outstanding:

Expiry Date	Exercise Price	Number of shares
October 2, 2013	$ 2.500	55,000
December 1, 2014	$ 0.265	520,000
December 17, 2015	$ 0.165	760,000
July 1, 2016	$ 0.170	200,000
December 16, 2016	$ 0.100	705,000
May 3, 2017	$ 0.100	200,000
December 13, 2017	$ 0.100	1,100,000
Total		**3,540,000**

(d) Share purchase warrants

Share purchase warrants activity in the quarter was as follows:

Share purchase warrants activity was as follows:

	Number of Warrants Outstanding	Exercise Price	Weighted Average Exercise Price
Balance, July 31, 2011	14,772,946	$ 0.15 to $ 0.40	$ 0.29
Issued	2,060,000	$ 0.10 to $ 0.15	$ 0.10
Exercised	0		
Expired	(13,854,213)	$ 0.15 to $ 0.40	$ 0.31
Balance, July 31, 2012	2,978,733	$ 0.10 to $ 0.30	$ 0.17
Issued	15,153,600	$ 0.10	$ 0.10
Exercised	0		
Expired	(216,000)	$ 0.10 to $ 0.15	$ 0.146
Balance, April 30, 2013	17,916,333	$ 0.10 to $ 0.30	$ 0.11

Notes to Condensed Consolidated Interim Financial Statements for the three and nine months ended April 30, 2013 and April 30, 2012 (Unaudited – expressed in Canadian dollars)

As at April 30, 2013 the following warrants were outstanding. Under certain conditions the expiry date may be accelerated:

Expiry Date	Exercise Price	Number of Warrants
June 08, 2013	$ 0.30	918,733
November 30, 2013	$ 0.10	1,844,000
September 24, 2014	$ 0.10	6,564,000
October 31, 2014	$ 0.10	8,589,600
Total		**17,916,333**

9 INCOME TAXES

The Company has available losses that may be carried forward to apply against future years' income for income tax purposes. The approximate losses expire as follows:

Available to	**Amount**
2015	$ 293,000
2026	559,000
2027	380,000
2028	5,000
2029	832,000
2030	492,000
2031	641,000
2032	483,000
Total	$ 3,685,000

The tax losses above do not include approximately $3,631,000 that may be applied against future taxable income in the US expiring in 2015 nor do they include significant unrecognised tax benefits and unused tax losses for which no deferred tax assets have been recognised.

The Company's tax position is calculated annually and readers are referred to the audited consolidated financial statements for the year ended July 31, 2012 for further details.

Notes to Condensed Consolidated Interim Financial Statements for the three and nine months ended April 30, 2013 and April 30, 2012 (Unaudited – expressed in Canadian dollars)

10 SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Three months ending April 30		**2013**		**2012**
Income tax paid	$	0	$	0
Interest paid on trade payables	$	0	$	813
Mineral property interest expenditures included in accounts payable	$	105,558	$	22,271
Recovery of expenditure on mineral property interests previously written off	$	19,997	$	0
Write-down of expenditures on mineral property interests	$	808,814	$	1,849,740

11 SEGMENTED INFORMATION

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

		April 30, 2013		July 31, 2012
ASSETS				
Canada	$	2	$	493,967
Rwanda		0		21,988
	$	2	$	515,955

12 CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of its properties and to maintain a flexible capital structure for its projects for the benefit of its stakeholders. As the Company is in the exploration stage, it does not generate cash flows from operations. The Company's primary source of funds comes from the issuance of equity units. The Company does not use other sources of financing that require fixed payments of interest and principal due to lack of cash flow from current operations and is not subject to any externally imposed capital requirements.

The Company considers its capital under management to be all components of shareholders' equity. 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 the capital structure, the Company may attempt to issue new shares. Although the Company has been successful at raising funds in the past through the issuance of share capital, there can be no assurance that it will be successful in the future.

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.

Management reviews the capital structure on a regular basis to ensure that the above-noted objectives are met. There have been no changes to the Company's approach to capital management during the period.

13. FINANCIAL INSTRUMENTS RISK MANAGEMENT

Financial instruments and the risk management thereof are fully described in Note 5 to the Annual Financial Statements for the year ended July 31, 2012. Material issues are described below:

(a) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by forecasting the Company's cash flows required by operations and anticipated investing and financing activities and, where necessary, by withholding payments due to related parties. The Company has cash at April 30, 2013 in the amount of $4,492 (July 31, 2012 - $281,261). At April 30, 2013, the Company had current liabilities of $421,863 (July 31, 2012 - $374,831), made up of accounts payable and accrued liabilities which are due within 30 days. The Company does not have any derivative financial liabilities.

14. RELATED PARTY TRANSACTIONS AND BALANCES (see over)

Notes to Condensed Consolidated Interim Financial Statements for the three and nine months ended April 30, 2013 and April 30, 2012 (Unaudited – expressed in Canadian dollars)

14. RELATED PARTY TRANSACTIONS AND BALANCES

For the nine months ended April 30	**2013**	**2012**
Total fees paid to directors, officers and a relative of a director	$ 211,175	$ 138,857
Of which - fees expensed	$ 85,099	$ 96,708
- fees capitalised to mineral property interests	$ 96,246	$ 42,149
- fees paid as share based payments	$ 29,830	$ 41,021
Share purchase options issued to directors, officers and a relative of a director (exercisable at $0.10 per share (2011 - $0.10) and valid for five years from date of issue) - number of options	950,000	600,000
Book value of exploration equipment and claims sold to a director	$ 3	$ -
Book value of debt settled with a director	$ 93,501	$ -
Gain on disposal of equipment to a director	$ 23,501	$ -
Recovery on disposal of claims to a director	$ 19,997	$ -
Book value of office equipment sold to a relative of a director	$ 5,771	$ -
Book value of debt settled with a relative of a director	$ 5,541	$ -
Loss on disposal of equipment to a relative of a director	$ (230)	$ -
For the three months ended April 30	**2013**	**2012**
Total fees paid to directors, officers and a relative of a director	$ 22,634	$ 47,319
Of which - fees expensed	$ 14,234	$ 29,694
- fees capitalised to mineral property interests	$ 8,400	$ 17,625
- fees paid as share based payments	$ -	$ -
Book value of exploration equipment and claims sold to a director	$ 3	$ -
Book value of debt settled with a director	$ 93,501	$ -
Gain on disposal of equipment to a director	$ 23,501	$ -
Recovery on disposal of claims to a director	$ 19,997	$ -
As at April 30	**2013**	**2012**
Advances to directors	$ -	$ 5,000
Payable to directors, officers and a relative of a director	$ 105,981	$ 168,544

The amounts payable to directors, officers and a relative of a director for services provided in the year ended July 31, 2012 amounted to $127,077. The amount payable to a relative of a director ($5,541) was settled in the quarter ended October 31, 2012 by the transfer of office equipment with a book value of $5,771 to that person. The amount payable to the late Chief Executive Officer ($93,501) was settled in the quarter ended April 30, 2013 as indicated in the above table through the issue of shares

($50,000), the transfer of mineral claims with a book value of $3 ($20,000) and the transfer of exploration equipment with nil book value ($23,501). The amount payable to the Chief Financial Officer ($28,035) is the subject of an agreement between the Company and the CFO whereby the CFO may, at his option, elect to receive payment in cash or, with the approval of the TSX Venture Exchange, in shares. Notwithstanding these settlements a further $77,946 was accrued and remained owing to directors, officers and a relative of a director for services provided in the nine months ended April 30, 2013. The Company has an agreement with these related parties for the settlement of outstanding amounts by the issue of shares.

Service contracts between the Company and the Chief Executive Officer, the Chief Financial Officer and certain other parties provide for the payment of compensation to such parties in the event of early termination of such contracts by the Company or, in the event of a change of control, termination by the parties. More complete details are provided in the 2012 Circular issued prior to the Annual General Meeting.

The Chief Executive Officer passed away on March 26, 2013 and was replaced by Director Dr. David M. R. Stone. Dr. Stone does not receive any remuneration for this role.

15. COMMITMENTS – OFFICE LEASE

Prior to April 30, 2013 the Company was committed to monthly lease payments of $3,000 for its premises. The Company terminated its lease, which was scheduled to run until February 28, 2016, and vacated its premises prior to April 30, 2013. The lease agreement allows early termination by the Company, subject to the payment of three month's rent in lieu of notice plus an amount to cover landlord's improvements. Compensation payable by the Company for landlord's improvements would amount to $42,000 if notice was to be provided between March 1, 2013 and February 28, 2014. The Company has accrued a payable of $42,000 and is currently negotiating a settlement with the landlord.

16. SUBSEQUENT EVENTS

Subsequent to April 30, 2013 the Company has:

1. Returned the Rurembo Prospecting license to the optionors (see Note 7 (c) and written off its interest in that mineral property interest;
2. Reached an agreement for the disposal of the Company's interest in the Sleitat property in Alaska. Subject to the satisfaction of the purchaser's due diligence total proceeds will amount to $60,000 on closing.
3. Commenced proceedings to settle all outstanding debts through either cash payments or share issuances.