PASINEX RESOURCES LIMITED

(Formerly Triple Dragon Resources Inc.)
(An Exploration Stage Company)

Consolidated Financial Statements

December 31, 2012 and March 31, 2012

(Expressed in Canadian Dollars)

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of Pasinex Resources Ltd. ("the Company") were prepared by management in accordance with International Financial Reporting Standards. Management acknowledges responsibility for the preparation and presentation of the consolidated financial statements, including responsibility for significant accounting judgments and estimates, and the choice of accounting principles and methods that are appropriate to the Company's circumstances. The significant accounting policies of the Company are summarized in Note 4 to the financial statements.

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the years presented by the consolidated financial statements and (ii) the consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date and for the periods presented by the audited consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists that Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

April 26, 2013

(signed)

Steven Williams
Director

(signed)

David Hodge
Director

Independent Auditors' Report

To the Shareholders of Pasinex Resources Ltd.:

We have audited the accompanying consolidated financial statements of Pasinex Resources Ltd. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2012 and March 31, 2012 and the consolidated statements of operations and comprehensive loss, changes in shareholders' equity and cash flows for the nine months ended December 31, 2012 and for the year ended March 31, 2012, and notes comprising 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 consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Pasinex Resources Ltd. as at December 31, 2012 and March 31, 2012, and the results of its operations and its cash flows for the nine months ended December 31, 2012 and for the year ended March 31, 2012 in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 2 in the consolidated financial statements which discloses matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

MNP LLP

Vancouver, Canada
April 26, 2013

Chartered Accountants

Pasinex Resources Limited
(Formerly Triple Dragon Resources Inc.)
(An exploration stage company)
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

		December 31, 2012		March 31 2012
Assets				
Current				
Cash and cash equivalents	$	**496,927**	$	1,372,530
HST/VAT receivable		**102,146**		24,093
Other receivables (Note 8)		**15,850**		150,843
Prepaid expenses and deposits (Note 16)		**14,679**		159,622
Marketable securities (Note 7)		**187,477**		216,750
		817,079		1,923,838
Prepayments for joint venture (Note 11)		**34,763**		-
Marketable securities (Note 7)		**-**		38,250
Equipment (Note 10)		**81,909**		92,803
Exploration and evaluation assets (Note 12)		**710,892**		326,491
	$	**1,644,643**	$	2,381,382
Liabilities				
Current				
Accounts payable and accrued liabilities (Note 9)	$	**39,051**	$	67,831
Due to related parties (Note 16)		**214,141**		228,372
		253,192		296,203
Shareholders' equity				
Share capital (Note 13)		**4,985,681**		4,829,608
Reserves (Note 13)		**996,535**		831,220
Deficit		**(4,585,875)**		(3,573,923)
Accumulated other comprehensive (loss)		**(4,890)**		(1,726)
		1,391,451		2,085,179
	$	**1,644,643**	$	2,381,382

Approval on behalf of the Board of Directors:

"Steven Williams" — Director

"David Hodge" — Director

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

Pasinex Resources Limited
(Formerly Triple Dragon Resources Inc.)
(An exploration stage company)
Consolidated Statements of Operations and Comprehensive Loss
(Expressed in Canadian dollars)

	Nine months ended December 31, 2012	Year ended March 31, 2012
Expenses		
Administrative fees (Note 17)	**$ 112,500**	$ 60,000
Advertising and promotions	**72,374**	6,472
Amortization	**18,782**	3,317
Consulting and management fees (Note 17)	**354,933**	79,096
Office and general	**28,986**	20,097
Professional fees	**82,974**	50,926
Project investigation costs	**43,473**	143,697
Transfer agent and regulatory authorities fees	**18,889**	15,247
Travel and meals	**117,934**	11,846
	(850,845)	(390,698)
Other income (expenses)		
Unrealized gain (loss) on marketable securities	**(105,000)**	(195,000)
Interest income	**13,126**	-
Other income	**366**	43
Gain on disposition of marketable securities	**2,517**	-
Gain on disposal of equipment	**3,441**	-
Foreign exchange gain (loss)	**1,104**	1,324
Impairment of mineral properties	**(76,661)**	(169,460)
	(161,107)	(363,093)
Income (loss) before income tax provision	**(1,011,952)**	(753,791)
Income tax recovery (expenses)	-	18,750
Net income (loss) for the period	**(1,011,952)**	(735,041)
Other comprehensive income (loss)		
Currency translation adjustment	**(3,164)**	(1,726)
Comprehensive income (loss) for the period	**(1,015,116)**	(736,767)
Basic and diluted earnings (loss) per share	**$ (0.02)**	$ (0.03)
Weighted average number of common shares outstanding – basic and diluted	**48,267,105**	26,014,888

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

Pasinex Resources Limited
(Formerly Triple Dragon Resources Inc.)
(An exploration stage company)
Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars)

	Number of Shares	Share Capital	Reserves	Deficit	Accumulated Other Comprehensive (Loss)	Total
Balance, April 1, 2011	**24,511,956**	**$ 2,648,250**	**$ 751,465**	**$ (2,838,882)**	$ -	**$ 570,833**
Shares issued for properties (Note 13)	100,000	15,000	-	-	-	15,000
Private placement (Note 13)	20,765,149	2,076,515	-	-	-	2,076,515
Share issued for asset acquisition (Note 5)	2,770,000	277,000	-	-	-	277,000
Share issue costs (Note 13)	-	(197,157)	79,755	-	-	(117,402)
Currency translation adjustment	-	-	-	-	(1,726)	(1,726)
Net loss for the year	-	-	-	(**735,041**)	-	(735,041)
Balance, March 31, 2012	**48,147,105**	**4,829,608**	**831,220**	**(3,573,923)**	(1,726)	**2,085,179**
Private placement (Note 13)	3,300,000	165,000	165,000	-	-	330,000
Share issue costs (Note 13)	-	(8,927)	315	-	-	(8,612)
Currency translation adjustment	-	-	-	-	(3,164)	(3,164)
Net loss for the period	-	-	-	(1,011,952)	-	(1,011,952)
Balance, December 31, 2012	**51,447,105**	**$ 4,985,681**	**$ 996,535**	**$ (4,585,875)**	**$ (4,890)**	**$ 1,391,451**

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

Pasinex Resources Limited
(Formerly Triple Dragon Resources Inc.)
(An exploration stage company)
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	Nine months ended December 31, 2012	Year ended March 31, 2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss) for the period	**$ (1,011,952)**	$ (735,041)
Adjustment for items not involving cash:		
Unrealized gains on marketable securities	**105,000**	195,000
Amortization	**18,782**	3,317
Impairment of mineral property	**76,661**	169,460
Gain on disposal of equipment	**(3,441)**	-
Exchange difference on translation	**(1,104)**	-
Deferred income tax (recovery) expenses	**-**	(18,750)
Project investigation costs	**-**	123,923
Changes in non-cash operating working capital:		
HST/VAT receivable	**(77,912)**	(21,968)
Other receivables	**134,993**	(574)
Prepaid expenses and deposits	**163,840**	(173,386)
Accounts payable and accrued liabilities	**(28,792)**	(80,512)
Due to related parties	**(23,926)**	97,448
Net cash flows from (used in) operating activities	**(647,851)**	(441,083)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Exploration and evaluation assets	**(459,612)**	(55,396)
Equipment acquisitions	**(32,947)**	(69,466)
Proceeds from disposal of equipment	**28,265**	-
Acquisition of mutual funds	**(37,342)**	-
Investment in joint venture	**(34,638)**	-
Cash acquired from asset acquisition, net of $17,000 cash paid	**-**	125,538
Net cash flows from (used in) investing activities	**(536,274)**	676
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of shares for cash, net of share subscription receivable	**330,000**	1,926,515
Share issue costs	**(8,612)**	(117,402)
Net cash flows from (used in) financing activities	**321,388**	1,809,113
Increase (decrease) in cash and cash equivalents	**(862,737)**	1,368,706
Effect of exchange rate on cash and cash equivalents	**(12,866)**	(1,031)
Cash and cash equivalents, beginning of period	**1,372,530**	4,855
Cash and cash equivalents, end of period	**$ 496,927**	$ 1,372,530

Supplemental disclosure with respect to cash flows (Note 17)

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

1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

Pasinex Resources Limited (formerly Triple Dragon Resources Inc.) ("Pasinex" or the "Company") is a publicly listed company incorporated in British Columbia on February 21, 2006, and on August 4, 2006, it continued out of British Columbia and into the British Virgin Islands. On September 21, 2006, the Company changed its principal business activity and developed its business plan to enter the convention industry principally in Macau. On July 10, 2008, in connection with the change of control, the Company continued into British Columbia as a mineral exploration company in the exploration stage, engaged in the acquisition, exploration and development of mineral properties. On February 1, 2012, the Company purchased all the assets of 0886183 B.C. LTD. (a private company incorporated in British Columbia) which included a company in Turkey, Pasinex Arama ve Madencilik A.S. ("Pasinex Arama"). On March 2, 2012, the Company's major shareholder sold 19% of the Company's issued and outstanding share capital to a total of three individuals, effectively changing control of the Company. The Company's shares are listed on the Canadian National Stock Exchange ("CNSX") under the symbol "PSE" and on the Frankfurt Stock Exchange ("FSE") under the symbol "PNX". The Company changed the fiscal year end from March 31st to December 31st, effective December 31, 2012.

The head office, principal address and registered and records office of the Company are located at 1450 – 789 West Pender, Vancouver, BC, Canada, V6C 1H2.

These consolidated financial statements were authorized for issue by the Audit Committee and Board of Directors on April 26, 2013.

2. GOING CONCERN

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for at least the next twelve months and will be able to realize its assets and discharge its liabilities in the normal course of operations.

Several adverse conditions cast substantial doubt on the validity of this assumption. The Company is in the exploration stage and, accordingly, has not yet commenced revenue-producing operations. The Company has incurred losses since inception and the Company has an accumulated deficit as at December 31, 2012 of $4,585,875 (March 31, 2012 - $3,573,923). The ability of the Company to continue as a going-concern depends upon its ability to develop profitable operations and to continue to raise adequate financing required to maintain its operations, and to ultimately attain future profitable operations. Management expects the Company to continue as a going concern and plans to meet any financing requirements through equity financing and seeking other business opportunities to expand the Company's operations. The outcome of these matters cannot be predicted at this time and there are no assurances that the Company will be successful in achieving its goals. The consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

The application of the going concern concept is dependent upon the Company's ability to satisfy its liabilities as they become due and to obtain the necessary financing to complete the exploration and development of its mineral property interests, the attainment of profitable mining operations or the receipt of proceeds from the disposition of its mineral property interests. Management is actively engaged in the review and due diligence on opportunities of merit in the mining sector and is seeking to raise the necessary capital to meet its funding requirements. There can be no assurance that management's plan will be successful.

If the going concern assumption were not appropriate for these consolidated financial statements then adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses and the consolidated statement of financial position classifications used. Such adjustments could be material.

3. BASIS OF PRESENTATION

a) Statement of Compliance

These statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

(Expressed in Canadian Dollars)

3. BASIS OF PRESENTATION (continued)

b) Basis of Measurement

These consolidated financial statements have been prepared on a historical costs basis except for financial instruments classified as financial instruments at fair value through profit or loss, which are measured at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting.

c) Use of Estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, and related disclosure.

Judgement is used mainly in determining how a balance or transaction should be recognized in the consolidated financial statements. Estimates and assumptions are used mainly in determining the measurement of recognized transactions and balances. Actual results may differ from these estimates.

Significant areas where management's judgement has been applied include:

- Classifying categories of financial assets and financial liabilities in accordance with IAS 39, *Financial instruments: recognition and measurement; and*
- Evaluating if the criteria for recognition of provisions and contingencies are met in accordance with IAS 37, *Provisions, contingent liabilities and contingent assets.*

Significant areas requiring the use of management estimates and assumptions include:

- The recoverability of the carrying value of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest;
- The inputs used in assessing the recoverability of deferred tax assets to the extent that the deductible temporary differences will reverse in the foreseeable future and that the Company will have future taxable income;
- Management's assumption that there are currently no decommissioning liabilities is based on the facts and circumstances that have existed during the year;
- The estimated useful lives of equipment and the related depreciation;
- The inputs used in accounting for share-based payment expenses; and
- The uncertainty of dealing in a foreign country.

4. SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The consolidated financial statements include the financial statements of Pasinex and its subsidiaries listed below:

			Equity Interest	
	Jurisdiction	Nature of Operations	December 31, 2012	March 31, 2012
0886183 B.C. Ltd.	BC, Canada	Holding company	100%	100%
Pasinex Arama	Turkey	Mineral exploration	99.9975%	99.9975%

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Pasinex and its subsidiaries are collectively referred to as the "Company". All intercompany transactions, balances and unrealized gains and losses from intercompany transactions have been eliminated upon consolidation

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand; deposits in banks and highly liquid investments with an original maturity of three months or less. There were no cash equivalents as at December 31, 2012 and March 31, 2012.

Equipment

Equipment is recorded at cost less accumulated amortization. Amortization is calculated using the straight-line method at the following annual rates:

Computer software	-	2 years
Fixtures and equipments	-	3-10 years
Vehicles	-	4 years

Additions during the period are amortized on a pro-rata basis based on the annual amortization amount.

Exploration and evaluation assets

Exploration and evaluation activities involve the search for minerals, the determination of technical feasibility, and the assessment of commercial viability of an identified resource.

Exploration and evaluation costs incurred prior to obtaining licenses are expensed in the period in which they are incurred. Once the legal right to explore has been acquired, exploration and evaluation costs incurred are capitalized. All capitalized exploration and evaluation costs are recorded at acquisition cost and are monitored for indications of impairment. Where there are indications of a potential impairment, an assessment is performed for recoverability. Capitalized costs are charged to the statement of comprehensive loss to the extent that they are not expected to be recovered.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets are tested for impairment and transferred to “Mines under construction”. No amortization during the exploration and evaluation phase.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Foreign currencies

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currency of the parent company and the Canadian subsidiary is the Canadian dollar. The functional currency of Pasinex Arama is New Turkish Lira (TRY). The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the date of the transactions. At year-end, foreign currency denominated monetary assets and liabilities are translated to the functional currency using the prevailing rate of exchange at the year-end. Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year-end exchange rates are recognized in profit and loss.

Assets and liabilities of subsidiaries having a functional currency other than the Canadian dollar are translated at the rate of exchange at the reporting date. Revenues and expenses are translated at average rates for the periods, unless exchange rates fluctuated significantly during the period, in which case the exchange rates at the dates of the transactions are used. The resulting foreign currency translation adjustments are recognized in other comprehensive income (“OCI”).

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Financial Assets

Financial assets are classified into one of the following categories: fair value through profit or loss, loans and receivables, available-for-sale, or held-to-maturity. The classification depends on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. Management determines the classification of its financial asset at initial recognition. The Company's accounting policy for each category is as follows:

(i) Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term and are classified as current assets. Derivatives are also categorized as at fair value through profit or loss unless they are designated as hedges. Cash and cash equivalents are classified as at fair value through profit or loss and are measured at fair value. Marketable securities are classified as at fair value through profit or loss for those bought and held principally for the purpose of selling them in the near term and are reported at fair value, with unrealized gains and losses recognized in earnings.

(ii) Loans and Receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, do not qualify as "trading" assets, have not been designated at fair value through profit or loss or as available-for-sale and for which the holder may recover substantially all of its initial investment, other than because of credit deterioration. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in the profit or loss when the loans and receivable are derecognized or impaired, as well as through the amortization process. Other receivables are classified as loans and receivables. They are recorded at cost, which on initial recognition represents their fair value. Subsequent valuations are recorded at amortized cost using the effective interest method.

(iii) Available-For-Sale
Non-derivative financial assets not included in the above categories are classified as available-for-sale and comprise principally of the Company's strategic investments in entities not qualifying as subsidiaries or associates. Available-for-sale financial assets are carried at fair value with changes in fair value recognized in accumulated other comprehensive loss/income. The Company does not have any financial assets classified as available-for-sales.

(iv) Held-to-maturity
The held-to-maturity investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. The Company does not have any financial assets classified as held-to-maturity.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment on Financial Assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or 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.

Financial Liabilities

Financial liabilities are all classified as other financial liabilities, based on the purpose for which the liability was incurred. These liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding. The Company's due to related parties, and accounts payable and accrued liabilities are classified as other financial liabilities.

Income taxes

Income tax is recognized in profit 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 year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the statement of financial position 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 following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries 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 on an undiscounted basis, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it is probable that a deferred tax asset will be recovered, it provides a valuation allowance against that excess.

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.

Share-based payment transactions

The Company grants stock options to buy common shares of the Company to directors, officers and employees. The board of directors grants such options for periods of up to five years, which vest immediately and are priced at the previous day's closing price.

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period of the options. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payment transactions (continued)

Where the terms of a stock option is modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the stock-based compensation arrangement, or is otherwise beneficial to the employee as measured at the date of modification over the remaining vesting period.

Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received.

Joint venture

Pursuant to IFRS 11, Joint Arrangements, a venturer is required to classify its interest in a joint arrangement as a joint venture or joint operation. A joint venture will be accounted for using the equity method of accounting, whereas a joint operation will recognize the venturer's share of the assets, liabilities, revenue and expenses of the joint operation. Pursuant to the Joint Venture Agreement with Akmetal dated January 17, 2013, the Company has determined the Joint Venture is a form of joint venture and the Company is required to account for its shares in the joint venture company by using the equity method.

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.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Warrants

The fair value of warrants is measured at grant date, using the Black-Scholes option pricing model. Warrants issued as a finder's fee is recognized as share issuance costs with a corresponding increase in contributed surplus. Proceeds from issuances of units consisting of shares and warrants are allocated based on the residual method, whereby the carrying amount of the warrants is deferred based on any difference between gross proceeds and the estimated fair market value of the shares. If the proceeds from the offering are less than or equal to the estimated fair market value of shares issued, a nil carrying amount is assigned to the warrants.

Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If there is an indication of impairment, then the asset's recoverable amount is estimated.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)

An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

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

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Earning/Loss per share

Basic earnings / loss per share is computed by dividing the net income or loss attributable to the owners of the Company by the weighted average number of common shares outstanding for the relevant period.

Diluted earnings per share is determined by adjusting the earnings or loss attributable to the owners of the Company and the weighted average number of common shares outstanding for the effects of dilutive instruments, which includes stock options and common share purchase warrants, as if their dilutive effect was at the beginning of the period. The calculation of the diluted number of common shares assumes that proceeds received from the exercise of "in-the-money" stock options and common share purchase warrants are used to purchase common shares of the Company at their average market price for the period.

In periods that the Company reports a net loss, per share amounts are not presented on a diluted basis as the result would be anti-dilutive.

Flow-through shares

The Company may, from time to time, issue flow-through common shares to finance its resource exploration activities. Canadian income tax law permits the Company to renounce to the flow-through shareholders the income tax attributes of resource exploration costs financed by such shares. Flow-through common shares are recognized in equity based on the quoted price of the existing shares on the date of the issue. The difference between the amounts recognized in common shares and the amount the investor pays for the shares is recognized as other liability which is reversed into earnings as eligible expenditures are incurred. The deferred tax impact is recorded prospectively upon renunciation of the related tax benefits, provided it is expected the Company will incur the required eligible expenditures.

When flow-through expenditures are renounced, a portion of the deferred income tax assets that were not previously recognized, due to the recording of a valuation allowance, are recognized as a recovery of deferred income taxes in the statements of operations and comprehensive loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Flow-through shares (continued)

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the "Look-back" Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

Accounting standards not yet adopted

The following standards and interpretations have not been in effect as they will only be applied for the first time in future periods. They may result in consequential changes to the accounting policies and other note disclosures. The Company has not yet assessed the impacts of the standards or determined whether it will adopt the standards early.

IFRS 9 – Financial Instruments

IFRS 9 establishes the requirements for recognizing and measuring financial assets and financial liabilities. This new standard is effective January 1, 2015 with earlier application permitted.

IFRS 10 - Consolidated Financial Statements

IFRS 10 supersedes IAS 27: Consolidated and Separate Financial Statements and establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. This new standard is effective January 1, 2013 with earlier application permitted.

IFRS 11 - Joint Arrangements

IFRS 11 establishes principles for financial reporting by parties to a joint arrangement and supersedes IAS 31: Interests in Joint Ventures and SIC 13: Jointly Controlled Entities - Non- Monetary Contributions by Venturers. This new standard is effective January 1, 2013 with earlier application permitted.

IFRS 12 - Disclosure of Interests in Other Entities

IFRS 12 applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. This new standard is effective January 1, 2013 with earlier application permitted.

IAS 27 - Separate Financial Statements

IAS 27 contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. IAS 27 requires an entity preparing separate financial statements to account for those investments at cost or in accordance with IFRS 9. This new standard is effective January 1, 2013 with earlier application permitted.

IAS 28 - Investments in Associates and Joint Ventures

IAS 28 prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. This amendment is effective January 1, 2013 with earlier application permitted.

Amendments to IAS 24 – Related Party Disclosures

The amendments to IAS 24 simplify the disclosure requirements for entities that are controlled, jointly controlled or significantly influenced by a government and clarify the definition of a related party. This amendment is effective for annual periods beginning on or after January 1, 2011. The adoption of this issuance did not have a significant impact on the Company's financial statements.

(Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

New accounting standards adopted

IAS 12 - Income Taxes

Amendments to IAS 12 clarify how an entity should measure the deferred tax consequences related to accounting recoveries of previously-impaired assets and liabilities underlying deferred tax assets and liabilities. These amendments are effective for annual periods beginning after January 1, 2012 and did not have a significant impact on the Company's disclosures in its financial statements.

Accounting standards amended but not yet effective

Amendments to IFRS 7 – Financial Instruments: Disclosures

The amendments to IFRS 7 require the disclosure of information that will enable users of an entity's financial statements to evaluate the effect, or potential effect, of offsetting financial assets and financial liabilities, to the entity's financial position. Amendments to IFRS 7 are applicable to annual periods beginning on or after January 1, 2013, with retrospective application required.

Amendments to IAS 1 – Presentation of Financial Statements

The amendments to IAS 1 enhance the presentation of other comprehensive income in the financial statements, primarily by requiring the components of other comprehensive income to be presented separately for items that may be reclassified to the statement of profit or loss from those that would remain in equity. This amendment is effective July 1, 2012 with earlier application permitted.

5. ASSETS PURCHASES

Effective February 1, 2012, the Company acquired all the assets of 0886183 B.C. Ltd. for a total consideration of $294,000, which comprised $17,000 in cash and 2,770,000 common shares of the Company at the fair value of $0.10 per share. The acquisition does not meet the definition of a business in accordance with IFRS 3 *business combinations* and is considered as a reimbursement of cash advanced and expenditures incurred by the owners of 0886183 B.C. Ltd. since its incorporation. The expenditures included equipment, prepaid and deposits, the ownership of Pasinex Arama, a newly incorporated company in Turkey (which consisted of equipment and certain liabilities) and project investigation costs. The total purchase price is allocated to cash acquired and expenditures incurred by the owners of 0886183 B.C. Ltd. as follows:

Purchase price:	
Cash (paid)	17,000
Shares (2,770,000 shares issued at $0.10 per share)	277,000
Total consideration	$ 294,000
Allocated to:	
Cash	$ 142,538
Equipment	27,026
Deposit and other receivable	2,169
Trades payable	(1,656)
Project investigation costs *	123,923
Total cash and expenditures acquired	$ 294,000

* Project investigation costs were written off and charged to the Company's operating expenses during the year ended March 31, 2012.

(Expressed in Canadian Dollars)

6. FINANCIAL INSTRUMENTS AND CAPITAL DISCLOSURES

In accordance with IFRS, the Company shall disclose the comparison of carrying amounts and fair values of the Company's financial instruments that are carried in the financial statements. As of December 31, 2012 and March 31, 2012, the fair values of the financial assets and liabilities approximate their carrying amounts.

- Cash and cash equivalents, other receivables, accounts payable and accrued liabilities, and due to related parties approximate their carrying amounts largely due to the short-term maturities of these instruments;
- Marketable securities are measured at fair value based on price quotations at the reporting date.

The Company classifies its financial instruments using a fair value hierarchy as a framework for disclosing fair value of financial instruments based on inputs used to value the Company's investments. The hierarchy of inputs and description of inputs is described as follows:

Level 1 – fair values are based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – fair values are based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); or

Level 3 – fair values are based on inputs for the asset or liability that are not based on observable market data, which are unobservable inputs.

	Assets measured at fair value as at December 31, 2012			
	Level 1 **$**	**Level 2** **$**	**Level 3** **$**	**Total** **$**
At fair value through profit or loss				
Cash and cash equivalents	496,927	-	-	496,927
Marketable securities	187,477	-	-	187,477
	684,404	-	-	684,404

	Assets measured at fair value as at March 31, 2012			
	Level 1 **$**	**Level 2** **$**	**Level 3** **$**	**Total** **$**
At fair value through profit or loss				
Cash and cash equivalents	1,372,530	-	-	1,372,530
Marketable securities	255,000	-	-	255,000
	1,627,530	-	-	1,627,530

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities. The Company has exposure to credit risk, liquidity risk and market risk as a result of its use of financial instruments. This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing these risks. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has implemented and monitors compliance with risk management policies as set out herein. A discussion of the Company's use of financial instruments and their associated risk is provided below:

6. FINANCIAL INSTRUMENTS AND CAPITAL DISCLOSURES (continued)

a) Credit Risk

Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to its cash balances. The Company manages its credit risk on bank deposits by holding deposits in high credit quality banking institutions in Canada. Management believes that the credit risk with respect to receivables is remote. The Company mitigates credit risk on these financial instruments by adhering to its investment policy that outlines credit risk parameters and concentration limits.

b) Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient capital to meet liabilities when due after taking into account the Company's holdings of cash that might be raised from equity financings. As at December 31, 2012, the Company had a cash balance of $496,927 (March 31, 2012 - $1,372,530) and current liabilities of $253,192 (March 31, 2012 - $296,203). All of the Company's accounts payable and accrued liabilities have contractual maturities of less than 60 days and are subject to normal trade terms. The Company believes that these sources will be sufficient to cover the expected short and long term cash requirements

c) Market Risk

Market risk consists of currency risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.

i) Currency Risk - Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. Although the Company is considered to be in the exploration stage and has not yet developed commercial mineral interests, the underlying commodity price for minerals is impacted by changes in the exchange rate between the Canadian and United States dollar. Foreign currency risk also arises from the fluctuation in currency exchange between the Canadian dollar and TRY. The Company is exposed to currency risk with regards to its TRY denominated financial assets and financial liabilities. The Company has not entered into financial instruments to hedge against this risk. A 1% strengthening in Canadian dollar against TRY would have a before-tax effect of $850 increase in accumulated other comprehensive income, based on amounts held at December 31, 2012 (March 31, 2012 - $2,435).

ii) Interest Rate Risk - Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is currently not exposed to interest rate risk.

The Company manages its common shares, stock options and warrants as capital. As the Company is in the exploration stage, its principal source of funds is from the issuance of common shares. It is the Company's objective to safeguard its ability to continue as a going concern, so that it can continue to explore and develop its project for the benefit of its stakeholders. The Company is not subject to any externally imposed capital requirement.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the exploration and development of its mineral properties. The Board of Directors has not established quantitative capital structure criteria for management, but will review on a regular basis the capital structure of the Company to ensure its appropriateness to the stage of development of the business. The properties in which the Company currently has interest are in the exploration stage and the Company is dependent on external financing to fund its activities. In order to carry out planned exploration and development and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. In order to facilitate the management of capital and maintenance and development of future mining sites, the Company may issue new equity, incur additional debt, option its properties for cash and/or expenditure commitments from optionees, enter into joint venture arrangements, or dispose of certain assets. The Company's investment policy is to hold cash in interest bearing accounts at high credit quality financial institutions to maximize liquidity. In order to maximize ongoing development efforts, the Company does not pay dividends. The Company expects to continue to raise funds, from time to time, to continue meeting its capital management objectives.

(Expressed in Canadian Dollars)

7. MARKETABLE SECURITIES

	December 31, 2012		March 31, 2012		
	Cost	Fair market value	Cost	Fair market value	
	$	$	$	$	
Public traded securities	300,000	150,000	300,000	255,000	(a)
Mutual funds	37,314	37,477	-	-	
Total	337,314	187,477	300,000	255,000	
Current	337,314	187,477	255,000	216,750	
Non-current	-	-	45,000	38,250	

(a) During the year ended March 31, 2011, the Company received 3,000,000 common shares of Lakeland Resources Inc. (“Lakeland”) pursuant to the sale of the CAM property. Lakeland is a junior mineral exploration company listed on the TSX Venture Exchange (“TSX-V”). The fair value of the common shares is measured using the closing market price of $0.05 as at December 31, 2012 (March 31, 2012 - $0.085). The 3,000,000 common shares were issued on August 19, 2010, and are subject to an escrow agreement. 10% of the shares were released from escrow on August 19, 2010, and tranches of 15% were released every six months. As at December 31, 2012, 900,000 (March 31, 2012 – 1,350,000) common shares remained in escrow, of which nil (March 31, 2012 - 450,000) are classified as long-term given the above-mentioned release terms. See also Note 20.

8. OTHER RECEIVABLES

The Company’s current other receivable consists of:

	December 31, 2012	March 31, 2012
Share subscription receivable (Note 13)	$ 15,500	$ 150,000
Other receivables	350	843
	$ 15,850	$ 150,843

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities of the Company are due to service providers, mainly including management fees, professional fees and consulting fees.

The Company’s accounts payable and accrued liabilities consist of:

	December 31, 2012	March 31, 2012
Accounts payable	$ 39,051	$ 40,915
Accrued liabilities	-	20,000
Mining license fee payable	-	6,284
Other payables	-	632
	$ 39,051	$ 67,831

(Expressed in Canadian Dollars)

10. EQUIPMENT

Cost	Fixtures and Equipments	Vehicles	Computer Software	Total
March 31, 2011	$ -	$ -	$ -	$ -
Additions	59,518	30,856	5,746	96,120
March 31, 2012	**$ 59,518**	**$ 30,856**	**$ 5,746**	**$ 96,120**
Additions/Disposals	5,477	(2,723)	-	2,754
December 31, 2012	**$ 64,995**	**$ 28,133**	**$ 5,746**	**$ 98,874**
Accumulated depreciation				
March 31, 2011	$ -	$ -	$ -	$ -
Additions	133	311	2,873	3,317
March 31, 2012	**$ 133**	**$ 311**	**$ 2,873**	**$ 3,317**
Additions	7,973	2,801	2,873	13,647
December 31, 2012	**$ 8,106**	**$ 3,112**	**$ 5,746**	**$ 16,964**
Net book value				
March 31, 2011	$ -	$ -	$ -	$ -
March 31, 2012	$ **59,385**	**$ 30,545**	**$ 2,873**	**$ 92,803**
December 31, 2012	**$ 56,889**	**$ 25,021**	**$ -**	**$ 81,909**

11. JOINT VENTURE WITH AKMETAL

On June 28, 2012, the Company, through its wholly-owned Turkish subsidiary, Pasinex Arama, signed a non-binding Letter of Intent ("LOI") with a Turkey based miner, Akmetal Madencilik Sanayi ve Ticaret A.S. ("Akmetal"), to form a 50 / 50 joint venture to explore for zinc and other associated commodities in the region between and around Horzum and Tufanbeyli, Adana Province, Turkey. Under the terms of the LOI it is proposed that a new joint venture company will be formed and held 50 / 50 by the two parties and will be controlled by a board consisting of equal representatives of both Pasinex and Akmetal. Both partners will equally fund exploration and other general costs associated to the joint venture's course of business.

On October 29, 2012, the new joint venture company, Horzum Arama ve Isletme AS ("Joint Venture"), was formed while the Joint Venture Agreement had not been substantiated.

The initial capital of the new joint venture company shall be a total of TRY 500,000 and Pasinex Arama is obligated for 50% of the total, being TRY 250,000. As at December 31, 2012, Pasinex Arama has prepaid TRY 62,500 (December 31, 2012: CAD$34,763; March 31, 2012: nil) toward the total required capital. On January 17, 2013, Pasinex Arama and Akmetal signed the Joint Venture Agreement effective the same day.

(Expressed in Canadian Dollars)

12. EXPLORATION AND EVALUATION ASSETS

The following schedule shows the property spending for the nine months ended December 31, 2012 and the year ended March 31, 2012:

	Murray Property	May Property	Burnt Island	Staircase Claims	Horzum JV Properties	Dadak Property	Golcuk Property	Turkey Other Properties	Total
Balance, March 31, 2011	$174,297	$35,501	$56,100	$157,860	$ -	$ -	$ -	$ -	$423,758
Additions during the year –									
Property Acquisition costs									
Cash	-	-	10,000	-	-	-	-	-	10,000
Shares issued for property	-	15,000	-	-	-	-	-	-	15,000
Property exploration costs									
Assays	-	-	-	141	-	-	-	-	141
Field supplies and rentals	-	-	-	64	-	-	-	-	64
Geological and field personnel	69	-	130	454	-	-	-	-	653
Maps and reports	-	-	-	10,078	-	-	-	-	10,078
Travel and accommodation	-	-	-	863	-	-	-	-	863
Total additions during the year	69	15,000	10,130	11,600	-	-	-	-	36,799
Impairment of mineral properties	-	-	-	(169,460)	-	-	-	-	(169,460)
Prepayment and deposits for mining claims	-	-	-	-	-	-	-	35,394	35,394
Balance, March 31, 2012	$174,366	$50,501	$66,230	$ -	$ -	$ -	$ -	$ 35,394	$326,491
Prepayment and deposits for mining claims	-	-	-	-	70,019	8,326	92,357	12,113	182,815
Property exploration costs									
Assays	-	-	-	-	12,739	43,408	4,625	2,835	63,607
Drilling	-	-	-	-	-	-	16,686	-	16,686
Fees	-	-	-	-	51,547	3,098	15,675	821	71,141
Field supplies and rentals	-	-	-	-	2,046	836	3,152	153	6,187
Geological and field personnel	-	-	-	-	25,387	-	36,356	585	62,328
Maps and reports	-	-	-	10,430	-	-	-	-	10,430
Miscellaneous	-	-	-	-	10,373	1,708	9,272	2,618	23,971
Travel and accommodation	-	-	-	-	10,592	2,563	6,827	3,914	23,896
Total additions during the period	-	-	-	10,430	112,684	51,613	92,593	10,926	278,246
Impairment of mineral properties	-	-	(66,230)	(10,430)	-	-	-	-	(76,660)
Balance, December 31, 2012	$174,366	$50,501	$ -	$ -	$ 182,703	$ 59,939	$ 184,950	$ 58,433	$ 710,892

12. EXPLORATION AND EVALUATION ASSETS (continued)

Properties Held in Turkey

On May 14, 2012, the Company acquired, through staking, seven properties in Turkey: Dadak, Bereket, Bahceli, Kuplce, Bursa 1, Bursa 2a and Bursa 2b. The properties are located within the Turkish Provinces of Afyon, Artvin, and Bursa, and were acquired for the potential to host base and precious metals.

Horzum JV Properties

During the period ended December 31, 2012, the Company, through Pasinex Arama, acquired 8 properties in the vicinity of Horzum, Adana province, Turkey as part of the "Horzum generative" zinc exploration program. These properties were acquired to be included in the 50 / 50 joint venture with Akmetal. These properties cover approximately 8,650 hectares within the Horzum area of Adana Province. During the period ended December 31, 2012, $67,705 in license fees and $112,684 in exploration costs have been spent on these properties. Subsequent to December 31, 2012, the transfer of the licenses from Pasinex Arama regarding these 8 properties is still ongoing.

Golcuk Property

On July 19, 2012, the Company signed an option agreement with Eurasian Minerals Inc. ("Eurasian") and its wholly owned Turkish subsidiary, Eurasia Madencilik Ltd. STI, whereby Pasinex, through its wholly owned Turkish subsidiary, Pasinex Arama, can acquire a 100%-interest in the Golcuk Property ("Golcuk") located in northeast Turkey. Under the Agreement, Golcuk will be forthwith transferred to Pasinex Turkey.

As consideration, upon granting of the mining obligation extension, Pasinex will issue to Eurasian Pasinex common shares as follows:

(i) 500,000 shares within five (5) days after the granting of the extension (the "Initial Issuance Date") (issued subsequent to December 31, 2012);
(ii) (ii) 500,000 common shares on the one year anniversary of the Initial Issuance Date;
(iii) (iii) 1,000,000 common shares on the two year anniversary of the Initial Issuance Date; and
(iv) (iv) 1,000,000 common shares on the three year anniversary of the Initial Issuance Date.

Eurasian will retain a 2.9% Net Smelter Royalty on Golcuk which Pasinex has the option of buying down to 2% within six years of the Agreement date for consideration of $1,000,000.

Additionally, Pasinex will be required to complete minimum work commitments on the project as follows:

(i) $200,000 before the one year anniversary of the date of the transfer of Golcuk to Pasinex Turkey (the "Completion Date");
(ii) $250,000 before the two year anniversary of the Completion Date; and
(iii) $250,000 before the end of the four year anniversary of the Completion Date.

Golcuk is classified as an operational license under the Turkish government mining regulations. As such, the property requires, at a minimum, a small-scale mining operation to be carried out each year in order to satisfy its operational license, and each year, the project must process approximately 900 tonnes of ore. On the completion and acceptance of the Agreement, Pasinex was to file a request for a one-year extension in regard to the Company's small-scale mining obligation to the Turkish government. However, Pasinex applied for and obtained an Open Pit Application and management has determined that the granting of the Open Pit Application would replace the one-year extension requirement of the original option Agreement. The Company entered into an Amending Agreement with Eurasian to waive the holiday requirement and the right to terminate the agreement. The Golcuk property was transferred to Pasinex in September 2012.

12. EXPLORATION AND EVALUATION ASSETS (continued)

Properties Held in Canada

As at December 31, 2012 and March 31, 2012, the Company continues to hold the following properties in Canada:

Murray Property

The Company acquired a 100% interest in one mineral claim northeast of Yellowknife, Northwest Territories, known as the Murray Property pursuant to a Mineral Property Acquisition Agreement dated April 17, 2008, between the Company and Zimtu Capital Corp. ("Zimtu"). The Company acquired the Property for $15,509 cash. There was a 1% net smelter return royalty and a 1% gross overriding royalty on the Property, in favour of the original vendor of the property, which was relinquished on May 7, 2009. Zimtu is a related party to the Company by virtue of a common director and officer, as well as by virtue of its controlling share position in the Company.

May Property

On May 14, 2009, the Company acquired a 100% interest in a mineral lease comprising approximately 100.5 acres in the Northwest Territories known as the May Property from a third party. The May Property was acquired for total consideration of $5,500 cash (paid) and the issuance of $10,000 of common shares (issued) of the Company on May 14, 2010, and a further $15,000 of common shares of the Company to be issued by May 14, 2011 (issued). There is a 2% net smelter return royalty on the Property payable to the Vendor upon the commencement of commercial production.

Burnt Island Property

On August 11, 2009, the Company entered into a Mineral Property Option Agreement ("Agreement") to purchase a 100% interest in two mineral claims in the Gordon Lake area of the Northwest Territories, known as the Burnt Island Property. Per the Agreement, the Company shall pay to the Vendor the following:

- $10,000 cash within 5 days of signing the agreement (paid)
- $10,000, in either cash or shares, for every year that the Company holds the option ($10,000 paid August 11, 2010 and $10,000 paid February 9, 2012).

There is a 3% net smelter return royalty on the Property payable to the Optionor upon commencement of production.

During the nine months ended December 31, 2012, the Company has begun the process to return the lease to the vendor and consequently written off the property.

Staircase Claims

On November 9, 2009, the Company acquired a 100% interest in 83 mineral claims located north of Prince George, B.C. comprising approximately 36,600 hectares. The Company purchased the claims from Radius Gold Inc. for $30,000 (paid) and paid $830 to have the claims transferred to their name. During the year ended March 31, 2011, the Company renewed 31 of the 83 Staircase mineral claims. The Company allowed 52 mineral claims to lapse. During the year ended March 31, 2012, the Company decided to let the remaining claims lapse and wrote off the property.

13. SHARE CAPITAL

a) Authorized: Unlimited common shares with no par value.

b) Issued:

During the nine months ended December 31, 2012

On December 22, 2012, the Company completed a non-brokered private placement of 3,300,000 units at a price of $0.10 per unit for gross proceeds of $330,000. Each unit is comprised of one common share and one half of one share purchase warrant. Each whole warrant is exercisable into one common share at an exercise price of $0.15 per share for a period of two years from closing. The fair value of the shares at the date of issuance is $0.05, therefore the unit price is greater than the fair value of the shares. The difference between gross proceeds and the estimated fair market value of the shares of $165,000 was allocated to the share purchase warrants and recorded as reserves. The Company paid finder's fees of $8,612 in connection with the private placement and issued 9,160 agent warrants, priced at $0.15 and expiring on December 21, 2014 (see Note 13e). Of the gross proceeds, $15,500 was received subsequent to December 31, 2012.

During the year ended March 31, 2012

On May 13, 2011, the Company issued 100,000 common shares, valued at $15,000, in accordance with the May Property agreement.

On March 9, 2012, the Company completed a non-brokered private placement of 20,765,149 common shares at a price of $0.10 per share for gross proceeds to the Company of $2,076,515. The Company paid finder's fees of $117,402 in connection with the private placement and issued 1,186,011 agent warrants, priced at $0.10 and expiring on March 9, 2013 (see Note 13e).

On March 9, 2012, the Company issued 2,770,000 common shares in relation to the asset acquisition of 0886183 B.C. Ltd. These common shares carry a fair value of $277,000 (also see Note 5).

c) Shares held in escrow:

As at December 31, 2012, there are 3,562,500 common shares of the Company held in escrow (March 31, 2012: 4,275,000).

Subsequent to the nine months ended December 31, 2012, 641,250 shares were released from escrow.

(Expressed in Canadian Dollars)

13. SHARE CAPITAL (continued)

d) Warrants:

Warrant transactions and the number of warrants outstanding are summarized as follows:

	December 31, 2012		**March 31, 2012**	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance, beginning of year	-	-	2,000,000	$ 0.25
Issued	1,650,000	$ 0.15	-	-
Expired	-	-	(2,000,000)	$ 0.25
Balance, end of period	1,650,000	$ 0.15	-	-

The following warrants were outstanding and exercisable at December 31, 2012:

Expiry Date	Exercise Price	**December 31, 2012**
December 21, 2014	$0.15	1,650,000
Weighted average outstanding life of warrants		1.97 years

(Expressed in Canadian Dollars)

13. SHARE CAPITAL (continued)

e) Agent Warrants:

Warrant transactions and the number of warrants outstanding are summarized as follows:

	December 31, 2012		March 31, 2012	
	Number of Agent Warrants	Weighted Average Exercise Price	Number of Agent Warrants	Weighted Average Exercise Price
Balance, beginning of year	1,186,011	$ 0.10	-	-
Granted	9,160	$ 0.15	1,186,011	$ 0.10
Expired	-	-	-	-
Balance, end of period	1,195,171	$ 0.10	1,186,011	$ 0.10

The following agent warrants were outstanding and exercisable at December 31, 2012 and March 31, 2012:

Expiry Date	Exercise Price	Number of Agent's Warrants December 31, 2012	Number of Agent's Warrants March 31, 2012
March 9, 2013*	$0.10	1,186,011	1,186,011
December 21, 2014	$0.15	9,160	-
Total		1,195,171	1,186,011
Weighted average outstanding life of warrants		0.20 years	0.94 years

*Subsequent to the nine months ended December 31, 2012, 1,186,011 agent warrants expired unexercised.

The Company applies the fair value method using the Black-Scholes option pricing model in accounting for its agent warrants granted. Accordingly, share issue costs of $315 (March 31, 2012 - $79,755) were recognized during the nine months ended December 31, 2012.

The fair value of each agent option grant was calculated using the following weighted average assumptions:

	December 31, 2012	March 31, 2012
Expected life (years)	2.00	1.00
Interest rate	1.12%	1.17%
Volatility	185%	75%
Dividend yield	N/A	N/A
Weighted average grant date fair value	$0.03	$0.07

(Expressed in Canadian Dollars)

14. SHARE-BASED PAYMENTS

The Company has a stock option plan in place under which it is authorized to grant options of up to 10% of its outstanding shares to officers, directors, employees and consultants. The exercise price of each option is to be determined by the Board of Directors but shall not be less than the discounted market price as defined by the CNSX. The expiry date for each option should be for a maximum term of five years.

The following is a summary of option transactions under the Company's stock option plan for the nine months ended December 31, 2012 and the year ended March 31, 2012:

	December 31, 2012		**March 31, 2012**	
	Number of Options	Weighted Average Exercise Price	Number - Options	Weighted Average Exercise Price
Balance, beginning of year	1,371,250	$ 0.21	2,442,500	$ 0.21
Cancelled	-	-	(1,071,250)	$ 0.20
Balance, end of period	1,371,250	$ 0.21	1,371,250	$ 0.21

The following stock options were outstanding and exercisable as at December 31, 2012:

Expiry Date	Exercise Price	Number of Shares	Weighted Average Remaining Contractual Life (Years)
June 11, 2013	$ 0.20	1,121,250	0.44
February 3, 2014	$ 0.25	250,000	1.09
	$ 0.21	1,371,250	0.57

The Company applies the fair value method in accounting for its stock options using the Black-Scholes pricing model. During the nine months ended December 31, 2012, the Company recorded $nil (March 31, 2012 - $nil) in share-based payments expense.

15. COMMITMENTS

During the year ended March 31, 2012, the Company had a management services agreement with Zimtu Capital Corp. ("Zimtu") for the provision of administrative and managerial services to the Company on a month to month basis at a rate of $5,000 per month. On May 1, 2012, the Company signed an agreement for these same services for one year, at a rate of $12,500 per month, expiring on April 30, 2013.

(Expressed in Canadian Dollars)

16. RELATED PARTY TRANSACTIONS

The Company incurred the following fees and expenses in the normal course of operations and are measured at the exchange amount. A summary of the related party transactions and balances is as follows:

Related Party Transactions	**Nine months ended December 31, 2012**	**Year ended March 31, 2012**
Administration fees – Zimtu Capital Corp.	112,500	60,000
Management and consulting fees	243,100	79,096
Total	355,600	139,096

Amounts Due to (from) Related Parties	**December 31, 2012**	**March 31, 2012**
Zimtu Capital Corp.	152,132	222,983
Clinton Smyth	25,850	5,389
Paul Chow	7,447	-
Baris Yildirim	15,000	-
Steven Williams	13,712	-
Total Amount Payable	214,141	228,372
Baris Yildirim	7,024	157,476
Prepaid insurance expenses	-	2,146
Total Prepaid Expenses and Deposits	7,024	159,622

Zimtu Capital Corp. ("Zimtu") is related by way of common directorship with a director of the Company and provides monthly administrative and managerial services.

Steven Williams is the President, and a Director of the Company. Clinton Smyth and Baris Yildirim are also Officers of the Company.

Included in prepaid expenses and deposits is $7,024 (March 31, 2012 - $157,476) held by Baris Yildirim as of December 31, 2012 as the financial proof in connection with the Company's property license applications in Turkey. The deposit was returned to the Company upon completion of the purchase of the property license.

These transactions are in the normal course of operations and have been valued in these financial statements at the amount of consideration established and agreed to by the related parties. Amounts due to related parties are unsecured, non-interest bearing and due on demand.

See also Note 15.

17. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	Nine months ended December 31, 2012	**Year ended March 31, 2012**
Income tax paid	$ -	$ -
Interest paid	$ -	$ -
Agent warrants granted	$ 315	$ 79,755
Shares issued for property	$ -	$ 15,000

(Expressed in Canadian Dollars)

18. SEGMENT INFORMATION

The Company has one operating segment, acquisition, exploration and development of mineral properties. The table below shows consolidated data by geographic segment based on the location:

		December 31, 2012		**March 31, 2012**
Non-current assets by geographic segment				
Canada	$	263,562	$	375,821
Turkey		564,002		81,723
	$	827,564	$	457,544

19. INCOME TAXES

The following table reconciles the expected income taxes expense (recovery) at the Canadian statutory income tax rates to the amounts recognized in the consolidated statement of operations for the nine months ended December 31, 2012 and for the year ended March 31, 2012:

		Nine months ended December 31, 2012		Year ended March 31, 2012
Income (loss) before taxes:	**$**	**(1,011,952)**	**$**	(735,041)
Statutory tax rate of 25% (March 31, 2012 – 26.5%)		**(252,988)**		(194,786)
Changes enacted rates		**(4,853)**		10,710
Non-deductible items		**10,000**		21,594
Change in estimates		**5,747**		-
Foreign tax rate difference		**11,339**		6,483
Other		**(2,369)**		(30,966)
Change in deferred tax asset not recognized		**233,124**		168,215
Total income taxes (recovery)	**$**	**-**	**$**	(18,750)

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes. Deferred tax assets (liabilities) at December 31, 2012 and March 31, 2012 are comprised of the following:

		Nine months ended December 31, 2012		Year ended March 31, 2012
Non capital loss carryforwards	**$**	**675,135**	**$**	466,874
Exploration and evaluation assets		**(53,609)**		(63,574)
Equipment		**(8,237)**		388
Financial instruments		**18,750**		5,625
Financing costs		**33,844**		23,446
		665,883		432,759
Deferred tax asset not recognized		**665,883**		432,759
Net deferred tax asset (liability)	**$**	**-**	**$**	-

(Expressed in Canadian Dollars)

19. INCOME TAXES

The Company has non capital loss carryforwards of approximately $2,504,426 (March 31, 2012: $ 1,867,546) which may be carried forward to apply against future year income tax for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

Canadian			
EXPIRY	PARENT	SUB	TOTAL
2025	79,380		79,380
2026	117,636		117,636
2027	132,495		132,495
2028	375,751		375,751
2029	647,937		647,937
2030	109,530	1,170	110,700
2031	365,463	38,154	403,617
2032	636,910	-	636,910
TOTAL	2,465,102	39,324	2,504,426

The Company has net operating loss carryforwards of approximately $245,143 (March 31, 2012: $14,525) which may be carried forward for up to five years to apply against future year income tax for Turkish tax purposes:

Turkey	
EXPIRY	PARENT
2031	14,525
2032	230,618
	245,143

The deferred tax assets have not been recognized because at this stage of the Company's development, it is not determinable that future taxable profit will be available against which the Company can utilize such deferred tax assets.

20. SUBSEQUENT EVENTS

a) On February 12, 2013, the Company announced that the Company has amended the option agreement with Eurasian (see Note 12). The condition of the original option agreement remains unchanged however in addition, the Company will be required to complete minimum work commitments of US$750,000 over a four-year period. The Company issued 500,000 common shares to Eurasian and 50,000 common shares to Zimtu Capital for finder's fees payable in connection with the agreement.

b) On February 27, 2013, the Company announced a non-brokered private placement up to 12,500,000 units (the "Units") at a price of $0.08 per unit for gross proceeds of up to $1,000,000. Each unit will consist of one common share and one-half of a share purchase warrant (the "Warrant"). Each warrant will be exercisable into one common share of the Company at a price of $0.16 for a period of 2 years.

c) On March 9, 2013, 1,186,011 agent warrants expired unexercised.

d) On March 22, 2013, the Company sold 2,000,000 shares of their investment in Lakeland at $0.05 per share, in private transactions, to three individuals for proceeds of $100,000.