KAZAX MINERALS INC.

Consolidated Interim Financial Statements
For the three months ended
June 30, 2012

(Unaudited – Expressed in Canadian dollars)

NOTICE TO READER

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 un-audited consolidated interim 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 the standards established by the Canadian Institute of Chartered Accountants for a review of interim consolidated financial statements by an entity's auditor.

Vancouver, Canada

August 29, 2012

CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited – Expressed in Canadian Dollars)

	June 30, 2012 (Unaudited)	March 31, 2012 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 3)	$18,435,786	$20,927,673
Amounts receivable	68,622	47,441
Prepaid expenses and other (Note 4 & 12)	210,706	634,631
	18,715,114	21,609,745
Reclamation bond (Note 5)	5,000	5,000
Equipment (Note 6)	71,172	29,993
Deferred acquisition costs	288,189	288,189
	$19,079,475	$21,932,927
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities (Note 7 & 12)	$ 987,744	$ 1,955,040
SHAREHOLDERS' EQUITY		
Share capital (Note 9)	13,622,807	13,605,508
Subscription receipts (Note 9(b))	12,020,000	12,020,000
Contributed surplus reserve	-	74,231
Deficit	(7,551,076)	(5,721,852)
	18,091,731	19,977,887
	$19,079,475	$21,932,927

COMMITMENT (Note 14)
SUBSEQUENT EVENTS (Note 15)

Approved on Behalf of the Board of Directors:

"David Savage" Director

"Anton Drescher" Director

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

CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Unaudited – Expressed in Canadian Dollars)

For the three months ended June 30,		2012		2011
EXPENSES				
Project development expenditures (Note 8 & 12)	**$**	**1,532,461**	$	–
Accounting, audit and legal		**21,536**		721
Advertising and promotion		**31,750**		–
Amortization		**2,560**		–
Consulting fees		**56,661**		1,023
Filing and transfer agent fees		**8,090**		–
Foreign exchange gain		**(16,215)**		–
General office and admin		**57,202**		15,279
Insurance		**15,881**		2,043
Management fees (Note 12)		**148,893**		–
Travel, meals and entertainment		**82,506**		–
Wages and benefits		**6,878**		–
LOSS BEFORE OTHER ITEMS		**(1,948,203)**		(19,066)
Interest income		**62,047**		–
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	**$**	**(1,886,156)**	$	(19,066)
BASIC AND DILUTED LOSS PER COMMON SHARE	**$**	**(0.02)**	$	(0.00)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		**78,042,399**		8,206,044

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

KAZAX MINERALS INC.

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
(Unaudited – Expressed in Canadian Dollars)

For the three months ended June 30,		2012		2011
OPERATIONS				
Loss for the year	**$**	**(1,886,156)**	$	(19,066)
Items not affecting cash:				
Amortization		**2,560**		–
Foreign exchange		**(16,215)**		–
Changes in non-cash operating working capital items:				
Amounts receivable		**(21,181)**		(3,262)
Prepaid expenses and other		**440,140**		2,043
Accounts payable		**(967,296)**		(29,712)
		(2,448,148)		(49,997)
INVESTING				
Purchase of equipment		**(43,739)**		–
Mineral property expenditures		**–**		(6,586)
		(43,739)		(6,586)
FINANCING				
Proceeds from share issuance		**–**		33,000
CHANGE IN CASH AND CASH EQUIVALENTS		**(2,491,887)**		(23,583)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		**20,927,673**		39,964
CASH AND CASH EQUIVALENTS, END OF PERIOD	**$**	**18,435,786**	$	16,381
Supplemental cash flow information:				
Interest paid	**$**	**–**	$	–
Income taxes paid	**$**	**–**	$	–
Non-cash transactions				
Fair value of warrants exercised	**$**	**17,299**	$	–
Fair value of options forfeited	**$**	**56,932**	$	–
Shares issued for mineral property option payments	**$**	**–**	$	40,000
Warrants issued for mineral property option payments	**$**	**–**	$	17,299

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

KAZAX MINERALS INC.

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
(Unaudited – Expressed in Canadian Dollars)

	Number of Common Shares	Share Capital Amount	Subscription Receipts	Contributed Surplus Reserve	Deficit	Total Equity
As at March 31, 2011	**8,050,000**	**706,277**	**–**	**128,914**	**(391,314)**	**443,877**
Private placements	64,325,000	12,865,000	–	–	–	12,865,000
Shares issued as finder's fee	5,000,000	1,000,000	–	–	–	1,000,000
Exercise of share purchase warrants	250,000	30,000	–	–	–	30,000
Exercise of stock options	400,000	66,000	–	–	–	66,000
Fair value of options exercised	–	54,683	–	(54,683)	–	–
Subscription receipts	–	–	12,020,000	–	–	12,020,000
Share issue costs	–	(1,116,452)	–	–	–	(1,116,452)
Net loss for the year	–	–	–	–	(5,330,538)	(5,330,538)
As at March 31, 2012	**78,025,000**	**13,605,508**	**12,020,000**	**74,231**	**(5,721,852)**	**19,977,887**
Exercise of share purchase warrants	83,333		–	–	–	–
Fair value of warrants exercised	–	17,299	–	(17,299)	–	–
Fair value of forfeited options	–		–	(56,932)	56,932	–
Net loss for the year	–	–	–	–	(1,886,156)	(1,886,156)
As at June 30, 2012	**78,108,333**	**$13,622,807**	**$12,020,000**	**$ –**	**$ (7,551,076)**	**$18,091,731**

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

1. CORPORATE INFORMATION

KazaX Minerals Inc. (formerly Newbridge Capital Inc.) (the "Company") was incorporated under the Business Corporations Act of British Columbia on September 12, 2005. The Company's shares are listed for trading on the TSX Venture Exchange under the symbol KZX.

The address of the Company's corporate office and principal place of business is 1010 – 1130 West Pender Street, Vancouver, British Columbia, V6E 4A4.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance:

These Interim Financial Statements are unaudited and have been prepared in accordance with IAS 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The Financial Statements were authorized by the audit committee and approved by the board of directors of the Company on August 29, 2012.

(b) Basis of Presentation:

The Interim Financial Statements have been prepared on the historical cost basis except for certain non-current assets and financial instruments, which are measured at fair value. In addition, these Interim Financial Statements have been prepared using the accrual basis of accounting, except for cash flow information. The comparative figures presented in these Interim Financial Statements are in accordance with IFRS and have not been audited.

The preparation of interim financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. These Interim Financial Statements do not include all of the information required for annual financial statements.

The significant accounting policies for the quarter are consistent with those disclosed in the audited annual financial statements for the year-ended March 31, 2012 except as specified below. The Interim Financial Statements should be read in conjunction with the Company's audited consolidated financial statements for the year-ended March 31, 2012.

(c) New standards, amendments and interpretations not yet effective:

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for future accounting periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

New standards, amendments and interpretations not yet effective: (continued)

New accounting standards effective April 1, 2013

IFRS 10 *Consolidated Financial Statements* - IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 *Consolidation - Special Purpose Entities* and parts of IAS 27 *Consolidated and Separate Financial Statements.*

IFRS 11 *Joint Arrangements* - IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly Controlled Entities - Non-monetary Contributions by Venturers*.

IFRS 12 *Disclosure of Interests in Other Entities* - IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

IFRS 13 *Fair Value Measurement* - IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

Amendments to other standards - In addition, there have been other amendments to existing standards, including IAS 27 *Separate Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*. IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 to IFRS 13.

Amendments to IAS 1 *Presentation of Financial Statements* - The IASB has amended IAS 1 to require entities to separate items presented in other comprehensive income ("OCI") into two groups, based on whether or not items may be reclassified into profit or loss in the future. Entities that choose to present OCI items before tax will be required to show the amount of tax related to the two groups separately.

IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine* - IFRIC 20 addresses the accounting for overburden waste removal (stripping) costs in the production phase of a surface mine. Stripping activity may result in two types of benefits: i) inventory produced and ii) improved access to ore that will be mined in the future. Stripping costs associated with inventory production should be accounted for as a current production cost in accordance with IAS 2 Inventories, and those associated with improved access to ore should be accounted for as an addition to, or enhancement of, an existing asset.

(Unaudited – Expressed in Canadian Dollars)

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

New standards, amendments and interpretations not yet effective: (continued)

Each of the new standards, IFRS 10 to 13, IFRIC 20 and the amendments to other standards, is effective for the Company beginning on April 1, 2013 with early adoption permitted. The Company has not yet begun the process of assessing the impact that the new standards will have on its financial statements or whether to early adopt any of the new requirements.

New accounting standards effective April 1, 2015

IFRS 9 *Financial Instruments* - IFRS 9 was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: Amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at the fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, others gains and losses (including impairments) associated with such instruments remain in accumulated other comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, *Financial Instruments – Recognition and Measurement*, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

IFRS 9 is effective for annual periods beginning on or after January 2015 with early adoption permitted. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its financial statements or whether to early adopt any of the new requirements.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of:

	June 30, 2012	March 31, 2012
Canadian dollar denominated deposits	$ 62,327	$ 20,899,936
US dollar denominated deposits	16,182	4,993
EUR denominated deposits	3,412	22,744
Cashable investment certificates	18,353,865	-
	$ 18,435,786	**$ 20,927,673**

(Unaudited – Expressed in Canadian Dollars)

4. PREPAID EXPENSES

The Company has paid for development activities for the Lomonosovskoye Project described in Note 8. The Company's unexpended balance paid is recorded in prepaid expenses as follows:

	June 30, 2012	March 31, 2012
Prepaid project expenditures to a related party	$ 154,765	$ 560,684
Other prepaid expenses	55,941	73,947
	$ 210,706	**$ 634,631**

5. RECLAMATION BOND

The $5,000 reclamation bond is in the form of a BMO Bank of Montreal Safe Keeping Agreement ("SKA"). The amount will be held by BMO Bank of Montreal until such time as the Company reclaims the surface of the land affected by the Treadwell project exploration program. At that time the Company can apply to the BC Ministry of Mines to have the amount refunded.

(Unaudited – Expressed in Canadian Dollars)

6. EQUIPMENT

Equipment consists of the following:

Cost		Computer software		Computer hardware		Furniture and fixtures		Leaseholds		Total
As at March 31, 2011	$	-		-		-		-		-
Addition		6,635		4,604		18,754		-		29,993
Disposals		-		-		-		-		-
As at March 31, 2012		6,635		4,604		18,754		-		29,993
Addition		-		16,095		15,079		12,565		43,739
Disposals		-		-		-		-		-
As at June 30, 2012	$	6,635	$	20,699	$	33,833	$	12,565	$	73,732

Accumulated amortization		Computer software		Computer hardware		Furniture and fixtures		Leaseholds		Total
As at March 31, 2011	$	-		-		-		-		-
Addition		-		-		-		-		-
Disposals		-		-		-		-		-
As at March 31, 2012		-		-		-		-		-
Addition		415		776		846		523		2,560
Disposals		-		-		-		-		-
As at June 30, 2012	$	415	$	776	$	846	$	523	$	2,560

Net book value		Computer software		Computer hardware		Furniture and fixtures		Leaseholds		Total
As at March 31, 2011	$	-		-		-		-		-
As at March 31, 2012		6,635		4,604		18,754		-		29,993
As at June 30, 2012	$	6,220	$	19,923	$	32,987	$	12,042	$	71,172

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Account payable and accrued liabilities are comprised of:

		June 30, 2012		March 31, 2012
Payables	$	579,502	$	1,735,266
Payables to related parties		408,242		-
	$	**987,744**	**$**	**1,735,266**

8. PROJECT DEVELOPMENT EXPENDITURES

Lomonosovskoye Iron Ore Project, Kazakhstan (the "Project")

The Project is located in the northwest corner of the Republic of Kazakhstan in the Kostanay Region, 618km northwest of the country's capital of Astana and 50 west-southwest of the regional capital of Kostanay. The Company intends to acquire 99.9% of the exploration and production rights to the iron ore Project. Pre-acquisition development costs of $5,706,060 have been expensed as the Company has not yet closed this transaction to acquire the Project.

Project payment terms

The first payment is USD $18,768,000 comprising a cash payment of USD $14,152,800 and the number of common shares of the Company equal to dividing the sum of USD $4,615,200 by Cdn$0.20 per share (the "First Installment"). The payment and share issue are due on closing.

The second installment is a milestone payment and is the sum of USD $25,760,000 comprising a cash payment of USD $22,190,000 and that number of common shares of the Company equal to dividing the sum of USD $3,570,000 by the volume weighted average trading price of the Company's share for the 5 consecutive trading days ending on the trading day preceding the date the Company issues the shares as payment (the "Second Installment").

The third installment is a milestone payment and is the sum of USD $25,760,000 comprising a cash payment of USD $22,190,000 and that number of common shares of the Company equal to dividing the sum of USD $3,570,000 by the volume weighted average trading price of the Company's share for the 5 consecutive trading days ending on the trading day preceding the date the Company issues the shares (the "Third Installment").

The Second Installment is due on or before thirty (30) business days following receipt by the Company of the results of tests by an independent laboratory to confirm to the Company's satisfaction, acting reasonably, the iron ore product quality (the "Quality Test").

The Third Installment is due on or before thirty (30) business days following receipt by the Company of the results of a drilling program confirming, to the Company's satisfaction, acting reasonably, the level of certainty of the historical mineral resources and the completion by the Company of a resource estimate to be conducted by and under the supervision of an independent qualified person and senior resource geologist (collectively the "Resource Estimate").

In the event the Company is not satisfied with either the Quality Test or the Resource Estimate, the Company has the right, up to and including September 12, 2012, to sell back the Project to the vendor and the vendor is obligated to purchase the Project for the amount equal to the First Instalment (and the Second Instalment if previously paid by the Company) less certain expenses incurred.

A finder's fee is payable in installments to a third party for introducing the Project to the Company. The payments are**:**

1. USD $1,662,464 upon approval of the Project by the Kazakhstan authorities;
2. USD $1,766,368 upon the payment of the Second Installment; and
3. USD $1,766,368 upon the payment of the Third Installment.

The Company also agreed to reimburse a prior potential acquirer of the Project for earlier exploration activities and related data, and this amount is included in project development expenses and is recorded in accounts payable and accrued liabilities as at June 30, 2012.

(Unaudited – Expressed in Canadian Dollars)

8. PROJECT DEVELOPMENT EXPENDITURES (continued)

In order to close the Project, the Company requires the approval of the Kazakhstan authorities. All applicable submissions have been made to the appropriate authorities in Kazakhstan; however, there can be no assurance that the Company will receive the necessary approvals. The Company is in discussions to revise payment terms, which will require further approval by the parties and the TSX Venture Exchange.

Project development expenditures during the period:

Reserve confirmation	759,658
Project management	609,784
Travel	163,019
Total for the three months ended June 30, 2012	1,532,461

9. SHARE CAPITAL

(a) Authorized

Unlimited common shares without par value.

(b) In March 2012, the Company completed a private placement financing for gross proceeds of $24,885,000 being a total of 124,425,000 securities of the Company comprised of 64,325,000 shares issued at $0.20 per share and 60,100,000 subscription receipts. The subscription receipts were issued at $0.20 per receipt with each receipt convertible into one share of the Company on July 16, 2012. The shares and the subscription receipts are subject to resale restrictions until July 16, 2012.

A share commission of 5,000,000 shares has been issued to an arms-length party as consideration for arranging a portion of the private placement.

(c) Share Purchase Warrants

A summary of the Company's share purchase warrants is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, March 31, 2011	4,950,000	$ 0.13
Exercised	(250,000)	0.12
Balance, March 31, 2012	4,700,000	0.13
Exercised	(83,333)	0.12
Balance, June 30, 2012	4,616,667	$ 0.13

Share purchase warrants outstanding are summarized as follows:

Number of Shares	Exercise Price	Expiry Date
200,000	$ 0.40	March 12, 2013
4,416,667	$ 0.12	March 11, 2015
4,616,667		

(Unaudited – Expressed in Canadian Dollars)

9. SHARE CAPITAL (continued)

(d) Escrow Shares

At June 30, 2012 a total of 330,000 common shares issued and outstanding were held in escrow. Pursuant to an escrow agreement effective on the initial public offering, 10% of the escrowed shares were released on the issuance of the Final Exchange Bulletin for the TSX Venture Exchange's acceptance of a Qualifying Transaction, and 15% will be released every six months thereafter for a period of thirty-six months.

10. STOCK OPTION PLAN

The Company has adopted a stock option plan applicable to directors, employees, and consultants, under which the total outstanding stock options are limited to 10% of the outstanding common shares of the Company at any one time. Under the plan, the exercise price of an option shall not be less than the discounted market price at the time of granting, or as permitted by the policies of the Exchange, and an option's maximum term is five years from the grant date.

	Number of Options	Weighted Average Exercise Price
Balance, March 31, 2011	400,000	0.165
Exercised	(400,000)	0.165
Balance, March 31 and June 30, 2012	–	$ –

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments are categorized in a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial instruments include cash and cash equivalents, receivables and accounts payable.

Financial instruments

Cash and equivalents are measured at fair value using level one as the basis for measurement in the fair value hierarchy. The carrying value of accounts payables approximate fair value because of the short-term nature of these instruments.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit Risk

The Company's credit risk is primarily attributable to cash and cash equivalents. The Company has no significant concentration of credit risk arising from operations. Cash and cash equivalents consists of chequing accounts at reputable financial institutions, from which management believes the risk of loss to be remote. Federal deposit insurance covers balances up to $100,000 in Canada and up to $100,000 in the United States. The cash balances held by the company exceed the amount of deposit insurance. Financial instruments included in receivables consist of amounts due from government agencies. The Company limits its exposure to credit loss for cash and cash equivalents by placing its cash and cash equivalents with high quality financial institutions.

Liquidity Risk

The Company ensures its holding of cash is sufficient to meet its short-term general and administrative expenditures. All of the Company’s financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. The Company does not have investments in any asset backed deposits.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company’s cash is exposed to interest rate risk. The Company manages its interest rate risk by obtaining the best commercial deposit interest rates available in the market by the major Canadian financial institutions. Management believes that interest rate risk is remote as investments have maturities of three months or less and the Company currently does not carry interest bearing debt at floating rates. A 1% change in the interest rate on cash held at period end would have a $183,000 impact on interest income, if the cash is held for one year.

Market Risk and Foreign Exchange Rate Risk

The Company's functional currency is the Canadian dollar, however there are transactions in US dollars. The Company is exposed to financial risk arising from fluctuations in foreign exchange rates and the degree of volatility in these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. A 1% change in the foreign exchange rate would have had a $176,500 impact on foreign exchange gain or loss.

(Unaudited – Expressed in Canadian Dollars)

12. RELATED PARTY TRANSACTIONS

The Company has contracted a corporation with a Director in common to manage the Project described in Note 8. A fee of 10% of expenditures managed is charged by the corporation and $383,011 (2011 - $Nil) is included in project development expenditures for the three months ended June 30, 2012.

The above transactions, occurring in the normal course of operations, are measured at the exchange amount, which is the consideration established and agreed to by the related parties and are on terms and conditions similar to non-related parties.

The liabilities of the Company include the following balances with related parties:

		June 30, 2012		March 31, 2012
Prepaid expenses	$	154,765	$	560,684
Accounts payable and accrued liabilities		408,242		219,774

The key management of the Company comprises of executives and directors. The remuneration of executives is as follows:

		June 30, 2012		June 30, 2011
Remuneration and short-term benefits	$	138,660	$	-
Share-based payment compensation		-		-

13. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development and operations of its properties and to maintain flexible capital structure for its projects for the benefit of its stakeholders. In the management of capital, the Company includes the components of share capital as well as cash.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or adjust the amount of cash. Management reviews the capital structure on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements.

14. COMMITMENT

The Company is committed to pay cash and to issue shares in connection with the Project as described in Note 8.

15. SUBSEQUENT EVENTS

Subsequent to June 30, 2012, the Company issued 60,100,000 common shares pursuant to the exercise of the subscription receipts detailed in Note 9(b).