KAZAX MINERALS INC.

Condensed Consolidated Interim Financial Statements

For the three months ended
March 31, 2013 and 2012

(Unaudited – Expressed in United States 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 condensed 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
May 30, 2013

KAZAX MINERALS INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in US Dollars)

		March 31, 2013		December 31, 2012 (Restated – Note 3)
ASSETS				
Current Assets				
Cash and cash equivalents (Note 4)	$	5,126,882	$	10,634,460
Receivables and advances (Note 5)		535,880		739,227
Amounts due from related party (Note 14)		823,833		493,124
Inventories		447		-
		6,487,042		11,866,811
Non-Current Assets				
Receivables and advances (Note 5)		-		1,250,752
Property, plant and equipment		71,388		75,576
Deferred acquisition costs		-		289,089
Exploration and evaluation assets (Note 6)		35,298,716		-
	$	**41,857,146**	$	13,482,228
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current Liabilities				
Accounts payable and accrued liabilities (Notes 7 and 14)	$	1,651,461	$	1,335,275
Amounts due to Safin Element GmbH (Note 8)		948,983		-
Other financial liabilities (Note 6)		9,394,128		-
Advances from shareholders (Note 12)		5,464,162		-
		17,458,734		1,335,275
Non-Current Liability				
Other financial liabilities (Note 6)		7,356,072		-
Amounts due to Safin Element GmbH (Note 8)		589,100		-
		7,945,172		-
SHAREHOLDERS' EQUITY				
Share capital (Note 11)		32,818,652		25,715,491
Contributed surplus reserve		17,353		17,353
Deficit		(16,382,765)		(13,585,891)
		16,453,240		12,146,953
	$	**41,857,146**	$	13,482,228

Going concern (Note 1)
Commitments (Note 6)
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 condensed consolidated interim financial statements.

KAZAX MINERALS INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Unaudited - Expressed in US Dollars)

	Three Months Ended March 31, 2013	Three Months Ended March 31, 2012 (Restated – Note 3)
EXPENSES		
Project development expenditures (Note 9)	$ 1,834,870	$ 4,202,517
Accounting, audit and legal	17,575	110,915
Advertising and promotion	35,889	5,780
Amortization	8,910	-
Consulting fees	76,824	-
Management fees (Note 14)	123,451	368,310
Directors fees (Note 14)	26,236	-
Filing and transfer agent fees	47,921	22,136
Foreign exchange loss / (gain)	132,763	(2,719)
General office and administration	94,159	66,295
Insurance	6,666	1,673
Travel, meals and entertainment	367,978	83,294
Wages and benefits	82,840	-
LOSS BEFORE OTHER ITEMS	**(2,856,082)**	(4,858,201)
Write-off of mineral property (Note 10)	-	(445,928)
Interest income	59,208	-
NET LOSS AND COMPREHENSIVE LOSS	**$ (2,796,874)**	$ (5,304,129)
Loss per share – basic and diluted	$(0.02)	$(0.39)
Weighted average number of common shares outstanding	150,740,048	13,605,508

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

KAZAX MINERALS INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited - Expressed in US Dollars)

	Three Months Ended March 31, 2013	Three Months Ended March 31, 2012 (Restated – Note 3)
OPERATIONS		
Loss for the period	$ (2,796,874)	$ (5,304,129)
Items not affecting cash:		
Amortization	8,910	–
Mineral property written off	–	445,928
	(2,787,964)	(4,858,201)
Changes in non-cash operating working capital items:		
Receivables and advances	600,110	(74,074)
Amounts due from related party	(330,709)	(602,725)
Accounts payable and accrued liabilities	(498,783)	1,953,747
	(3,017,346)	(3,581,253)
INVESTING		
Purchase of equipment	–	(30,087)
Interest received	59,208	–
Deferred acquisition costs	–	(289,088)
Payment of finder’s fees	(703,800)	–
Acquisition of interest in LLLP, net of cash acquired of $36,819	(6,442,705)	–
Capitalised project development costs	(1,393,598)	–
	(8,480,895)	(319,175)
FINANCING		
Proceeds from share issuance	–	12,873,684
Subscription receipts	–	12,057,503
Receipts from exercised share purchase warrants	526,501	–
Advances from shareholders	5,464,162	–
Loan repayment	–	(97,659)
	5,990,663	24,833,528
Change in cash and cash equivalents	(5,507,578)	20,933,100
Cash and cash equivalents, beginning of period	10,634,460	59,868
Cash and cash equivalents, end of period	$ 5,126,882	$ 20,992,968
Supplemental cash flow information:		
Interest paid	$ –	$ –
Income taxes paid	$ –	$ –
Non-cash transactions:		
Fair value of options exercised	$ –	$ 54,853
Advances set-off against Acquisition of Project	$ 454,260	–
Shares issued for Acquisition of Project	$ 6,576,660	–
Acquisition of Project financed by amounts payable	$ 16,750,200	–
Value of shares issued for Finder’s Fee	$ –	$ 1,003,120

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

KAZAX MINERALS INC.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
(Unaudited - Expressed in US Dollars)

	Number of Common Shares	Share Capital Amount	Subscription Receipts	Contributed Surplus Reserve	Deficit	Total Equity
As at January 1, 2012	**8,350,000**	**$ 760,560**	**$ –**	**$ 69,781**	**$ (378,465)**	**$ 451,876**
Private placements	64,325,000	12,905,139	–	–	–	12,905,139
Shares issued as finder's fee	5,000,000	1,003,120	–	–	–	1,003,120
Subscription receipts	–	–	12,057,502	–	–	12,057,502
Share issue costs	–	(1,119,935)	–	–	–	(1,119,935)
Exercise of share warrants	250,000	30,094	–	–	–	30,094
Exercise of stock options	100,000	16,551	–	–	–	16,551
Fair value of options exercised	–	52,428	–	(52,428)	–	–
Net loss for the period	–	–	–	–	(5,304,129)	(5,304,129)
As at March 31, 2012	**78,025,000**	**$ 13,647,957**	**$ 12,057,502**	**$ 17,353**	**$ (5,682,594)**	**$ 20,040,218**
As at January 1, 2013	**138,203,333**	**$ 25,715,491**	**$ –**	**$ 17,353**	**$ (13,585,891)**	**$ 12,146,953**
Shares issued for mineral property payment	23,076,000	6,576,660	–	–	–	6,576,660
Exercise of share purchase warrants	4,416,667	526,501	–	–	–	526,501
Net loss for the period	–	–	–	–	(2,796,874)	(2,796,874)
As at March 31, 2013	**165,701,000**	**$ 32,818,652**	**$ –**	**$ 17,353**	**$ (16,382,765)**	**$ 16,453,240**

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

1. CORPORATE INFORMATION AND GOING CONCERN

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.

These condensed consolidated interim financial statements of the Company for the three months ended March 31, 2013 comprise the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities'). The Group is primarily involved in the acquisition, exploration and development of mineral properties.

On February 15, 2013, the Company completed the acquisition (the "Acquisition") of a 75% interest in Lomonosovskoye Limited Liability Partnership (the 'LLLP'), a legal entity existing under the laws of the Republic of Kazakhstan from Safin Element GmbH ('Safin'). LLLP holds the exploration and production rights to the Lomonosovskoye iron project (the "Project") located in the northwest of the Republic of Kazakhstan. The Kazakhstan state agency Tobol has taken a 25% interest in the Project. See Note 6 for details of the Acquisition.

These condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. Several adverse conditions exist which may cast significant doubt on the ability of the Group to continue as a going concern. The Group incurred a net loss of $2,796,874 during the three months ended March 31, 2013 (three months ended March 31, 2012 – a loss of $5,304,129), has negative working capital of $10,971,692 (December 31, 2012 – working capital of $10,531,536), an accumulated deficit of $16,382,765 (December 31, 2012 - $13,585,891), limited resources, no source of operating cash flow and no assurances that sufficient funding will be available to conduct further exploration and development of its Project or to complete the significant commitments in respect of its purchase of the Project (see Note 6).

The Company does not generate cash flow from operations and has therefore relied principally upon the issuance of securities for financing. Future capital requirements will depend on many factors including the Company's ability to execute its business plan. The Company intends to continue relying upon the issuance of securities and to engage financial institutions for debt financing to finance its future activities, but there can be no assurance that such financing will be available on a timely basis under terms acceptable to the Company. Although these condensed consolidated interim financial statements do not include any adjustments that may result from the inability to secure future financing, such a situation would have a material adverse effect on the Company's business, results of operations and financial condition.

The business of resource exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable operations. The Company has no source of revenue, and has significant cash requirements to meet its administrative overhead, and to acquire, explore and maintain its resource property interest. The recoverability of the carrying value of resource properties is dependent on several factors. These include the discovery of economically recoverable resources, the ability of the Company to obtain the necessary financing to complete the development of these properties and future profitable production or proceeds from disposition of properties.

2. BASIS OF PREPARATION

(a) Statement of Compliance:

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' ("IAS 34"). Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the nine months ended December 31, 2012. These condensed consolidated interim financial statements do not include all the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards.

The condensed consolidated interim financial statements were approved by the Board of Directors of the Company on May 30, 2013.

(b) Functional and Presentation Currency

These condensed consolidated interim financial statements are presented in United States Dollars ("USD"), which is the Company's functional currency. All financial information is presented in USD except when otherwise indicated.

(c) Use of Estimates and Judgements

The preparation of the condensed consolidated interim financial statements in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In preparing these condensed consolidated interim financial statements significant judgements made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the nine months ended December 31, 2012, except for the additional judgement related to the acquisition of the 75% interest in Lomonosovskoye Limited Liability Partnership during the three months ended March 31, 2013 and determination that the acquisition is an asset acquisition and not a business combination.

3. SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the nine months ended December 31, 2012. The following change in accounting policy is also expected to be reflected in the Group's consolidated financial statements as at and for the year ending December 31, 2013.

(i) Change in accounting policy

Functional and Presentation Currency

The Company changed its functional and presentation currency from Canadian Dollars ("CAD") to USD effective January 1, 2013. The change in functional currency was based on Management's judgement that with the acquisition of the Lomonosovskoye Project during the three months ended March 31, 2013, the currency of the primary economic environment in which the Company operates is now the USD. Major investing activity and any revenues of the Company are now denominated in USD. The change in functional and presentation currency has been performed on a prospective basis with all comparatives amounts translated at the closing rate on January 1, 2013 of USD 1: CAD 0.9966. This change in accounting policy did not have a significant impact on the comparative amounts presented.

(ii) New Standards and Interpretations

A number of new accounting standards, amendments to standards and interpretations became effective and were adopted by the Group on January 1, 2013. Those which may be relevant to the Group are set out below. None of these new standards had a significant impact on the consolidated financial statements of the Group.

- IFRS 9 *Financial Instruments*
- IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements*, IFRS 12 *Disclosure of Interests in Other Entities*
- IFRS 13 *Fair Value Measurement*
- IAS 19 *Employee Benefits*
- IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine*

(Unaudited - Expressed in US Dollars)

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of:

		March, 31 2013		December, 31 2012
Canadian dollar denominated deposits	$	3,411,142	$	95,133
US dollar denominated deposits		1,584,114		1,019,746
EUR denominated deposits		435		(2,034)
KZT denominated		36,819		-
Canadian dollar cashable investment certificates		94,372		9,521,615
Cash and cash equivalents	$	5,126,882	$	10,634,460

Cashable investment certificates include $94,372 (as at December 31, 2012 - $94,372) pledged as security against credit card balances.

5. RECEIVABLES AND ADVANCES

Current		March, 31 2013		December, 31 2012
Prepayments	$	486,925	$	154,922
Interest receivables				86,409
Harmonized Sales Taxes (‘HST’) receivable		31,451		24,519
Other receivables		17,504		10,678
Advances to Safin Element GmbH (‘Safin’)		-		462,699
	$	535,880	$	739,227

Non-current		March, 31 2013		December, 31 2012
Advances to Lomonosovskoye LLP (‘LLLP’)	$	-	$	1,250,752

The Company had provided advances to Safin and LLLP to fund certain exploration activities and related data work prior to the closing of the Acquisition (see Notes 1 and 6). The Safin related balance was settled on February 19, 2013 by netting off the first cash payment of the Acquisition upon closing (see Note 6). The debt of LLLP was assumed by the Company upon the Acquisition.

6. ACQUISITION OF SUBSIDIARY

Lomonosovskoye Iron Project, Kazakhstan (the “Lomonosovskoye Project”)

On February 15, 2013, the Group completed the acquisition of 75% of the authorized capital of Lomonosovskoye Limited Liability Partnership (“LLLP”), a legal entity existing under the laws of the Republic of Kazakhstan from Safin Element GmbH (“Safin”). LLLP holds the exploration and production rights to the Lomonosovskoye Project. The remaining 25% interest is owned by the Kazakhstan state agency Tobol. The Project is located in the northwest corner of the Republic of Kazakhstan in the Kostanay Region, 618 kms northwest of the country’s capital of Astana and 50 kms west-southwest of the regional capital of Kostanay.

Project payment terms

The payment terms below outline the Sales & Purchase Agreement (‘SPA’) amounts payable by the Group as amended.

On February 15, 2013, the Group made the first payment as required by the SPA, and this included a cash payment by the Group of $6,933,784 to the seller, payment by the Group of capital gains taxes on behalf of the seller of $2,038,056 and the issuance of 23,076,000 common shares of the Company (the “First Payment Shares”).

A second payment which includes: an aggregate cash payment by the Group of $12,410,408 to the seller payable quarterly during 2013 in four equal instalments of $3,102,602, each instalment paid no later than the last day of the third month of each quarter; payment by the Group of capital gains taxes on behalf of the seller of $2,820,072;and a payment of $3,570,000 payable through the issuance of common shares (the "Second Installment Consideration Shares") of the Company at a price per common share equal to the volume weighted average price at which the common shares of the Company trade on the TSX Venture Exchange (the "Exchange") for the five trading days prior to issuance.

A third payment which includes: an aggregate cash payment of $12,410,408 to the seller, payable quarterly during 2014 in four equal instalments, each instalment of $3,102,602 paid no later than the last day of the third month of each quarter; payment by the Group of capital gains taxes on behalf of the seller of $2,820,072; and a payment of $3,570,000 payable through the issuance of common shares (the "Third Installment Consideration Shares") of the Company at a price per common share equal to the volume weighted average price at which the common shares of the Company trade on the Exchange for the five trading days prior to issuance.

The Second Installment Consideration Shares were issuable by the Company before March 30, 2013. The Third Installment Consideration Shares are issuable by the Company before June 30, 2013.

Safin has agreed to defer the $3,102,602 that was due to be paid by the Company on March 31, 2013 until the next capital raising of the Company is completed. This deferred payment is to be made on June 30, 2013. The Company has also agreed with Safin to defer the Second Installment Consideration Shares originally due by March 30, 2013 as required above, and to issue them by May 31, 2013.

If the Company fails to make the second payment and/or third payment described above in full or in part it is required to transfer back to Safin the unpaid portion of its interest in LLLP on a pro rata basis.

(Unaudited - Expressed in US Dollars)

6. ACQUISITION OF SUBSIDIARY (continued)

Project payment terms (continued)

All of the First Payment Shares issued to Safin are subject to resale restrictions until June 16, 2013. In addition, under the terms of the SPA the parties have agreed that 25% of the First Payment Shares will have an additional hold period expiring 12 months from issuance, 25% of the First Payment Shares will have an additional hold period expiring 18 months from issuance and 25% of the First Payment Shares will have an additional hold period expiring 24 months from issuance.

The Company has agreed to pay a finder's fee of $2,635,800 (the "Finder's Fee") to an arm's length party (the "Finder") in connection with the Acquisition. The Finder's Fee is payable in three installments. In connection with the closing, the Company has made an initial payment of $703,800 to the Finder; $966,000, payable upon payment of the Second Installment to Safin; and $966,000 payable upon payment of the Third Installment to Safin.

Acquisition accounting

The Company's acquisition of the controlling shareholding in LLLP on February 15, 2013 has been accounted for as an acquisition of a group of assets and liabilities.

The following summarizes the purchase consideration transferred / payable based on the above payment terms, and the recognised amounts of assets acquired and the liabilities assumed at the acquisition date.

Purchase consideration paid / payable:		
Paid:		
First initial cash payment	$	6,479,524
Settlement of existing advances in lieu of first initial cash payment		454,260
First equity instruments (23,076,000 common shares) issued		6,576,660
Initial payment of Finder's Fee		703,800
		14,214,244
Accrued For:		
First payment of capital gains taxes on behalf of Safin		2,038,056
Second installment consideration shares		3,570,000
Third installment consideration shares		3,570,000
Second payment of capital gains taxes on behalf of Safin		2,820,072
Third payment of capital gains taxes on behalf of Safin		2,820,072
Second Finder's Fee installment		966,000
Third Finder's Fee installment		966,000
		16,750,200
	$	30,964,444

The fair value of the common shares issued was based on the listed share price of the Company at the Acquisition date of $0.285 per share.

The second and third cash payments due to the seller aggregating $24,820,816 described in the payment terms above are not included as part of the purchase consideration as the Company holds the option to transfer back to Safin the unpaid portion of its interest in LLLP on a pro rata basis. This commitment and consideration will be recognized and included in exploration and evaluation assets as paid.

(Unaudited - Expressed in US Dollars)

6. ACQUISITION OF SUBSIDIARY (continued)

Acquisition accounting (continued)

The purchase consideration, which is payable over the next 21 months, is recognised as current and non-current other financial liabilities on the statement of financial position. Current and non-current other financial liabilities are $9,394,128 and $7,356,072 respectively.

Identifiable assets acquired and liabilities assumed:		
Cash and cash equivalents	$	36,819
Receivables and advances		455,971
Inventory		447
Property, plant and equipment		4,721
Exploration and evaluation assets		33,362,394
Loans and borrowings		(2,773,709)
Accounts payable and accrued liabilities		(122,199)
	$	30,964,444

The Company incurred acquisition-related costs of $419,296 related to external legal fees and due diligence costs. These costs have been included in exploration and evaluation assets.

Exploration and evaluation assets recognised comprised of:		
Identifiable assets acquired in LLLP	$	33,362,394
Capitalised project development costs post Acquisition		1,393,598
Capitalised management fees relating to project development post acquisition		123,428
Acquisition costs		419,296
	$	35,298,716

Details of capitalised project development costs capitalised post Acquisition to March 31, 2013 are as follow:

Exploratory Drilling and Engineering	$	602,852
Staff Costs		681,859
General and Administration		40,503
Travel		35,302
Others		33,082
	$	1,393,598

(Unaudited - Expressed in US Dollars)

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are comprised of:

		March, 31 2013		December, 31 2012
Accounts payable	$	1,082,212	$	687,915
Accrued liabilities		569,249		647,360
	$	1,651,461	$	1,335,275

8. AMOUNTS DUE TO SAFIN ELEMENT GmbH

The Company has assumed LLLP's loan obligations to Safin as part of the acquisition of LLLP (see Note 6). The loan tranches are in drawn in USD and interest bearing at a fixed rate of 5% per annum calculated once per annum at the end of every year. The loan tranches has maturity dates between March 1, 2014 to December 14, 2014 and repayment is in KZT upon maturity of each loan using the exchange rate set by the National Bank of the Republic of Kazakhstan. The total loans and interest as at March 31, 2013 are $1,538,083 which is allocated to current and non-current liabilities of $948,983 and $589,100 respectively.

9. PROJECT DEVELOPMENT EXPENDITURES

Lomonosovskoye Iron Project, Kazakhstan (the "Project")

Acquisition, exploration and evaluation costs incurred up to that date of acquisition have been expensed prior to the Group acquiring the Project.

Details of the project development expenses are as follows:

		Three months ended March, 31 2013		Three months ended March, 31 2012
Exploratory Drilling and Engineering	$	742,420	$	948,077
Staff Costs		249,243		808,925
General and Administration		382,646		929,163
Travel		280,222		757,638
Others		180,339		44,356
	$	1,834,870	$	4,202,517

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10. Write-off of Mineral Property

On October 30, 2009, the Company signed an arm's length option agreement (the "Option Agreement") with Treadwell Resources Ltd. ("Treadwell") pursuant to which the Company has been granted an option (the "Option") to earn a 100% undivided interest in the Treadwell Project located in the Southern edge of the Tranquille Plateau, Kamloops mining district, British Columbia, Canada. In March 2012, the Company terminated the Option Agreement and wrote off $445,928 in acquisition and deferred exploration costs.

(Unaudited - Expressed in US Dollars)

11. 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 by issuing 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 issued at $0.20 per subscription receipt. The subscription receipts were converted into common shares of the Company on July 16, 2012 on a one for one basis.

A finder's fee of 5,000,000 shares was paid to an arms-length party as consideration for arranging a portion of the private placement.

In February 2013, the Company issued 23,076,000 shares to Safin as part of the first payment as required by the SPA (see Note 6). The fair value based on market prices was $0.285 per share.

(c) Issued and fully paid

	Number of common shares		Share Capital Amount
As at March 31, 2012	78,025,000	$	13,647,958
Subscription receipts converted to shares	60,100,000		12,057,502
Exercise of share purchase warrants	83,333		10,031
As at December 31, 2012	138,208,333		25,715,491
Issuance of shares to Safin	23,076,000		6,576,660
Exercise of share purchase warrants	4,416,667		526,501
As at March 31, 2013	165,701,000	$	32,818,652

(d) Share Purchase Warrants

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

	Number of Warrants	Weighted Average Exercise Price (CDN)
Balance, March 31, 2012	4,7000,000	$ 0.13
Exercised	(83,333)	0.12
Balance, December 31, 2012	4,616,667	0.13
Exercised	(4,416,667)	0.12
Balance, March 31, 2013	200,000	$ 0.40

Share purchase warrants outstanding are summarized as follows:

Number of Shares	Exercise Price (CDN)	Expiry Date
200,000	$ 0.40	March 12, 2015
200,000		

12. ADVANCE FROM SHAREHOLDERS

Private Placement of Convertible Debentures

On February 20, 2013, the Company announced the intention to complete a non-brokered private placement (the "Private Placement") for up to CDN $12,000,000 in aggregate principal amount of convertible unsecured non-interest bearing debentures (the "Debentures") subject to the approval of the TSX Venture Exchange. The Debentures are to be direct, unsecured obligations of the Company, ranking equally with all other unsecured indebtedness of the Company.

The Debentures will mature and become payable on the date that is three years from the date of issuance (the "Maturity Date"). Upon receipt of all necessary approvals from the Kazakhstan Ministry of Industry and New Technologies ("MINT") for the conversion of the Debentures, the principal amount of the Debentures will be convertible on or before the Maturity Date, at the option of the holder, into units of the Company (the "Units") at a conversion price of CDN $0.285 per Unit.

Each Unit will be comprised of one common share (a "Share") of the Company, and one-half of one share purchase warrant (a "Warrant") with each whole Warrant exercisable to purchase an additional Share (a "Warrant Share") for a period of three years from the date of issuance of the Debentures at an exercise price of $0.35 per share. In the event that the closing price of the common shares of the Company on TSX Venture Exchange is equal to or exceeds CDN $1.00 for a period of 10 consecutive trading days (the "Acceleration Event"), the Warrants will expire on the date which is 90 calendar days after the Company provides notice to the holders of the Warrants that the Acceleration Event has occurred.

The Debentures, and any Shares, Warrants or Warrant Shares issued upon conversion of the Debentures will be subject to a hold period expiring four months and one day from the date the Debentures are issued. The proceeds of the Private Placement will be used for general working capital purposes. $5,464,162 has been received to date.

The Private Placement of Convertible Debentures has not been closed as at the statement of financial position date and is currently recognised as an advance from shareholders. It will be accounted for as a Convertible Debenture once the Private Placement is closed and obtaining the necessary approvals of the TSX Venture Exchange.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments

The carrying value of cash and cash equivalents trade and other receivables amounts due from/(to) related parties and accounts payables approximate fair value because of the short-term nature of these instruments.

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. 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 and for receivables by standard credit checks.

The Group's maximum exposure to credit risk consists of all of its current assets less prepaid expenses and is equal to the carrying amount of $6,000,117 (December 31, 2012: $11,675,462).

Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group has contractual commitments to complete the purchase of the Project (see Note 6). The Group is dependent upon the obtainment of additional financing in order to be able to complete these payments and its exploration and development activities (see Note 1).

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 and cash equivalents and amounts due to related party are exposed to interest rate risk. Management believes that interest rate risk is remote as investments have maturities of three months or less and the Company only has a related party debt (Note 8) which is referenced to the refinancing rate of the National Bank of Kazakhstan. The Company intends to repay the debt in the year. A 1% change in the interest rate on cash held at year end would have a $51,269 (December 31, 2012: $106,345) impact on interest income, if the cash is held for one year. A 1% change in interest rate on the related party debt will have a $153,808 (December 31, 2012: $nil) impact on interest expense.

(Unaudited - Expressed in US Dollars)

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Market Risk and Foreign Exchange Rate Risk

The Company's functional currency is the USD, however there are transactions in CAD, EUR and KZT. 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 $35,055, $4.35 and $368 (December 31, 2012: $95,954, $nil, $nil) impact on foreign exchange gain or loss for CAD, EUR and KZT respectively.

14. RELATED PARTY TRANSACTIONS

The Company has incurred costs with Stonehouse Construction Pte. Ltd. and companies controlled by it (collectively "SHCS") to manage the Project described in Note 6. SCHS has officers, directors and shareholders in common with the Company. A fee of 10% of expenditures incurred on the Project, (the "Fee") has been charged to the Company by SHCS. SHCS has been paid $1,040,302 during the three months ended March 31, 2013 in respect of the Project. SHCS has charged $246,879 (three months ended March 31, 2012;- $368,310) for the Fee, which is included in the statement of operations prior to completion of the Acquisition and capitalised in Exploration and evaluation assets (Note 6) after the completion of the Acquisition.

Included in accounts payable and accrued liabilities is $708,322 as at March 31, 2013 (December 31, 2012 - $973,657) due to SHCS. The amounts accrued were cost reimbursements and Fee incurred and billed by SHCS during the period.

The Company has provided advances to SHCS for the funding of Project expenditures of $823,933 as at March 31, 2013 (December 31, 2012 - $493,124).

The key management of the Company comprises of officers and directors with remuneration as follows:

		Three months ended March 31, 2013		Three months ended March 31, 2012
Remuneration and short-term benefits	$	223,304	$	-
Directors fees		26,236		-
	$	249,540	$	-

The above transactions, occur in the normal course of operations and are measured at the exchange amount, which is the consideration established and agreed to by the related parties.

15. SUBSEQUENT EVENTS

(a) SPA Payments

In April 2013, the Group made payment to the Kazakhstan tax authorities for the capital gains tax on behalf of the seller of $2,038,056 as part of the first payment following the completion of the acquisition of a 75% interest in the Lomonosovskoye Limited Liability Partnership (the "LLLP") from Safin on February 19, 2013. See Note 6 for details of the Acquisition and purchase commitments.

(b) Acquisition of Stonehouse Kazakhstan Limited Liability Partnership (“SHK”)

On May 1, 2013, the Group entered into a Share Purchase Agreement with Stonehouse Construction Pte. Ltd. (“SCHS”) and finalised the acquisition of 100% shares in SHK for a purchase consideration of KZT 100,000. The consideration was paid in full on May 15th, 2013.

(c) Issuance of second installment shares to Safin pursuant to the terms of the SPA

On May 28, 2013, the Company issued 13,086,971 common shares to Safin at a price of CAD$0.275 per common share as partial consideration for 75% of the issued and outstanding shares of LLLP pursuant to the terms of the SPA.

As a result, Safin has direct ownership and direction or control over 36,162,971 common shares of the Company, representing approximately 20.23% of the issued and outstanding common shares. Total issued and outstanding common shares as at May 28, 2013 are 178,787,971.