KAZAX MINERALS INC.
7th floor, Arman Business Center
6 Saryarka Avenue
Astana, Kazakhstan, 010000

NOTICE

RE: CONDENSED CONSOLIDATED INTERIM FINANCIALS STATEMENTS FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2014

The first quarter financial statements for the three month period ended March 31, 2014 have not been reviewed by the auditors of KazaX Minerals Inc.

KAZAX MINERALS INC.
"Anthony Samaha"
ANTHONY SAMAHA
Chief Financial Officer

KazaX Minerals Inc.

Condensed Consolidated Interim Financial Statements
For the three month periods ended March 31, 2014 and 2013
(expressed in thousands of U.S. dollars, except where indicated)

KazaX Minerals Inc.

Condensed Consolidated Interim Statements of Financial Position

(unaudited)

(expressed in thousands of U.S. dollars, except where indicated)

	Note	March 31, 2014	December 31, 2013
Assets			
Current assets			
Cash and cash equivalents		$ 1,076.2	$ 3,640.0
Other receivables and prepaid expenses		523.7	358.5
		1,599.9	3,998.5
Equipment		42.4	98.2
Exploration and evaluation assets	3	78,060.3	76,264.3
Other long term assets		-	29.1
Total assets		$ 79,702.6	$ 80,390.1
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	6	$ 2,005.8	$ 2,682.0
Safin loan	6	1,235.2	1,258.4
Asset retirement obligation – current		48.9	48.0
Payable – LLLP acquisition	3,6	28,160.3	30,989.2
		31,450.2	34,977.6
Convertible debentures	8	13,434.5	12,948.9
Asset retirement obligation		97.3	121.7
Total liabilities		44,982.0	48,048.2
Equity			
Share capital		38,925.1	35,355.1
Reserves		4,412.4	3,920.4
Deficit		(24,408.4)	(22,725.1)
Total equity for owners		18,929.1	16,550.4
Non-controlling interest (“NCI”)		15,791.5	15,791.5
Total equity		34,720.6	32,341.9
Total liabilities and equity		$ 79,702.6	$ 80,390.1

Nature of operations (note 1)
Going concern (note 2)
Subsequent events (note 11)

Approved by the Board of Directors

__________”Trevor Campbell Smith”__________ Director   ________”Mohamad Chafic”__________ Director

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

KazaX Minerals Inc.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

For the three months ended March 31,

(unaudited)

(expressed in thousands of U.S. dollars, except where indicated; common shares balance are expressed in thousands)

	Notes	2014	2013 Restated (Note 4)
Expenses			
Amortization	7	$ (2.1)	(8.9)
Professional fees		(269.7)	(94.4)
General and administration		(158.0)	(148.7)
Investor relations and marketing		(0.3)	(35.9)
Travel and entertainment		(47.2)	(368.0)
Wages and benefits		(149.0)	(109.1)
Management fees		(31.0)	(123.5)
Stock based compensation expense		(25.9)	-
Exploration expense		-	(1,834.9)
		(683.2)	(2,723.3)
Other (expenses) income, net			
Finance income		11.8	59.2
Finance cost		(1,458.9)	(651.0)
Foreign exchange gain (loss)		447.0	(132.8)
Net loss		(1,683.3)	(3,448.0)
Other comprehensive loss			
Cumulative translation adjustment		466.1	(626.8)
Comprehensive loss		(1,217.2)	(4,074.8)
Loss per share			
Basic & diluted		$ (0.01)	(0.07)
Weighted average shares outstanding (000's)			
Basic & diluted		200,168	150,740
Total shares issued and outstanding (000's)		218,058	165,696

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

KazaX Minerals Inc.

Condensed Consolidated Interim Statements of Changes in Equity

For the three months ended March 31,
(unaudited)

(expressed in thousands of U.S. dollars, except where indicated; common shares balance are expressed in thousands)

	Notes	Shares ('000)	Share capital	Foreign translation reserves	Convertible debenture reserves	Other reserves	Deficit	Total for owners	NCI	Total Equity
Balance at January 1, 2014		178,788	$ 35,355.1	$ (1,233.9)	$ 4,897.3	$ 257.0	$ (22,725.1)	$ 16,550.4	$ 15,791.5	$ 32,341.9
Net loss for the period		-	-	-	-	-	(1,683.3)	(1,683.3)	-	(1,683.3)
Cumulative translation adjustment		-	-	466.1	-	-	-	466.1	-	466.1
Shares issued for mineral property acquisitions		39,270	3,570.0	-	-	-	-	3,570.0	-	3,570.0
Stock based compensation		-	-	-	-	25.9	-	25.9	-	25.9
Balance at March 31, 2014		218,058	$ 38,925.1	$ (767.8)	$ 4,897.3	$ 282.9	$(24,408.4)	$ 18,929.1	$ 15,791.5	$ 34,720.6

Restated (Note 4)	Notes	Shares ('000)	Share capital	Foreign translation reserves	Convertible debenture reserves	Other reserves	Deficit	Total for owners	NCI	Total Equity
Balance at January 1, 2013		138,203	$ 25,715.5	$ -	$ -	$ 17.4	$(13,585.9)	$ 12,147.0	$ -	$ 12,147.0
Net loss for the period		-	-	-	-	-	(3,448.0)	(3,448.0)	-	(3,448.0)
Cumulative translation adjustment		-	-	(626.8)	-	-	-	(626.8)	-	(626.8)
Share issued for mineral property acquisitions		23,076	5,525.7	-	-	-	-	5,525.7	15,791.5	21,317.2
Proceeds from warrants exercised		4,417	543.9	-	-	(17.4)	-	526.5	-	526.5
Balance at March 31, 2013		165,696	$ 31,785.1	$ (626.8)	$ -	$ -	$(17,033.9)	$ 14,142.4	$ 15,791.5	$ 29,915.9

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

KazaX Minerals Inc.

Condensed Consolidated Interim Statements of Cash Flows

For the three months ended March 31,
(unaudited)

(expressed in thousands of U.S. dollars, except where indicated; common shares balance are expressed in thousands)

	Notes	2014	2013
Cash used from operating activities			
Net loss		$ (1,683.3)	$ (3,448.0)
Items not affecting cash			
Amortization		2.1	8.9
Accreted interest – convertible debt		485.6	-
Accreted interest – other current liabilities		973.3	651.0
Stock based compensation expense		25.9	-
Foreign exchange		(447.0)	-
Loss on write off of property, plant and equipment		53.7	-
		(589.7)	(2,788.1)
Change in non-cash operating working capital			
(Increase) decrease in accounts receivable, deposits, and prepaid expenses		(136.0)	269.4
(Decrease) in accounts payable and accruals		(675.8)	(498.8)
		(1,401.5)	(3,017.5)
Cash flows from financing activities			
Proceeds from warrants exercised		-	526.5
Advances from shareholders		-	5,464.2
Payment of Safin loan		(23.2)	-
		(23.2)	5,990.7
Cash flows used in investing activities			
Exploration and evaluation asset expenditure		(1,329.9)	(1.393.6)
Acquisition of LLLP, net of cash acquired		-	(7,146.5)
Interest received		-	59.2
		(1,329.9)	(8,480.9)
Decrease in cash and cash equivalents		(2,754.6)	(5,507.7)
Foreign exchange impact on cash and cash equivalents		190.8	0.1
Cash and cash equivalents - beginning of period		3,640.0	10,634.5
Cash and cash equivalents - end of period		$ 1,076.2	$ 5,126.9

Currency (expressed in USD)	**Notes**	**March 31, 2014**	**December 31, 2013**
Canadian Dollars	(i)	$ 747.9	$ 3,403.2
US Dollars		21.7	158.0
European Euro	(ii)	22.6	44.8
Kazakhstani Tenge	(iii)	284.0	34.0
		$ 1,076.2	$ 3,640.0

(i) Canadian dollars of $826.7 was converted at a Canadian to US dollar exchange rate of 0.9047 (December 31, 2013 - $3,619.7 at 0.9402).

(ii) European Euro of $16.5 was converted at a US dollar to Euro exchange rate of 0.7271 (December 31, 2013 - $32.5 at 0.7257).

(iii) Kazakhstani Tenge of $51,026.0 was converted at a Kazakhstani Tenge to US dollar exchange rate of 0.005566379 (December 31, 2013 - $5,275.7 at 0.006465545)

1 Nature of operations

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 (the "Exchange") under the symbol "KZX". The address of the Company's corporate office and principal place of business is 7th Floor, Arman Business Center, 6 Saryarka Avenue, Astana, Kazakhstan, 010000.

These condensed consolidated interim financial statements of the Company 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 74.99% interest in 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 iron ore project (the "Lomonosovskoye Project" or "Project") located in the northwest of the Republic of Kazakhstan. The Kazakhstan state agency Tobol has taken a 25% interest in the Project with Safin holding the remaining 0.01%. See Note 3 for details of the Acquisition.

2 Going concern

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. During the three months ended March 31, 2014 the Group incurred a net loss of $1,683.3 (2013 - $3,448.0, balance restated, see note 4) and as at March 31, 2014 had negative working capital of $29,850.3 (December 31, 2013 – $30,979.9) and an accumulated deficit of $24,408.4 (December 31, 2013 – $22,725.1). The Company has limited financial resources, has 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 3).

The Company does not generate cash flow from operations and has therefore relied principally upon the issuance of securities for financing. Subsequent to March 31, 2014, the Company completed a private placement of convertible debentures to existing major shareholders of the Company for aggregate proceeds of CAD$2,500.0 (see Note 11). The Directors expect to be able to obtain further funding for the Group. However, there can be no guarantee that the required funds will be raised within the necessary timeframe or on terms that will be acceptable to the Company. 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.

3 Acquisition of LLLP

Overview

On February 15, 2013, the Group completed the acquisition of 74.99% of the authorized capital of LLLP ("the Acquisition"), a legal entity existing under the laws of the Republic of Kazakhstan from Safin ("Seller") pursuant to a share purchase agreement ("SPA"). LLLP holds the exploration and production rights to the Lomonosovskoye Project. Safin holds 0.01% with the remaining 25% interest 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.

On February 15, 2013, the Company completed the acquisition of a 74.99% interest in LLLP from Safin and made the initial SPA payments of $6,933.8 in cash ("First Instalment Cash") and issued 23,076.0 shares ("First Instalment Shares") with a fair value of $5,525.7. The Company also paid its first finder's fee instalment of $703.0

Under the terms of the SPA, the Company is required to pay Safin's Capital Gains Tax ("CGT") liability on the cash and share consideration to the Kazakhstan tax authorities, without deduction from the consideration payable to Safin. Following the initial cash payment and share issuance in February 2013, the Company made a CGT payment of $2,038.1 to the Kazakhstan tax authorities in April 2013 in respect of Safin's CGT liability for the First Instalment Cash and First Instalment Shares. Under the terms of the SPA, in the event that an application for refund of this CGT paid on the First Instalment Cash and First Instalment Shares is successful with the Kazakhstan tax authorities, the refund of these CGT funds will be to Safin's benefit. Pursuant to the SPA, all other successful CGT refunds in respect to the consideration payable to Safin, will be to the benefit of the Group.

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

On May 28, 2013, the Company issued a further 13,087.0 common shares ("Second Instalment Shares") to Safin at a price of CAD$0.24 per common share pursuant to the terms of the SPA.

The Second Instalment Shares issued to Safin were subject to resale restrictions until September 29, 2013. In addition, under the terms of the SPA, the parties have agreed that 25% of the Second Instalment Shares will have an additional hold period expiring 12 months from issuance, 25% of the Second Instalment Shares will have an additional hold period expiring 18 months from issuance and 25% of the Second Consideration Shares will have an additional hold period expiring 24 months from issuance.

On July 1, 2013, the Group and Safin agreed amendments to the SPA in respect to the consideration payable to Safin. Following these amendments to the SPA, the remaining cash consideration payable to Safin is scheduled as follows:

i) by September 30, 2013, $2,000.0 (paid, first part of Second Instalment Cash)
ii) by January 15, 2014, $10,410.4 (second part of Second Instalment Cash)
iii) by March 31, 2014, $3,102.6 (first part of Third Instalment Cash)
iv) by June 30, 2014, $3,102.6 (second part of Third Instalment Cash)
v) by September 30, 2014, $3,102.6 (third part of Third Instalment Cash)
vi) by December 31, 2014, $3,102.6 (fourth part of Third Instalment Cash)

As announced on July 1, 2013, following the amendment to the SPA, the Group entered into an amended agreement to pay the second instalment of a finder's fee (the "Finder's Fee") of $966.0 to an arm's length party in connection with the Acquisition on or before July 31, 2013, which was completed during the reporting period. The third instalment of the Finder's Fee of $966.0 million is due to be paid on or before December 31, 2014.

The Company completed the first part of Second Instalment Cash payment of $2,000.0 on October 2, 2013.

The outstanding third tranche of consideration shares ("Third Instalment Shares") with value of $3,570.0 was issued on February 10, 2014. A total of 39,270.0 million common shares with a fair value of CDN$0.10 per share were issued to Safin. Following this issue of common shares, Safin had direct ownership and direction or control over 75,652.9 common shares of the Company, representing approximately 34.7% of the 218,057.9 common shares of the Company that were issued and outstanding as at March 31, 2014.

Under the terms of the SPA, as at March 31, 2014, the future cash consideration to be paid to Safin totalled $22,820.8. The calculated future CGT payable by the Group on behalf of Safin in respect of these future consideration payments would be $4,657.2 million.

As at March 31, 2014, the CGT obligation of the Company in respect to the Second Instalment Shares and first part of Second Instalment Cash, totalling $1.36 million, was outstanding.

In the event the Company does not complete the cash payments to Safin, in full or in part, in accordance with the terms of the SPA, the Company is required to transfer back to Safin the unpaid portion of its interest in LLLP on a pro rata basis.

As at the date of the issuance of these condensed consolidated interim financial statements, the Company was not compliant with certain of its obligation under the SPA (specifically, the Second and Third Instalment Cash Payment). The Company is in ongoing discussion, with Safin to reschedule the various cash payment under the SPA.

(expressed in thousands of U.S. dollars, except where indicated; common shares balance are expressed in thousands)

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 recognized amounts of assets acquired and the liabilities assumed at the acquisition date.

Purchase consideration paid and accrued	Notes		Amount
Paid			
Advance loan to LLLP prior to acquisition forgiven		$	1,235.0
Settlement of existing advances in lieu of first initial cash payment			454.3
First Instalment Cash payment			6,479.5
First Instalment Shares (23,076.0 common shares) issued	(i)		5,525.7
Initial payment of Finder's Fee			703.8
First payment of capital gains taxes on behalf of Safin			2,038.2
Second Instalment Shares (13,087.0 common shares)	(i)		3,201.1
Second Finder's Fee instalment			966.0
Third Instalment Shares			2,782.8
		$	23,386.4
Accrued			
Second Instalment Cash payment		$	10,897.4
Second payment of capital gains taxes on behalf of Safin			2,527.0
Third Instalment Cash payment			9,924.3
Third payment of capital gains taxes on behalf of Safin			2,283.9
Third Finder's Fee instalment			608.5
		$	26,241.1
Total purchase consideration		$	49,627.5

(i) The fair value of the First Instalment Shares of 23,076.0 common shares was determined using the discounted fair value of the market price at the Acquisition date of $0.24 per share. The fair value of the Second Instalment Shares of 13,086.1common shares was based on the discounted fair value of the market price on issuance date of $0.24 per share. Upon the settlement of the Second Instalment Shares, the Company recognized accreted interest of $368.7.

(expressed in thousands of U.S. dollars, except where indicated; common shares balance are expressed in thousands)

The purchase consideration, which is payable over the next 12 months, is recognized as current liabilities on the statement of financial position. Current financial liability is $28,160.3 as at March 31, 2014.

	December 31, 2013 face value	December 31, 2013 fair value	Accreted interest	Foreign exchange impact	Settled balance	March 31, 2014 accrued fair value
Third Instalment Shares	$ 3,570.0	$ 3,172.5	$ 397.5	$ -	$ (3,570.0)	$ -
Second Instalment Cash payment	12,410.4	10,346.5	64.0	-	-	10,410.5
Second payment of capital gains taxes	2,820.1	2,808.8	9.3	(232.2)	-	2,585.9
Third Instalment Cash payment	12,410.4	11,314.2	426.2	-	-	11,740.4
Third payment of capital gains taxes	2,820.1	2,603.7	98.1	-	-	2,701.8
Third Finder's Fee instalment	966.0	743.5	(21.8)	-	-	721.7
	$ 34,997.0	$ 30,989.2	$ 973.3	$ (232.2)	$ (3,570.0)	$ 28,160.3

Identifiable assets acquired and liabilities assumed:	Amount
Cash and cash equivalents	$ 36.8
Inventory	0.4
Property, plant and equipment	4.3
Exploration and evaluation assets	67,037.9
Safin loan	(1,538.7)
Accounts payable and accrued liabilities	(121.7)
NCI	(15,791.5)
	$ 49,627.5

Exploration and evaluation assets recognized comprised of:	March 31, 2014	December 31, 2013
Opening balance	$ 76,264.3	$ -
Identifiable assets acquired in LLLP	-	67,037.9
Exploration and evaluation costs post acquisition (i)	1,329.9	9,978.6
Acquisition costs (professional fees directly related to the acquisition)	-	481.6
Foreign exchange impact (cumulative translation adjustment)	466.1	(1,233.7)
	$ 78,060.3	$ 76,264.3

(i) Details of exploration and evaluation costs post acquisition capitalized:

	Jan. 1, 2013	Additions	Project to date Dec. 31, 2013	Additions	Project to date March 31, 2014
Exploratory drilling and engineering	$ -	$ 6,478.9	$ 6,478.9	$ 921.9	$ 7,400.8
Wages and benefits	-	2,694.4	2,694.4	340.8	3,035.2
Other direct overhead	-	805.3	805.3	67.2	872.5
	$ -	$ 9,978.6	$ 9,978.6	$ 1,329.9	$ 11,308.5

(expressed in thousands of U.S. dollars, except where indicated; common shares balance are expressed in thousands)

4 Basis of preparation

These condensed consolidated interim financial statements are prepared in accordance with International Accounting Standards ("IAS") 34 Interim Financial Reporting, on a basis consistent with the most recent annual consolidated financial statements. These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and accordingly should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2013.

These financial statements were authorized for issuance by the Board of Directors on May 30, 2014.

Restatement of prior period

Balance	Notes	As restated	As previously reported
Three months ended March 31, 2013			
Interim Statement of Loss and Comprehensive Loss			
Finance cost	(i)	651.0	-
Interim Statement of Change in Equity			
Net loss for the period	(i)	3,448.0	2,797.0
Cumulative translation adjustment	(iii)	626.8	-
NCI	(ii)	15,971.5	-
Shares issued for mineral property acquisition	(ii)	5,525.7	6,576.7

(i) During the course of the preparation of the annual consolidated financial statements for December 31, 2013, management determined that accretion expense for the LLLP Acquisition Payable was not accrued. These adjustments are non-cash in nature and have been corrected retrospectively in these statements.

(ii) During the course of the preparation of the annual consolidated financial statements for December 31, 2013, management revised its estimate of various components of the acquisition accounting of LLLP. These adjustments are non-cash in nature and have been corrected retrospectively in these statements.

(iii) During the course of the preparation of the annual consolidated financial statements for December 31, 2013, management revised its estimate of cumulative translation adjustment from differences of functional currency and reporting currency of the parent company. These adjustments are non-cash in nature and have been corrected retrospectively in these statements.

5 Future changes in accounting policies

Financial instruments

In November 2009, the IASB issued IFRS 9, "Financial Instruments" ("IFRS 9") as the first phase in its project to replace IAS 39 (classification and measurement) and required that all financial assets be classified as subsequently measured at amortized cost or at fair value based on the Company's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. Requirements for financial liabilities were added to IFRS 9 in October 2010 with most of the requirements for financial liabilities carried forward unchanged from IAS 39. However, some changes were made to the fair value option for financial liabilities to address the issue of own credit risk. In July 2013, the IASB decided that a mandatory date of January 1, 2015 would not allow for sufficient time for entities to prepare to apply the standard because phase 2 of the IFRS 9 project (impairment methodology) has not yet been completed. Accordingly, the IASB decided that a new date should be decided upon when the entire IFRS 9 project is closer to completion. In November 2013, IFRS 9 was amended to include guidance on hedge accounting (phase 3) and to allow entities to apply IFRS 9 immediately. The Company is currently assessing the impact of adopting IFRS 9 on the condensed consolidated interim financial statements.

(expressed in thousands of U.S. dollars, except where indicated; common shares balance are expressed in thousands)

6 Financial instruments

(i) Fair values of financial instruments

The fair values of financial instruments are summarized as follows:

	March 31, 2014		**December 31, 2013**	
	Carrying value $	**Fair value $**	**Carrying value $**	**Fair value $**
Financial assets				
Fair value to profit and loss ("FVTPL")				
Cash and cash equivalents	1,076.2	1,076.2	3,640.0	3,640.0
Other receivables	77.8	77.8	19.2	19.2
Financial liabilities				
Other financial liabilities				
Accounts payable & accrued liabilities*	2,005.8	2,005.8	2,680.0	2,680.0
Safin Debentures – current	1,235.2	1,235.2	1,258.4	1,258.4
Payable – LLLP acquisition	28,160.3	28,160.3	30,989.2	30,989.2

* On April 29, 2014, the Company announced the amicable settlement with LogiCamms Limited ("LogiCamms"), with legal proceedings to be withdrawn, subject to payment of $645.0 (AUD$700.0) by the Company to LogiCamms in 4 instalments (See Note 11). As at December 31, 2013, the Company has reversed its accrual against the capitalized expenditure in mineral properties from approximately $1.9 million to $645.0 as per settlement. As at March 31, 2014, the Company prepaid $184.3 to LogiCamms.

(ii) Fair value measurements

The following table sets forth the Company's assets and liabilities measured at fair value on a recurring basis by level within the fair value hierarchy. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

	Level 1	**Level 2**	**Level 3**	**Total March 31, 2014**
Cash and cash equivalents	$ 1,076.2	$ -	$ -	$ 1,076.2

(iii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by forecasting its cash flows from operations and anticipating investing and financing activities. Senior management is actively involved in the review and approval of planned expenditures. Management believes that the ability to fund operations through cash generated from operations should be sufficient to meet the ongoing capital and operating requirements (see Note 2). As at March 31, 2014, the Company has a working capital deficit of $29,850.3

In the normal course of business the Company enters into contracts and conducts business activities that give rise to commitments for future minimum payments.

(iv) Currency risk

The Company operates in Canada, Austria and Kazakhstan and is exposed to foreign exchange risk arising from transactions denominated in foreign currencies.

The operating results and the financial position of the Company are reported in United States dollars. Fluctuations of the operating currencies in relation to the United States dollar will have an impact upon the reported results of the Company and may also affect the value of the Company's assets and liabilities.

The Company's financial assets and liabilities as at March 31, 2014 are denominated in United States Dollars, Canadian Dollars, European Euro, and Kazakhstan Tenge set out in the following table:

(expressed in thousands of U.S. dollars, except where indicated; common shares balance are expressed in thousands)

	Canadian Dollars	US Dollars	European Euro	Kazakhstan Tenge	Total
Financial assets					
Cash and cash equivalent	$ 747.9	$ 21.7	$ 22.6	$ 284.0	$ 1,076.2
Accounts receivable	77.8	-	-	-	77.8
	825.7	21.7	22.6	284.0	1,154.0
Financial liabilities					
Accounts payables and accrued liabilities	1,101.3	-	-	904.5	2,005.8
Safin Debentures – current	-	1,235.2	-	-	1,235.2
Payable – LLLP acquisition	-	26,779.6	-	1,380.7	28,160.3
Net financial assets (liabilities)	$ (275.6)	$ (27,993.1)	$ 22.6	$ (2,001.2)	$ (30,247.3)

The Company's reported results will be affected by changes in the US dollar to European Euro and US dollar to Kazakstan Tenge exchange rate. As of March 31, 2014, a 10% appreciation of the Canadian dollar relative to the US dollar would have increased net financial assets by approximately $27.6. A 10% depreciation of the US Dollar relative to the Canadian dollar would have had the equal but opposite effect. A 10% appreciation of the European Euro relative to the US dollar would have decrease net financial asset by approximately $2.3 and a 10% depreciation of the European Euro would have had an equal but opposite effect. A 10% appreciation of the Kazakhstan Tenge relative to the US dollar would have increased net financial assets by approximately $200.1 and a 10% depreciation of the Kazakhstan Tenge would have had an equal but opposite effect.

The Company has not entered into any agreements or purchased any instruments to hedge possible currency risk.

(v) Credit risk

The Company's credit risk is primarily attributable to its liquid financial assets and would arise from the non-performance by counterparties of contractual financial obligations. The Company limits its exposure to credit risk on liquid assets by maintaining its cash with high-credit quality financial institutions. Management believes the risk of loss of the Company's liquid financial assets to be nominal.

(vi) Interest risk

The Company invests its cash in instruments that are redeemable at any time without penalty, thereby reducing its exposure to interest rate fluctuations. Interest rate risks arising from the Company's operations are not considered material.

7 Property, Plant & Equipment

	Cost December 31, 2012	Additions	Cost December 31, 2013	Disposal	Cost March 31, 2014
Computer equipment	$ 32.7	$ 20.0	$ 52.7	$ (32.6)	$ 20.1
Office Furniture & other	55.1	31.1	86.2	(50.1)	36.1
	$ 87.8	$ 51.1	$ 138.9	$ (82.7)	$ 56.2

(expressed in thousands of U.S. dollars, except where indicated; common shares balance are expressed in thousands)

	Accumulated Depreciation December 31, 2012	Depreciation & Amortization	Accumulated Depreciation December 31, 2013	Depreciation & Amortization	Disposal	Accumulated Depreciation March 31, 2014
Computer equipment	$ (5.7)	$ (15.4)	$ (21.1)	$ (1.0)	$ 14.4	$ (7.7)
Office Furniture & other	(6.6)	(13.0)	(19.6)	(1.1)	14.6	(6.1)
	$ (12.3)	$ (28.4)	$ (40.7)	$ (2.1)	$ 29.0	$ (13.8)

Carrying amount	**March 31, 2014**	**December 31, 2013**
Computer equipment	$ 12.4	$ 11.6
Office Furniture & other	30.0	86.6
	$ 42.4	$ 98.2

8 Convertible debentures

On September 26, 2013, the Company completed a private placement (the "Private Placement") of convertible unsecured non-interest bearing debentures (the "Debentures") for aggregate proceeds $19,000.6 (CAD$19,568.9)(the “Aggregate Proceeds”).

The Debentures will mature and become payable on September 26, 2016 (the "Maturity Date") and are direct, unsecured obligations of the Company, ranking equally with all other unsecured indebtedness of the Company. Upon receipt of all necessary approvals from the Kazakhstan Ministry of Industry and New Technologies of the Republic of Kazakhstan ("MINT"), the principal amount of the Debentures will automatically be converted into units of the Company (the "Units") on or before the Maturity Date, at a conversion price of CAD$0.15 per Unit.

Each Unit will be comprised of one common share (a "Share") of the Company, and one-half of one share purchase warrant with each whole Warrant (a "Warrant") exercisable to purchase an additional Share (a "Warrant Share") until September 26, 2016 at an exercise price of CAD$0.35. In the event that the closing price of the common shares of the Company on TSX Venture Exchange is equal to or exceeds $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.

	Three months ended March 31, 2014	Twelve months ended December 31, 2013
Opening balance	$ 12,948.9	$ -
Convertible debt issued	-	19,000.6
Allocation of equity portion	-	(6,501.0)
Accreted interest and foreign exchange impact	485.6	449.3
	$ 13,434.5	$ 12,948.9

(expressed in thousands of U.S. dollars, except where indicated; common shares balance are expressed in thousands)

9 Share capital

Authorized unlimited common shares without par value.

Warrants

	Three month ended March 31, 2014		Twelve months ended December 31, 2013	
	Number of warrants (000's)	**Weighted average exercise price (CDN$)**	**Number of warrants (000's)**	**Weighted average exercise price (CDN$)**
Outstanding - beginning of period	-	$ -	4,617	$ 0.13
Warrants exercised	-	-	(4,417)	0.12
Expired	-	-	(200)	0.40
Outstanding - end of period	-	$ -	-	$ -

Stock options

	Three month ended March 31, 2014		Twelve months ended December 31, 2013	
	Number of options (000's)	**Weighted average exercise price (CDN$)**	**Number of options (000's)**	**Weighted average exercise price (CDN$)**
Outstanding - beginning of period*	4,000.0	$ 0.17	-	$ -
Granted	-	-	4,000.0	0.17
Outstanding - end of period	4,000.0	$ 0.17	4,000.0	$ 0.17

*The option will expire on July 15, 2014.

10 Related party transactions

The Company's related parties include its subsidiaries, associates over which it exercises significant influence, and key management personnel. Transactions with related parties for goods and services are made on normal commercial terms and are considered to be at arm's length.

The Company incurred the following expenses with related parties during the three months ended March 31:

	2014	2013
Management compensation	$ 180.0	$ 223.3
Stock based compensation (non cash)	25.9	-
Directors fees	7.5	26.2

In addition to the foregoing related party transactions the Company incurred the following:

The Group previously incurred costs with Stonehouse Construction Pte Ltd ("SHCS") and companies controlled by it (collectively "Stonehouse") to manage the Project. Stonehouse had officers, directors and shareholders in common with the Company. Pursuant to the Alliance Agreement, a fee of 10% of expenditures incurred on the Project, (the "Fee") was charged to the Company by Stonehouse. During the three months ended March 31, 2013 SHSC was paid $1,040.3 for Project expenditures and $246.9 for the Fee. On July 14, 2013, the Group entered into a Termination Deed with SHCS, to terminate the Alliance Agreement and agreed to pay SHCS $348.5 in respect of all amounts due to SHCS to June 30, 2013.

Included in accounts payable and accrued liabilities is $88.5 as at March 31, 2014 (December 31, 2013 - $88.5) due to Stonehouse. The amounts accrued are the amounts outstanding and billed by Stonehouse in 2013.

Amounts due to and from related parties are unsecured and non-interest bearing and no set terms of repayment.

11 Subsequent events

New Convertible Debenture

On April 25, 2014, subject to the Exchange's approval, the Company completed a non-brokered private placement for CAD$ 2,500.0 of an unsecured and non-interest bearing convertible debenture ("New Convertible Debenture"). The New Convertible Debenture will be a direct, unsecured obligation of the Company, ranking equally with all other unsecured indebtedness of the Company. The New Convertible Debenture will mature and become payable on the date that is three years from the date of issuance ("Maturity Date"). Upon receipt of all necessary approvals from the Kazakh Ministry of Industry and New Technologies on or before the Maturity Date for the New Convertible Debenture, the principal amount of the New Debenture will automatically be converted into units of the Company ("Units"); provided, however that the New Convertible Debenture will only be converted into Units where such conversion would not result in a reduction in the existing percentage of common shares of the Company held by persons other than insiders or their associates and affiliates and not subject to resale restriction.

The conversion of the New Convertible Debenture into Units shall be at a conversion price of:

(i) CAD$ 0.05 per Unit if conversion occurs within the first year of issuance; and

(ii) CAD$ 0.10 per Unit if conversion occurs within the following two years.

(iii) In certain circumstances, the conversion price may be greater than CAD$ 0.05 or CAD$ 0.10, if the Company has announced a positive change concerning its resources prior to conversion.

Each Unit will be comprised of one common share of the Company and one-half of one share purchase warrant, with each whole warrant exercisable to purchase one additional common share of the Company at an exercise price of CAD $0.10 for a period of three years from the date of issuance of the New Convertible Debenture. In the event that the closing price of the common shares of the Company on the Exchange is equal to or exceeds CAD$ 1.00 for a period of 10 consecutive trading days ("Acceleration Event"), the warrants will expire on the date which is 90 calendar days after the Company provides notice that the Acceleration Event has occurred.

The New Convertible Debenture, and any shares and warrants issued upon conversion of the New Convertible Debentures will be subjected to a hold period of four months and one day from the date that the New Convertible Debenture is issued. The proceeds will be used for general working capital purposes.

LogiCamms settlement

On April 29, 2014, the Company announced the amicable settlement with LogiCamms Limited ("LogiCamms"), with legal proceedings to be withdrawn, subject to payment of $645.0 (AUD$700.0) by the Company to LogiCamms in 4 instalments. As at December 31, 2013, the Company has reversed its accrual against the capitalized expenditure in mineral properties from approximately $1.9 million to $645.0 as per settlement. As at March 31, 2014, the Company prepaid $184.3 to LogiCamms.