NOVO RESOURCES CORP.

CONSOLIDATED FINANCIAL STATEMENTS

January 31, 2014 and 2013

(Expressed in Canadian Dollars)

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Independent Auditor's Report

To the shareholders of Novo Resources Corp.

We have audited the accompanying consolidated financial statements of Novo Resources Corp. and its subsidiaries, which comprise the consolidated statements of financial position as at January 31, 2014 and 2013, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Novo Resources Corp. and its subsidiaries as at January 31, 2014 and 2013 and its financial performance and its cash flows for the years then ended, in accordance with International Financial Reporting Standards.

(signed) "BDO CANADA LLP"

Chartered Accountants
Vancouver, British Columbia
May 27, 2014

Novo Resources Corp.
(Expressed in Canadian Dollars)
Consolidated Statements of Financial Position

	Note	January 31, 2014 $	January 31, 2013 $
ASSETS			
Current assets			
Cash and cash equivalents		10,607,297	5,293,833
Receivables	4	121,541	446,391
Prepaid expenses and deposits		44,640	36,283
Total current assets		10,773,478	5,776,507
Non-current assets			
Marketable securities	3	141,275	1,871,332
Equipment		6,692	8,003
Exploration and evaluation assets	5,7	6,667,538	4,478,547
Total non-current assets		6,815,505	6,357,882
Total assets		17,588,983	12,134,389
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		93,399	299,027
Total current liabilities		93,399	299,027
SHAREHOLDERS' EQUITY			
Share capital	6	23,006,426	14,686,419
Reserves	6	842,964	850,177
Accumulated other comprehensive income		(369,543)	38,486
Accumulated deficit		(5,879,346)	(3,675,228)
Non-controlling interest		(104,917)	(64,492)
Total shareholders' equity		17,495,584	11,835,362
Total shareholders' equity and liabilities		17,588,983	12,134,389

These consolidated financial statements are authorized for issue by the Board of Directors on May 27, 2014.
They are signed on the Company's behalf by:

"David Velisek", Director
David Velisek

"Herrick Lau", Director
Herrick Lau

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

Novo Resources Corp.
(Expressed in Canadian Dollars)
Consolidated Statements of Comprehensive Loss

	Note	Year Ended January 31, 2014 $	2013 $
Expenses			
Accounting and audit		122,418	55,153
Consulting services	7	303,613	297,943
Insurance		27,260	27,164
Legal fees		92,016	95,725
Meal and travel expenses		18,012	31,400
Office and general		166,848	339,161
Share-based payments	6,7	29,596	583,206
Transfer agent and filing fees		44,274	36,293
Wages and salaries	7	215,084	121,047
Loss before other items		(1,019,121)	(1,587,092)
Other items			
Interest income		74,926	32,260
Impairment of marketable securities	3	(719,826)	(841,632)
Realized (loss) gain on sale of marketable securities	3	(580,522)	12,171
		(1,225,422)	(797,201)
Net loss before tax		(2,244,543)	(2,384,293)
Deferred tax recovery (expense)		-	(43,750)
Net loss for the year		(2,244,543)	(2,428,043)
Loss attributable to:			
Shareholders of the Company		(2,204,118)	(2,363,551)
Non-controlling interest		(40,425)	(64,492)
		(2,244,543)	(2,428,043)
Other comprehensive income (loss)			
Change in fair-value of marketable securities		(10,231)	(1,179,868)
Impairment of marketable securities	3	-	841,632
Deferred tax expense		-	43,750
Foreign exchange on translation of subsidiaries		(397,798)	26,722
		(408,029)	(267,764)
Comprehensive loss for the year		(2,652,572)	(2,695,807)
Comprehensive loss attributable to:			
Shareholders of the Company		(2,612,147)	(2,631,315)
Non-controlling interest		(40,425)	(64,492)
		(2,652,572)	(2,695,807)
Basic and diluted loss per common share		(0.05)	(0.07)
Weighted average number of common shares outstanding		46,010,732	32,651,141

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

Novo Resources Corp.
(Expressed in Canadian Dollars)
Consolidated Statements of Changes in Equity

	Note	Number of Shares	Amount $	Option Reserve $	Warrant Reserve $	Accumulated Other Comprehensive Income $	Accumulated Deficit $	Non-Controlling Interest $	Shareholders' Equity $
Balance, January 31, 2012		**31,199,993**	**8,754,431**	**128,093**	**9,919**	**306,250**	**(1,311,677)**	**-**	**7,887,016**
Shares issued for share exchange agreement	3	1,428,571	1,000,000	-	-	-	-	-	1,000,000
Shares issued for share issuance agreement		-	440	-	-	-	-	-	440
Non-brokered private placement	6	5,795,400	3,767,010	-	-	-	-	-	3,767,010
Warrants exercised	6	3,239,346	1,608,234	-	(9,915)	-	-	-	1,598,319
Options exercised		62,500	45,870	(23,995)	-	-	-	-	21,875
Share issuance costs		-	(489,566)	-	162,869	-	-	-	(326,697)
Issuance of stock options	6	-	-	583,206	-	-	-	-	583,206
Other comprehensive loss for the year		-	-	-	-	(267,764)	-	-	(267,764)
Loss for the year		-	-	-	-	-	(2,363,551)	(64,492)	(2,428,043)
Balance, January 31, 2013		**41,725,810**	**14,686,419**	**687,304**	**162,873**	**38,486**	**(3,675,228)**	**(64,492)**	**11,835,362**
Warrants exercised	6	13,759,500	8,269,122	-	(12,172)	-	-	-	8,256,950
Options exercised	6	100,000	50,885	(24,637)	-	-	-	-	26,248
Issuance of stock options	6	-	-	29,596	-	-	-	-	29,596
Other comprehensive loss for the period		-	-	-	-	(408,029)	-	-	(408,029)
Loss for the period		-	-	-	-	-	(2,204,118)	(40,425)	(2,244,543)
Balance – January 31, 2014		**55,585,310**	**23,006,426**	**692,263**	**150,701**	**(369,543)**	**(5,879,346)**	**(104,917)**	**17,495,584**

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

Novo Resources Corp.
(Expressed in Canadian Dollars)
Consolidated Statements of Cash Flows

	Year Ended January 31,	
	2014	**2013**
	$	**$**
Operating activities		
Net loss for the year	(2,244,543)	(2,428,043)
Adjustments for:		
Interest income	(74,926)	(32,260)
Deferred tax expenses (recovery)	-	43,750
Depreciation	2,084	2,002
Foreign exchange	(398,571)	26,800
Impairment of marketable securities	719,826	841,632
Realized (gain) or loss on sale of marketable securities	580,522	(12,171)
Share-based payments	29,596	583,206
	858,531	1,452,959
	(1,386,012)	(975,084)
Changes in non-cash working capital items:		
Accounts payable and accrued liabilities	(52,150)	67,325
Prepaid expenses and deposits	(8,357)	(16,932)
Receivables	324,850	(410,172)
	264,343	(359,779)
Net cash used in operating activities	**(1,121,669)**	**(1,334,863)**
Investing activities		
Interest income	74,926	32,260
Selling of marketable securities, net of commissions	419,478	1,450,971
Purchase of marketable securities	-	(1,600,000)
Expenditures on exploration and evaluation assets	(2,342,469)	(3,456,683)
Net cash used in investing activities	**(1,848,065)**	**(3,573,452)**
Financing activities		
Issuance of share capital	8,283,198	5,387,644
Share issuance costs	-	(326,697)
Net cash from financing activities	**8,283,198**	**5,060,947**
Net change in cash and cash equivalents	5,313,464	152,632
Cash and cash equivalents, beginning of year	5,293,833	5,141,201
Cash and cash equivalents, end of year	**10,607,297**	**5,293,833**
Cash and cash equivalents comprise:		
Cash	222,047	659,333
Cash equivalents	10,385,250	4,634,500
	10,607,297	5,293,833

Supplemental cash flow information (Note 8)

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

1. NATURE OF OPERATIONS

Novo Resources Corp. (the "Company" or "Novo") was incorporated on October 28, 2009 pursuant to the provisions of the *Business Corporations Act* (British Columbia) as Galliard Resources Corp. The Company is engaged primarily in the business of evaluating, acquiring and exploring natural resource properties. The Company's head office is located at 1980 – 1075 West Georgia Street, Vancouver, British Columbia, V6E 3C9, Canada.

On June 27, 2011, the Company changed its name from Galliard Resources Corp. to Novo Resources Corp. On June 29, 2011, the Company's common shares began trading under the new symbol of "NVO" on the Canadian Securities Exchange (the "CSE").

On August 14, 2012, the Company's shares commenced trading in the United States on the OTC market's OTCQX International under the symbol of "NSRPF".

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretation Committee.

Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as at fair value through profit or loss ("FVTPL"), loans and receivables, and available-for-sale that have been measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The preparation of financial statements in conformity with IFRS requires management to make judgements, 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. The areas involving a higher degree of judgment of complexity or where assumptions and estimates are significant to the financial statements are disclosed below in Note 2.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized during the period in which the estimate is revised if the revision affects only that period or during the period of the revision and further periods if the review affects both current and future periods.

These consolidated financial statements have been prepared on the basis of IFRS standards that are published at the time of preparation and that are effective or available on January 31, 2014.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries listed below. Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the date on which control is acquired by the Company. Inter-company transactions and balances are eliminated upon consolidation. They are de-consolidated from the date that control by the Company ceases.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

As at January 31, 2014, the subsidiaries of the Company are as follows:

	Country of Incorporation	% of Interest
Novo Resources (USA) Corp.	Nevada, USA	100%
Conglomerate Gold Exploration (B.V.I.) Ltd.	Tortola, British Virgin Islands	100%
Conglomerate Gold Exploration Pty. Ltd.	Western Australia, Australia	63.33%
Nullagine Gold Pty. Ltd.	Western Australia, Australia	63.33%
Beatons Creek Gold Pty. Ltd.	Western Australia, Australia	63.33%
Grant's Hill Gold Pty. Ltd.	Western Australia, Australia	100%

Non-controlling interests represent equity interests in subsidiaries owned by outside parties. Non-controlling interests consist of the non-controlling interest at the date of the original business combination plus the non-controlling interest's share in changes in equity since the date of acquisition. The share of net assets of subsidiaries attributable to non-controlling interests is presented as a component of equity. Their share of net loss and comprehensive loss is recognized directly in equity. Changes in the parent company's ownership interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions.

Foreign Currency Translation

The functional currency of each of the Company's components has been determined to be the local currency of their home jurisdictions. Each component's functional currency is the currency of the primary economic environment in which the component operates. The Company's consolidated financial statements are presented in Canadian dollars. Foreign currency accounts are translated into Canadian dollars as follows:

On consolidation, the assets and liabilities of foreign operations are translated into Canadian Dollars at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, and short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Short-term investments are fixed term deposits held at the bank with a maturity of more than three months and less than twelve months at the time of issuance, and are recorded at fair value. As at January 31, 2014, the Company has three short-term investments totalling $10,385,250 of principal and $20,652 of interest due on December 2, 2014, December 10, 2014, and February 24, 2015, and all with annual yields of prime minus 1.8%.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Exploration and evaluation assets

The Company is in the exploration stage with respect to its investment in exploration and evaluation assets and accordingly follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of mineral properties and crediting all proceeds received against the cost of the related properties. Such costs include, but are not exclusive to, geological, geophysical studies, exploratory drilling and sampling. At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable reserves. The aggregate costs related to abandoned mineral properties are charged to operations at the time of any abandonment, or when it has been determined that there is evidence of a permanent impairment. An impairment charge relating to a mineral property is subsequently reversed when new exploration results or actual or potential proceeds on sale or farmout of the property result in a revised estimate of the recoverable amount, but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

The Company recognizes in income costs recovered on mineral properties when amounts received or receivable are in excess of the carrying amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets. All capitalized exploration and evaluation assets are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that the exploration and evaluation asset is not expected to be recovered, it is charged to the results of operations.

Impairment of non-financial assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial year-end. Other non-financial assets, including exploration and evaluation assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. The Company has one cash-generating unit for which impairment testing is performed.

An impairment loss is charged to profit or loss, except to the extent they reverse gains previously recognized in accumulated other comprehensive loss/income.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Decommissioning and rehabilitation liabilities

The Company recognizes the fair value of a decommissioning and restoration liability the year in which the obligation is incurred. The carrying amount of the related long-lived asset is increased by the same amount as the liability.

Changes in the decommissioning and restoration liability due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in the statement of operations. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset.

The Company did not have any significant decommissioning and restoration obligations at January 31, 2014.

Share-based payments

The share option plan allows the Company's employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

For employees the fair value is measured at grant date and each tranche is recognized on a graded-vesting basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Share-based payment transactions with non-employees are measured at the fair value of the goods or services received. However, if the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the options granted at the date the Company receives the goods or the services using the Black-Scholes option pricing model.

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of outstanding common shares for the period. In computing diluted earnings per share, an adjustment is made for the dilutive effect of the exercise of stock options and warrants. The number of additional shares is calculated by assuming that outstanding stock options and warrants are exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting periods. In periods where a net loss is reported, all outstanding options and warrants are excluded from the calculation of diluted loss per share, as they are all anti-dilutive.

As at January 31, 2014, the Company has 6,104,924 (January 31, 2013 – 20,866,924) warrants and 1,697,500 (January 31, 2013 – 1,797,500) options outstanding.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments

Financial Assets

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Loans and Receivables

These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Cash and cash equivalents, and receivables are classified as loans and receivables.

Available-For-Sale Investments

Non-derivative financial assets that do not meet the definition of loans and receivables are classified as available-for-sale and comprise principally the Company's strategic investments in entities not qualifying as subsidiaries or associates. Available-for-sale investments are carried at fair value with changes in fair value recognized in other comprehensive loss. Where there is a significant or prolonged decline in the fair value of an available-for-sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment, including any amount previously recognized in other comprehensive loss, is recognized in profit or loss. If there is no quoted market price in an active market and fair value cannot be readily determined, available-for-sale investments are carried at cost.

On sale or impairment, the cumulative amount recognized in other comprehensive loss is reclassified from accumulated other comprehensive income (loss) to profit or loss.

Marketable securities (common shares) are classified as available for sale.

Fair Value through Profit or Loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company’s risk management strategy. Attributable transaction costs are recognized in profit or loss when incurred. Fair value through profit or loss are measured at fair value, and changes are recognized in profit or loss.

Marketable securities (warrants) are classified as fair value through profit or loss.

Impairment on Financial Assets

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Financial Liabilities

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

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of the year which are unpaid.

Government Grants

From time to time the Company receives government incentive programs such as investment tax credits. Government incentives are accrued when there is reasonable assurance of realization and reflected as a reduction of the related asset or expense.

Income Taxes

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net loss except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Share Capital

Common shares issued by the Company are classified as equity. Costs directly attributable to the issue of common shares, share purchase warrants and share options are recognized as a deduction from equity, net of any related income tax effects.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting judgments and estimates

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

Judgments

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

i) The recoverability of exploration and evaluation assets

The amounts shown as exploration and evaluation assets represent net costs to date, less amounts amortized and/or written off, and do not necessarily represent present or future values. The recoverability of these amounts and any additional amounts required to place the exploration and evaluation assets into commercial production are dependent upon certain factors. These factors include the existence of ore deposits sufficient for commercial production and the Company's ability to obtain the required additional financing necessary to develop its exploration and evaluation assets.

ii) Title to mineral property interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

iii) Impairment of marketable securities

The determination of when an investment is impaired requires significant judgment. In making this judgment, the Company evaluates, amongst other things, the duration and extent to which the fair value of the marketable securities is less that its original cost at each reporting period.

Estimates

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

i) Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the stock option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 6.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

New standards, interpretations and amendments

Effective February 1, 2013, the Company adopted the following new and revised International Financial Reporting Standards.

- Amendment to IAS 1, Presentation of Financial Statements

  The amendments to IAS 1 revised the presentation of other comprehensive income (OCI). Separate subtotals are required for items which may subsequently be recycled through profit or loss and items that will not be recycled through profit or loss. The Company has updated the presentation of OCI on the face of the Statement of Comprehensive Income.

- IFRS 7 Financial Statements: Disclosures

  The amendment to IFRS 7 enhances the disclosure required when offsetting financial assets and liabilities. The application of this IFRS did not have a material impact on the amounts reported for the current or prior years but may affect the accounting for future transactions or arrangements.

- 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. The application of the IFRS did not have a material impact on the amounts reported for the current or prior years but may affect the accounting for future transactions or arrangements.

- 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. The application of the IFRS did not have a material impact on the amounts reported for the current or prior years but may affect the accounting for future transactions or arrangements.

- 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. The application of the IFRS did not have a material impact on the amounts reported for the current or prior years but may affect the accounting for future transactions or arrangements.

- 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. The application of the IFRS did not have a material impact on the amounts reported for the current or prior years but may affect the accounting for future transactions or arrangements.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

New standards, interpretations and amendments (continued)

The following new standards have been issued by the IASB but are not yet effective:

- IFRS 9 Financial Instruments

  IFRS 9 Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after February 1, 2015. The Company is in the process of evaluating the impact of the new standard on the accounting for the Company’s investments classified as available-for-sale and fair value through profit and loss.

- IAS 24 Related Party Disclosures

  The amendments to IAS 24 clarify that a management entity, or any member of a group of which it is a part, that provides key management services to a reporting entity, or its parent, is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. This replaces the more detailed disclosure by category required for other key management personnel compensation. The amendments will only affect disclosure and are effective for annual periods beginning on or after January 1, 2014. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

- IFRIC 21 Levies

  The IASB issued IFRIC 21 – Levies (“IFRIC 21”), an interpretation of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets (“IAS 37”), on the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (“Obligating Event”). IFRIC 21 clarifies that the Obligating Event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods commencing on or after January 1, 2014. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

(Expressed in Canadian Dollars, unless stated otherwise)

3. MARKETABLE SECURITIES

At January 31, 2014, the Company held the following marketable securities:

	January 31, 2014				
	Number	Cost	Accumulated Unrealized Gains/ (losses)	Cumulative Impairment	Fair Value
Available-for-sale securities					
EurOmax Resources Ltd. Common Shares	153,333	$101,200	$ 1,533	$(61,333)	$41,400
Evolving Gold Corp. Common Shares	2,000,000	$560,000	$ -	$(480,000)	$80,000
Prosperity Goldfields Corp. Common Shares	496,882	$1,000,000	$ -	$(980,125)	$19,875
Fair value through profit or loss					
EurOmax Resources Ltd. Warrants	2,333,333	$ -	$ -	$ -	$ -
Evolving Gold Corp. Warrants	2,000,000	$40,000	$ -	$(40,000)	$ -
Prosperity Goldfields Corp. Warrants	208,333	$ -	$ -	$ -	$ -
		$1,701,200	**$ 1,533**	**$(1,561,458)**	**$141,275**

	January 31, 2013				
	Number	Cost	Accumulated Unrealized Gains/ (losses)	Impairment	Fair Value
Available-for-sale securities					
EurOmax Resources Ltd. Common Shares	153,333	$101,200	$ -	$(9,200)	$92,000
Evolving Gold Corp. Common Shares	2,000,000	$560,000	$ -	$(220,000)	$340,000
Prosperity Goldfields Corp. Common Shares	1,987,527	$1,000,000	$ -	$(612,432)	$387,568
Pinetree Capital Ltd. Common Shares	1,176,470	$1,000,000	$11,764	$ -	$1,011,764
Fair value through profit or loss					
EurOmax Resources Ltd. Warrants	2,333,333	$ -	$ -	$ -	$ -
Evolving Gold Corp. Warrants	2,000,000	$40,000	$ -	$ -	$40,000
Prosperity Goldfields Corp. Warrants	833,333	$ -	$ -	$ -	$ -
		$2,701,200	**$11,764**	**$(841,632)**	**$1,871,332**

(a) Euromax Resources Ltd. Common Shares

On January 13, 2012, the Company acquired, from participating in a non-brokered private placement, 7,000,000 million units of Euromax Resources Ltd. ("Euromax"), at a price of $0.22 per unit, for a total investment of $1,540,000. Each unit consists of one common share and one non-transferable share purchase warrant. Each non-transferable share purchase warrant entitles the Company to purchase one additional common share of Euromax at a price of $0.30 per share for a period of two years from the date of issue.

The entire purchase price of $1,540,000 was allocated to the common shares, as the closing quoted bid price of Euromax on January 13, 2012 was greater than the $0.22 per unit purchase price. The value of the warrants on initial recognition was estimated to be $Nil. Management has estimated that the value of the warrants has not changed subsequent to initial recognition. All warrants have expired on January 13, 2014 without exercising.

3. MARKETABLE SECURITIES (continued)

(a) Euromax Resources Ltd. Common Shares (continued)

On October 17, 2012, Euromax consolidated its share capital (the "Euromax Consolidation") on the basis of one post-Euromax Consolidation share for each three existing pre-Euromax Consolidation shares. The Company held 2,333,333 common shares and warrants of Euromax after post-Euromax Consolidation.

After the Euromax Consolidation, the Company sold 2,180,000 common shares of Euromax for gross proceeds of $1,462,715. The Company has recorded realized gain of $12,171 net of $11,742 in commission charges during the year ended January 31, 2013.

No common shares of Euromax have been sold during the year ended January 31, 2014.

During the year ended January 31, 2014, the Company recognized a gain of $1,533 in the statement of other comprehensive loss. Also, management determined the decline in the value of the common shares held in Euromax, the Company recognized an impairment on marketable securities of $52,133 in the statement of loss.

(b) Evolving Gold Corp. Common Shares

On August 13, 2012, the Company acquired, from participating in a non-brokered private placement, 2 million units of Evolving Gold Corp. ("Evolving"), at a price of $0.30 per unit, for a total investment of $600,000. Each unit consists of one common share and share purchase warrant. Each share purchase warrant entitles the Company to purchase one additional common share of Evolving at a price of $0.40 per share for a period of three years from the date of issue.

$560,000 of the total purchase price was allocated to the common shares, as the closing quoted bid price of Evolving on August 13, 2012 was $0.28, which is less than the $0.30 per unit purchase price. The value of the warrants on initial recognition was estimated to be $40,000. Management determined the decline in the value of the warrants to be significant and therefore, the Company recognized impairment on marketable securities of $40,000 in the statement of loss.

No common shares of Evolving have been sold during the year ended January 31, 2014.

During the year ended January 31, 2014, management determined the decline in the value of the common shares held in Evolving, the Company recognized an impairment on marketable securities of $260,000 in the statement of loss.

During the year ended January 31, 2014, management determined the decline in the value of the warrants held in Evolving to be significant and therefore, the Company recognized impairment on marketable securities of $40,000 in the statement of loss.

(c) Prosperity Goldfields Corp. Common Shares

On April 24, 2012, the Company purchased from Evolving 1,987,527 common shares (the "Prosperity Shares") and 833,333 share purchase warrants (the "Prosperity Warrants") of Prosperity Goldfields Corp. ("Prosperity") in consideration for $1,000,000.

The entire purchase price of $1,000,000 was allocated to the common shares, as the closing quoted bid price of Prosperity on April 24, 2012 was greater than the $0.50 per common share purchase price. The value of the warrants on initial recognition was estimated to be $Nil. Management has estimated that the value of the warrants has not changed subsequent to initial recognition. All warrants have expired on November 5, 2013 without exercising.

(Expressed in Canadian Dollars, unless stated otherwise)

3. MARKETABLE SECURITIES (continued)

(c) Prosperity Goldfields Corp. Common Shares (continued)

On October 17, 2013, Prosperity consolidated its share capital (the “Prosperity Consolidation”) on the basis of one post-Prosperity Consolidation share for each four existing pre-Prosperity Consolidation shares. The Company held 496,882 common shares and 208,333 warrants of Prosperity after post-Prosperity Consolidation. Of these securities, 74,532 of the Prosperity Shares were held in escrow as of January 31, 2014.

No common shares of Prosperity have been sold during the year ended January 31, 2014.

During the year ended January 31, 2014, management determined the decline in the value of the common shares held in Prosperity, the Company recognized an impairment on marketable securities of $367,692 in the statement of loss.

(d) Pinetree Capital Ltd. Common Shares

The Company entered into a share exchange agreement with Pinetree Capital Ltd. (“Pinetree”) whereby the Company issued 1,428,571 common shares at a value of $0.70 per share in consideration for the issuance of 1,176,470 common shares of Pinetree at a value of $0.85 per share on January 16, 2013. The fair value of the shares exchanged was estimated by comparison to their respective closing quoted bid price on the share exchange date of January 16, 2013.

During the year ended January 31, 2014, the Company sold 1,176,470 common shares of Pinetree for gross proceeds of $424,829. The Company has recorded a realized loss of $580,522, including $5,351 in commission charges, during the year ended January 31, 2014.

4. RECEIVABLES

	January 31, 2014	**January 31, 2013**
Canadian GST receivable	$35,670	$57,402
Australian GST receivable	$65,219	$380,566
Interest receivable	$20,652	$7,975
Due from shareholder	$-	$448
Total receivable	**$121,541**	**$446,391**

5. EXPLORATION AND EVALUATION ASSETS

Millennium Property

On August 2, 2011 (the “Effective Date”), the Company and Beatons Creek Gold Pty Ltd. (“Beatons Creek”), a subsidiary of the Company, entered into a farm-in and joint venture agreement (the “Millennium Agreement”) with Millennium Minerals Ltd. (“Millennium”). As consideration for the farm-in right to earn the 70% interest in and to the Beatons Creek Tenements, the Company issued 1,293,875 common shares to Millennium. In order to earn a 70% interest in the Beatons Creek Tenements, the Company must issue to Millennium such number of common shares of the Company having a value of AUD$500,000, incur expenditures on the Beatons Creek Tenements of not less than AUD$1,000,000 by the second anniversary of the Effective Date, including not less than AUD$500,000 by the first anniversary of the Effective Date, and procuring (at its cost) a bankable feasibility study in respect of the gold rights before the fifth anniversary of the Effective Date. The Company will solely fund all expenditures on the Beatons Creek Tenements required under the *Mining Act 1978* (Western Australia) in relation to gold rights, and Millennium will not be required to fund any such expenditures on the Beatons Creek Tenements during the farm-in period. Millennium will bear costs associated with exploring for and recovering minerals other than gold.

(Expressed in Canadian Dollars, unless stated otherwise)

5. EXPLORATION AND EVALUATION ASSETS (continued)

Millennium Property (continued)

As at January 31, 2014, the Company has completed the following requirements to fulfill its obligations under the Millennium Agreement:

Date	Shares	Exploration Expenditures
Upon signing of the Millennium Agreement	1,293,875 shares (Issued)	-
August 2, 2012	-	$500,000 AUD (Completed)
August 2, 2013	-	$500,000 AUD (Completed)
Total	1,293,875 shares (Issued)	$1,000,000 AUD (Completed)

On December 16, 2011, the Company and Millennium entered into a tribute agreement (the "Tribute Agreement") with Gravity Gold Pty Ltd. ("Gravity Gold") by which Gravity Gold is entitled to produce gold from alluvial deposits at the Beatons Creek Tenements. Gravity Gold will pay a 10% production royalty to the Company on all gold production. The Tribute Agreement has a maximum term of three years. The Company is focused on exploring for the bedrock source of this alluvial gold mineralization, and any activities conducted by Gravity Gold during mining of alluvial deposits will not interfere with the Company's exploration efforts.

Paleo-Placer Property

The Company, Conglomerate Gold Exploration Pty Ltd ("CGE"), and Nullagine Gold Pty Ltd ("Nullagine Gold"), entered into four farm-in and joint venture agreements (the "JVA") dated July 16, 2012 and one deed of variation dated September 7, 2012 with Witx Pty Ltd, Mark Gareth Creasy, Whim Creek Mining Pty Ltd, and Tantalumx Pty Ltd. (collectively the "Creasy Group") of Western Australia. As consideration for the farm-in right to acquire a 70% interest in all gold rights, the Company was required to spend AUD$1 million on exploration expenditure across the Paleo-Placer Property, which has been completed. The Company will solely fund all expenditures on the Paleo-Placer Property. As at January 31, 2014, the Company has fulfilled its obligation to spend AUD$1 million on exploration expenditure.

CGE will reimburse past exploration expenditure on the Paleo-Placer Property incurred by the Creasy Group, as verified by CGE, up to a maximum of AUD$5.5 million. The reimbursement is contingent on CGE achieving a listing on a recognized stock exchange (an "IPO") within 4 years of the execution of the JVA's. The reimbursement will be paid from net funds raised in an IPO (if completed) and subsequent funding rounds (if completed), capped at 10% of net funds from each round, until the verified expenditure is reimbursed. If CGE has not achieved an IPO within 4 years, the Paleo-Placer Property will be returned to 100% ownership by the Creasy Group at no cost, unless otherwise agreed. If a mining decision is made under any of the JVA's following a bankable feasibility study but if the Creasy Group elects not to participate in mining, its interest in relation to that mining area and the underlying ground will be transferred to Nullagine Gold and converted to a 1% net smelter royalty.

The Company, Conglomerate Gold Exploration (B.V.I.) Ltd ("CGE BVI"), and CGE have also entered into a CGE Shareholders Agreement and a CGE Share Issue Agreement with Yandal Investments Pty Ltd and Mark Gareth Creasy (collectively "Creasy"). Novo initially controls 63.33% of the issued shares in CGE and Creasy controls 36.67%. CGE is entitled to spend (via Nullagine Gold and Beatons Creek Gold) up to a further AUD$3.5 million in aggregate on the Paleo-Placer Property and the Beatons Creek tenements to increase its shareholding in CGE to 81% (and reducing Creasy's interest to 19%), subject to a maximum included expenditure on Beatons Creek tenements of AUD$2 million. Creasy is obliged to use its best endeavours to negotiate a right for Nullagine Gold to participate in an existing adjacent joint venture (the "Adjacent Joint Venture") to which Creasy is a party, including bringing certain ground within that Adjacent Joint Venture. In return, Creasy's and one other party's interests under that joint venture with respect to exploration expenditure will be free carried by

(Expressed in Canadian Dollars, unless stated otherwise)

5. EXPLORATION AND EVALUATION ASSETS (continued)

Paleo-Placer Property (continued)

Nullagine Gold and CGE will reimburse AUD$125,000 to Creasy. If CGE achieves an IPO it will also issue AUD$50,000 of shares in CGE to a former tenement holder. If Creasy does not satisfy the obligation prior to an IPO of CGE (if completed) then Creasy will forfeit 23.3% of its shareholding in CGE. Prior to an IPO of CGE (if completed) that 23.3% of CGE shares shall have no voting or dividend rights. If the obligation is satisfied then the ground within the Adjacent Joint Venture will be included within the minimum expenditure commitments and additional expenditure entitlements referred above.

The Company has entered into loan agreements with its subsidiaries to fund their obligations under the JVA's. The Company is entitled to be reimbursed up to AUD$500,000 for IPO related costs of CGE (if completed) and stamp duty costs of Nullagine Gold.

Grant's Hill Property

On June 26, 2012, the Company entered into a sale and purchase agreement with Welcome Stranger Mining Ltd. ("Welcome Stranger"). As consideration for the prospecting licence, mining information and title transfer of the P46/1806 tenement, the Company paid AUD$60,000 plus GST to Welcome Stranger.

On April 11, 2013, the Company entered into a sale and purchase agreement with Talga Resources Limited ("Talga Resources"). As consideration for the prospecting licence and title transfer of the P46/1748 and P46/1749 tenements, the Company paid AUD$40,000 plus GST to Talga Resources.

Sunday Silence Property

On September 30, 2013, Novo Resources (USA) Corp. ("Novo USA"), one of the Company's wholly-owned subsidiaries, signed a letter agreement (the "Letter Agreement") with Marcus Smith ("Mr. Smith") to acquire an undivided 100% interest in and to the Sunday Silence Property (the "Sunday Silence Property"), subject to a 3% net smelter return ("NSR") to Mr. Smith, with an option to buy 50% of the NSR for USD$150,000 at any time. The Sunday Silence Property, located in the Churchill and Mineral Counties of Nevada, USA, is comprised of 124 unpatented mineral claims and an additional 12 staked lode mining claims.

As at January 31, 2014, the Company has the following future requirements to fulfill its obligation under the Letter Agreement:

Date	Cash Payments
Upon signing of the Letter Agreement	$10 USD(Paid)
September 30, 2014	$40,000 USD
September 30, 2015	$60,000 USD
Total	$100,010 USD

(Expressed in Canadian Dollars, unless stated otherwise)

5. EXPLORATION AND EVALUATION ASSETS (continued)

The exploration and evaluation assets are comprised as follows:

	Beatons Creek $	Grant's Hill $	Paleo-Placer $	Sunday Silence $	Total $
Balance, January 31, 2013	3,385,948	66,131	1,026,468	-	4,478,547
Acquisition Costs	-	38,880	728	11	39,619
Exploration Expenditures:					
Drilling	221,540	54,866	264,242	-	540,648
Feasibility Study	77,010	-	-	-	77,010
Field Work	83,986	27,171	174,682	5,652	291,491
Fuel	3,551	1,454	9,580	-	14,585
Geology	24,308	5,999	69,285	-	99,592
Legal	9,487	-	117,861	-	127,348
Meals & Travel	60,265	29,975	157,108	438	247,786
Office and General	63,443	23,347	71,870	-	158,660
Reports, Data and Analysis	55,559	36,730	323,868	8,374	424,531
Rock Samples	120,467	51,930	146,459	2,205	321,061
Tenement Administration	22,545	5,049	106,143	-	133,737
Foreign Exchange	(217,785)	(334)	(68,957)	(1)	(287,077)
	524,376	236,187	1,372,141	16,668	2,149,372
Balance, January 31, 2014	**3,910,324**	**341,198**	**2,399,337**	**16,679**	**6,667,538**

	Beatons Creek $	Grant's Hill $	Paleo-Placer $	Sunday Silence $	Total $
Balance, January 31, 2012	933,822	-	-	-	933,822
Acquisition Costs	-	62,520	288,806	-	351,326
Exploration Expenditures:					
Drilling	1,045,598	-	209,032	-	1,254,630
Feasibility Study	23,250	-	-	-	23,250
Field Work	222,219	469	110,242	-	332,930
Fuel	5,527	-	5,320	-	10,847
Geology	162,127	-	125,572	-	287,699
Legal	23,473	-	26,833	-	50,306
Meals & Travel	133,645	-	60,321	-	193,966
Office and General	73,026	-	33,701	-	106,727
Reports, Data and Analysis	151,916	1,250	70,742	-	223,908
Rock Samples	597,390	-	42,205	-	639,595
Tenement Administration	10,352	1,892	53,694	-	65,938
Foreign Exchange	3,603	-	-	-	3,603
	2,452,126	3,611	737,662	-	3,193,399
Balance, January 31, 2013	**3,385,948**	**66,131**	**1,026,468**	**-**	**4,478,547**

(Expressed in Canadian Dollars, unless stated otherwise)

6. CAPITAL AND RESERVES

Authorized

Unlimited number of common voting shares without nominal or par value. All issued common shares are fully paid.

Shares issued

During the years ended January 31, 2014 and 2013:

(a) On December 12, 2012, the Company completed a brokered private placement of 5,795,400 units at a price of $0.65 per unit for gross proceeds of $3,767,010. Each unit consists of one common share and one share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company at a price of $0.90 per share for a period of 2 years from the closing date of the private placement. As part of the private placement, the Company incurred share issuance costs of $486,437, which included 334,524 broker's warrants. The broker's warrants were granted to the broker of the private placement with an exercise price of $0.65 and expire in 2 years. The broker's warrants were valued at fair value of $162,869. The fair value of these warrants was $0.49 per share where the exercise price is $0.65 and the fair value of each warrant granted is calculated using the Black-Scholes option pricing model assuming a risk-free interest rate of 1.09%, a dividend yield of $Nil, an expected volatility of 123% and an average expected life of 2 years. The average remaining contractual life in years is 0.86. As of January 31, 2014, 309,524 of the broker's warrants remain outstanding.

Warrants

The continuity of warrants is as follows:

	January 31, 2014		January 31, 2013	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Balance, beginning of year	20,866,924	$ 0.68	18,153,882	$ 0.58
Granted	-	$ -	6,129,924	$ 0.89
Expired	(1,002,500)	$ 0.60	(177,536)	$ 0.50
Exercised	(13,759,500)	$ 0.60	(3,239,346)	$ 0.49
Balance, end of year	6,104,924	$ 0.89	20,866,924	$ 0.68

Full share equivalent warrants outstanding and exercisable at of January 31, 2014:

Expiry Date	Price Per Share	Warrants Outstanding
December 12, 2014	$ 0.90	5,795,400
December 12, 2014	$ 0.65	309,524
		6,104,924

(Expressed in Canadian Dollars, unless stated otherwise)

6. CAPITAL AND RESERVES (continued)

Share option plan

The Company has adopted a rolling stock option plan (the "Plan"), in which the maximum number of common shares which can be reserved for issuance under the Plan is 10% of the issued and outstanding shares of the Company. The exercise price of each option ("Option") shall not be less than the closing price of the common shares on the trading day immediately preceding the day on which the Option is granted, less any discount permitted by the CSE.

The continuity of stock options is as follows:

	January 31, 2014		January 31, 2013	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Options outstanding, beginning of year	1,797,500	$ 0.38	700,000	$ 0.26
Granted	-	$ -	1,310,000	$ 0.45
Exercised	(100,000)	$ 0.26	(62,500)	$ 0.35
Expired	-	$ -	(150,000)	$ 0.48
Options outstanding, end of year	1,697,500	$ 0.38	1,797,500	$ 0.38

The options outstanding and exercisable at January 31, 2014 are as follows:

Outstanding Options			Exercisable Options	
Number Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Number Exercisable	Weighted Average Exercise Price
250,000	$ 0.20	6.36	250,000	$ 0.20
200,000	$ 0.20	6.53	200,000	$ 0.20
1,247,500	$ 0.45	3.06	1,247,500	$ 0.45
1,697,500	$ 0.38	3.95	1,697,500	$ 0.38

On February 20, 2012, the Company granted 1,310,000 stock options to certain directors, officers and consultants. The options are exercisable on or before February 20, 2017 at an exercise price of $0.45 per share. 327,500 options vested immediately, 327,500 options vested on August 20, 2012, 327,500 options vested on Feb 19, 2013, and 327,500 vested on August 20, 2013.

The weighted average fair value of options, estimated using the Black-Scholes option pricing model, was $0.38 per option for the options granted to directors and officers (January 31, 2013 - $0.34) and $0.55 per option for the options granted to consultants (January 31, 2013 - $0.54).

For the period ended January 31, 2014, the total share-based payment was $29,596 (January 31, 2013 - $583,206) which was related to the options granted to certain directors, officers and consultants during last year.

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6. CAPITAL AND RESERVES (continued)

Share option plan (continued)

The Company used the Black-Scholes option pricing model to estimate the fair value of the options at the grant date using the following weighted average assumptions:

	2014	2013
Risk-free interest rate	1.47% - 1.92%	1.12% - 1.5%
Dividend yield	-	-
Expected volatility	76% - 147%	49% - 145%
Expected option life	3.51 years – 5 years	0.25 years – 4.06 years
Forfeitures	-	-

Option-pricing models require the use of estimates and assumptions including the expected volatility. The Company uses expected volatility rates which are based upon historical volatility rates. Changes in the underlying assumptions can materially affect the fair value estimates.

7. RELATED PARTY DISCLOSURES

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Certain of these entities transacted with the Company during the period.

(a) *Key Management Personnel Disclosures*

During the years ended January 31, 2014 and 2013, the following amounts were incurred with respect to the Chief Executive Officer, the Chief Financial Officer and directors of the Company:

	January 31, 2014 $	January 31, 2013 $
Consulting services	168,000	159,250
Wages and salaries	89,833	56,281
Wages and salaries included in exploration and evaluation assets	76,149	102,696
Share-based payments	26,499	251,234
	360,481	569,461

(b) *Other Related Party Disclosures*

During the years ended January 31, 2014 and 2013, the following amounts were incurred with respect to a corporation controlled by the Chief Financial Officer:

	January 31, 2014 $	January 31, 2013 $
Consulting services	120,000	120,000
	120,000	120,000

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8. SUPPLEMENTAL CASH FLOW INFORMATION

During the years ended January 31, 2014 and 2013 non-cash activities were conducted by the Company as follows:

	January 31, 2014	January 31, 2013
	$	$
Operating activities		
Interest paid	-	-
Income tax paid	-	-
Decrease in accounts payable and accrued liabilities	(153,478)	88,042
Investing activities		
Shares issued for share exchange agreement	-	(1,000,000)
Additions in exploration and evaluation assets	153,478	(88,042)
Financing activities		
Shares issued for share exchange agreement	-	1,000,000

9. FINANCIAL INSTRUMENTS

a) Fair value

The Company's financial instruments include cash and cash equivalents, interest receivable, marketable securities (warrants and common shares), and accounts payable and accrued liabilities. IFRS 7 establishes a fair value hierarchy for financial instruments measured at fair value that reflects the significance of inputs in making fair value measurements as follows:

- Level 1 – applied to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.
- Level 2 – applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.
- Level 3 – applies to assets or liabilities for which there are unobservable market data.

The recorded amounts of cash and cash equivalents, interest receivable and accounts payable and accrued liabilities approximate their respective fair values due to the short-term nature.

Marketable securities (common shares) are measured using Level 1 inputs. The fair values of marketable securities (common shares) are measured at the closing market price obtained from the exchange.

Marketable securities (warrants) are measured using Level 3 inputs. The fair values of marketable securities (warrants) are based on management's assessment of realizable value.

The Company did not have any financial instruments in level 2. There were no transfers between Levels in the year.

(Expressed in Canadian Dollars, unless stated otherwise)

9. FINANCIAL INSTRUMENTS (continued)

b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and cash equivalents. The Company limits its exposure to credit loss by placing its cash and cash equivalents with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

c) Foreign Exchange Rate Risk

The Company has operations in Canada, Australia, and the United States subject to foreign currency fluctuations. The Company's operating expenses are incurred in Canadian, Australian and the United States dollar, and the fluctuation of the Canadian dollar in relation to these other currencies will have an impact upon the profitability of the Company and may also affect the value of the Company's assets and the amount of shareholders' equity. The Company's exposure to foreign currency risk arises primarily on fluctuations between the Canadian dollar, US dollar, and the Australian dollar.

The Company has not entered into any derivative instruments to manage foreign exchange fluctuations.

At January 31, 2014 and January 31, 2013 the Company's Australian and US dollar denominated monetary assets and monetary liabilities are as follows:

Australian Monetary assets	**January 31, 2014**	**January 31, 2013**
Cash and cash equivalents	$176,237	$7,218
Accounts payable and accrued liabilities	$73,612	$241,229

US Monetary assets	**January 31, 2014**	**January 31, 2013**
Cash and cash equivalents	$17,742	$14,732
Accounts payable and accrued liabilities	$2,287	$12,371

The exposure to foreign exchange rate risk is considered minimal.

d) Liquidity Risk

Liquidity risk is managed by ensuring sufficient financial resources are available to meet obligations associated with financial liabilities. All of the Company's financial liabilities are classified as current and the Company has a practice of paying their outstanding payables within 30 days.

e) Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and evaluation activities is subject to risks associated with fluctuations in the market price of commodities.

As at January 31, 2014, the Company owns common shares and share purchase warrants included in marketable securities. By holding these marketable securities, the Company is inherently exposed to various risk factors including market price risk.

(Expressed in Canadian Dollars, unless stated otherwise)

9. FINANCIAL INSTRUMENTS (continued)

(f) Interest Risk

Interest rate risk is the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has interest-bearing assets in relation to cash at banks and GICs carried at floating interest rates with reference to the market. The Company's operating cash flows are substantially independent of changes in market interest rates. The Company has not used any financial instrument to hedge potential fluctuations in interest rates.

The exposure to interest rates for the Company is considered minimal. The Company has no interest-bearing borrowings.

10. MANAGEMENT OF CAPITAL RISK

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of its exploration and evaluation assets and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. The Company defines capital that it manages as share capital, cash and cash equivalents and marketable securities.

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 and, acquire or dispose of assets.

In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with short term maturities, selected with regards to the expected timing of expenditures from continuing operations.

The Company expects its current capital resources will be sufficient to carry its exploration plans and operations through its current operating period.

The Company is not subject to external capital restrictions nor were there any changes in the Company's capital management policies during the period.

11. SEGMENTED INFORMATION

The Company has two reportable operating segments, being the acquisition and exploration of mineral properties. Geographic information comprising exploration and evaluation assets is as follows:

	January 31, 2014	January 31, 2013
	$	$
Exploration and evaluation assets		
- United States of America	16,679	-
- Australia	6,650,859	4,478,547
	6,667,538	4,478,547

12. SUBSEQUENT EVENTS

(a) Creasy Terms Sheet

On March 4, 2014, the Company signed a binding terms sheet with Mark Gareth Creasy and entities controlled by him (collectively, the "Creasy Group") pursuant to which the Company will acquire a 70% interest in 103 separate tenements and tenement applications located in the Pilbara region of Western Australia and related mining information (collectively, the "Pilbara Assets"), and will also acquire the shares of CGE not currently owned by the Company (the "Creasy CGE Shares"). The parties are now working on the definitive agreements that will replace the binding terms sheet. Except for the acquisition of a portion of the Creasy CGE Shares, completion of the transactions is subject to a number of conditions, including, but not limited to, the completion of due diligence investigations to the Company's satisfaction and the receipt of all necessary regulatory approvals or consents.

The Company will issue 9 million common shares in consideration for the Pilbara Assets once definitive agreements are signed and pre-completion conditions are satisfied. In addition, a total of 8.66 million common shares of the Company will be issued in consideration for the Creasy CGE Shares, of which approximately 76.7% of the Creasy CGE Shares (which are not in escrow) will be acquired immediately in exchange for 6,646,047 of the Company's common shares (issued on March 4, 2014 and currently in escrow), and approximately 23.3% of the Creasy CGE Shares which are currently in escrow will be subsequently acquired, subject to the satisfaction of the applicable escrow conditions, in exchange for the issue of 2,013,953 of the Company's common shares.

The Company will also issue common shares (the "Pilbara Expense Reimbursement Shares") in reimbursement of up to AUD $12 million in exploration expenses incurred by the Creasy Group in connection with the Pilbara Assets. The Pilbara Expense Reimbursement Shares will be issued at the time designated by the Creasy Group at a price not less than the closing price of the Company's shares on March 3, 2014. The Creasy Group has rights to elect to be reimbursed for those exploration expenses in cash (in part or whole) on a staged basis over time, subject to a maximum initial cash reimbursement by the Company of AUD $2 million. The reimbursement in shares or cash must be completed within four years.

The Company will also issue common shares (the "BC and MB Expense Reimbursement Shares") in reimbursement of up to AUD $5.5 million in exploration expenses incurred by the Creasy Group in connection with the Beatons Creek (Millennium) and Marble Bar (Paleo-Placer) properties. The number of shares issued will be 5.0 million common shares, to be reduced on a prorata basis if the exploration expenses are verified at an amount less than AUD $5.5 million.

(b) Warrant Exercises

Subsequent to January 31, 2014, 725,000 warrants and 244,648 agents' warrants were exercised at $0.90 and $0.65, respectively, for total cash proceeds of $811,521.

(c) Stock Option Exercises

Subsequent to January 31, 2014, 100,000 stock options were exercised at $0.20 for total cash proceeds of $20,000.

(Expressed in Canadian Dollars, unless stated otherwise)

13. INCOME TAXES

	2014	**2013**
	$	**$**
Current tax expense (recovery)	**-**	-
Deferred tax expense (recovery)	-	43,750
Net tax expense (recovery)	**-**	**43,750**

Taxation in the Company and its subsidiaries' operational jurisdiction is calculated at the rate prevailing in its respective jurisdiction.

The difference between tax expense or recovery for the year and the expected income taxes based on the statutory tax rate arises as follows:

	2014	**2013**
	$	**$**
Loss before income taxes	$(2,244,543)	$(2,384,293)
Tax recovery based on statutory rate of 25.80% (PY: 25.00%)	(579,000)	(596,000)
Difference in tax rates due to other jurisdictions	(30,000)	(31,000)
Non-deductible expenses	9,000	145,750
Non-taxable portion of capital gain	169,000	102,000
Share issuance costs	-	(81,000)
Other	8,000	(7,000)
Change in unrecognized deferred tax assets	423,000	511,000
Deferred income tax expense / (recovery)	**-**	**43,750**

Effective April 30, 2013, the Canadian Federal corporate tax rate is 15.00%, and the British Columbia provincial tax rate increased from 10.00% to 11.00%.

The tax rate of 34.00% represents the statutory rate applicable for the 2014 taxation year for the USA, and 30.00% for Australia, and nil for the British Virgin Islands.

Deferred Tax Assets and Liabilities

The significant components of the Company's net deferred tax assets and liabilities as of January 31 are as follows:

	2014	**2013**
Deferred Tax Assets:	$	$
Non-capital losses	862,000	592,000
Capital losses	75,000	-
Un-deducted financing costs	58,000	79,000
Marketable securities	207,000	106,000
Exploration and evaluation assets	40,000	42,000
Deferred tax assets	1,242,000	819,000
Unrecognized deferred tax assets	(1,242,000)	(819,000)
Deferred tax assets	-	-

(Expressed in Canadian Dollars, unless stated otherwise)

13. INCOME TAXES (continued)

As at January 31, 2014, the Company has estimated non-capital losses for Canadian tax purposes of $2,010,000, non-capital losses for Australian tax purposes of $501,000, and net operating losses for US tax purposes of $558,000, that may be carried forward to reduce taxable income derived in future years. The Canadian non-capital losses are summarized below.

Non-capital Canadian tax losses expiring, as follows:

Year of Expiry	Taxable Losses
	$
2030	15,000
2031	303,000
2032	514,000
2033	606,000
2034	572,000
Total	2,010,000

14. CHANGE IN PRESENTATION

The Company has reclassified certain prior period expenses to conform to the current year presentation of expenses and cash flows.