TERRAX MINERALS INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

April 30, 2013

(Expressed in Canadian Dollars)

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements have been prepared by and are the responsibility of the management.

The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of condensed interim financial statements by an entity's auditor.

TERRAX MINERALS INC.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars - unaudited)

	Notes		April 30, 2013		January 31, 2013
ASSETS					(audited)
Current assets					
Cash and cash equivalents	4	$	237,710	$	386,558
Receivables	5		12,405		12,588
Prepaids and deposits	6		-		21,100
			250,115		**420,246**
Non-current assets					
Exploration and evaluation assets	6		2,371,156		2,080,646
TOTAL ASSETS		**$**	**2,621,271**	**$**	**2,500,892**
LIABILITIES					
Current liabilities					
Trade payables and accrued liabilities	7	$	83,398	$	46,636
TOTAL LIABILITIES			**83,398**		**46,636**
SHAREHOLDERS' EQUITY					
Share capital	9		5,171,654		5,024,405
Share-based payment reserve	9, 10		610,078		610,078
Deficit			(3,243,859)		(3,180,227)
TOTAL SHAREHOLDERS' EQUITY			**2,537,873**		**2,454,256**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$**	**2,621,271**	**$**	**2,500,892**

Nature and continuance of operations (Note 1)
Subsequent events (Note 13)

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

TERRAX MINERALS INC.
CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian dollars - unaudited)

	Notes	Three months ended April 30, 2013	Three months ended April 30, 2012
EXPENSES			
Consulting	8	$ 8,025	$ -
Office, rent and miscellaneous	8	4,852	5,235
Part XII.6 tax		-	4,154
Professional fees		9,491	-
Share-based payments	9	-	2,903
Transfer agent, filing fees and shareholder communications		33,109	27,954
Travel and related costs		8,156	470
		(63,633)	(40,716)
OTHER ITEMS			
Interest income		-	974
COMPREHENSIVE LOSS FOR THE YEAR		$ (63,633)	$ (39,742)
Loss per share - basic and diluted		$ (0.00)	$ (0.00)
Weighted average number of common shares outstanding – basic and diluted		29,830,775	25,713,575

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

TERRAX MINERALS INC.
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian dollars - unaudited)

		Share capital				
	Notes	Number of shares	Amount	Share-based payment reserve	Deficit	Total
Balance at January 31, 2012		**25,669,131**	**4,730,705**	**566,920**	**(1,795,661)**	**3,501,964**
Comprehensive loss:						
Loss for the period		-	-	-	(39,742)	(39,742)
Transactions with owners, in their capacity as owners, and other transfers:						
Shares issued to acquire exploration and evaluation assets	6, 9	250,000	21,000	-	-	21,000
Stock-based compensation	9	-	-	2,903	-	2,903
Balance at April 30, 2012		**25,919,131**	**$ 4,751,705**	**$ 569,823**	**$ (1,835,403)**	**$ 3,486,125**
Balance at January 31, 2013		**29,829,131**	**$ 5,024,404**	**$ 610,078**	**$ (3,180,226)**	**$ 2,454,256**
Comprehensive loss:						
Loss for the period		-	-	-	(63,633)	(63,633)
Transactions with owners, in their capacity as owners, and other transfers:						
Shares issued to acquire exploration and evaluation assets	6, 9	75,000	17,250	-	-	17,250
Advance on private placement		-	130,000			130,000
Stock-based compensation	9	-	-	-	-	-
Balance at April 30, 2013		**29,904,131**	**$ 5,171,654**	**$ 610,078**	**$ (3,243,859)**	**$ 2,537,873**

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

TERRAX MINERALS INC.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars - unaudited)

	Three months ended April 30, 2013	Three months ended April 30, 2012
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net loss	$ (63,633)	$ (39,72)
Items not involving cash		
Flow-through share reversal	-	
Stock-based compensation	-	2,903
Changes in non-cash working capital items:		
Receivables	182	60,846
Trade payables and accrued liabilities	36,763	(40,747)
Prepaids and deposits	21,100	15,000
Net cash used in operating activities	(5,588)	(1,740)
INVESTING ACTIVITIES		
Expenditures on exploration and evaluation assets	(273,260)	(259,894)
Net cash used in investing activities	(273,260)	(259,894)
FINANCING ACTIVITIES		
Advances on private placement	130,000	-
Net cash provided by financing activities	130,000	-
Decrease in cash and cash equivalents	(148,848)	(261,634)
Cash and cash equivalents, beginning of period	386,558	682,644
Cash and cash equivalents, end of period	$ 237,710	$ 421,010

Supplemental cash flow information (Note 12)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

TerraX Minerals Inc. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on August 1, 2007 and its principal activity is the exploration and development of mineral properties in Canada. The Company trades on the TSX Venture Exchange ("TSX-V").

The head office, principal and registered address and records office of the Company are located at suite 2300-1066 West Hastings Street, Vancouver, British Columbia, Canada, V6E 3X2.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at April 30, 2013 the Company had not advanced its properties to commercial production and is not able to finance day to day activities through operations. These uncertainties cast significant doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management believes that the Company has sufficient funds to finance operating costs over the next twelve months (Note 13).

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

These financial statements were authorized for issue on June 28, 2013 by the directors of the Company.

Statement of compliance to International Financial Reporting Standards ("IFRS")
These financial statements, including comparatives, have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of presentation
These financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars, the Company's functional currency, unless otherwise noted.

Significant estimates and assumptions
The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include stock-based awards and payments, the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments, the recoverability and measurement of deferred tax assets and provisions for restoration and environmental obligations.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty; and
- the classification / allocation of expenditures as exploration and evaluation expenditures or operating expenses.

Exploration and evaluation expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable 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 within property, plant and equipment.

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

Farm outs

The Company does not record any expenditure made by the farmee on its account. It also does not recognize any gain or loss on its exploration and evaluation farm out arrangements but reallocates any costs previously capitalized in relation to the whole interest as relating to the partial interest retained and any consideration received directly from the farmee is credited against costs previously capitalized.

Share-based payments

The Company operates a stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black–Scholes Option Pricing Model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Loss per share
Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

Financial instruments
The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a Company of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.
Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost.
Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

The Company does not have any derivative financial assets and liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Impairment of assets

The carrying amount of the Company's long-lived assets (which include exploration and evaluation assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Income taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:

Deferred income tax is provided using the asset and liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Income taxes (cont'd)

Flow-through shares:

The Company renounces qualifying Canadian exploration expenditures to certain share subscribers who subscribe for flow-through shares in accordance with the Income Tax Act (Canada). Under these provisions, the Company is required to incur and renounce qualifying expenditures on a timely basis for the respective flow-through subscriptions and, accordingly, it is not entitled to the related tax deductions and tax credits for such expenditures.

Any premium received by the Company on the issuance of flow-through shares is initially recorded as a liability ("flow-through tax liability") and included in trade payables and accrued liabilities. A deferred tax liability is recognized and the flow-through tax liability will be reversed provided that the Company has renounced, or there is reasonable expectation that the Company will renounce, the tax benefits associated with the related expenditures. To the extent that suitable deferred tax assets are available, the Company will reduce the deferred tax liability.

Restoration and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other mining assets.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period. The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred. The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

As at April 30, 2013, the Company has no known material restoration and environmental obligations.

3. ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting periods beginning after January 1, 2013 or later periods.

The following new standards, amendments and interpretations that have not been early adopted in these financial statements, are not expected to have a material effect on the Company's future results and financial position:

a) IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine (New).
b) IFRS 9 Financial Instruments (New; to replace IAS 39 and IFRIC 9);
c) IFRS 10 Consolidated Financial Statements (New; to replace consolidation requirements in IAS 27 (as amended in 2008) and SIC-12);
d) IFRS 11 Joint Arrangements (New; to replace IAS 31 and SIC-13);

(Expressed in Canadian dollars- unaudited)

3. ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE (cont'd)

e) IFRS 12 Disclosure of Interests in Other Entities (New; to replace disclosure requirements in IAS 27 (as amended in 2008), IAS 28 (as revised in 2003) and IAS 31);
f) IFRS 13 Fair Value Measurement (New; to replace fair value measurement guidance in other IFRSs);
g) IAS 1 Presentation of Financial Statements, (Amendments regarding Presentation of Items of Other Comprehensive Income);
h) IAS 19 Employee Benefits (Amended in 2011);
i) IAS 27 Separate Financial Statements (Amended in 2011); and
j) IAS 28 Investments in Associates and Joint Ventures (Amended in 2011).

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or not expected to have a significant impact on the Company's financial statements

4. CASH AND CASH EQUIVALENTS

The components of cash and cash equivalents are as follows:

		April 30, 2013	January 31, 2013
Cash at bank	$	237,710	$ 386,558
	$	237,710	$ 386,558

5. RECEIVABLES

Receivables consist of the following:

		April 30, 2013		January 31, 2013
HST receivable	$	12,405	$	12,588
	$	12,405	$	12,588

6. EXPLORATION AND EVALUATION ASSETS

Blackfly Property, Ontario

On July 2, 2009 the Company entered into an option agreement to acquire a 100% interest in the Blackfly Property located in Northwest Ontario, for the following consideration:

- $10,000 (paid) and the issuance of 50,000 common shares (issued, with a fair value of $6,250) upon TSX-V approval of the option agreement;
- $20,000 (paid), the issuance of 60,000 common shares (issued, with a fair value of $21,300) and incurring $25,600 in exploration work by July 2, 2010 (completed);
- $30,000 (paid), the issuance of 70,000 common shares (issued, with a fair value of $13,300) and incurring an additional $25,600 in exploration work by July 2, 2011 (completed);
- $40,000 (paid), the issuance of 100,000 common shares (issued, with a fair value of $8,500) and incurring an additional $51,200 in exploration work by July 2, 2012 (completed); and
- incurring an additional $76,800 in exploration work by July 2, 2013 (completed).

To April 30, 2013, the Company has incurred $401,827 in exploration work on the Blackfly Property.

6. EXPLORATION AND EVALUATION ASSETS (cont'd)

Blackfly Property, Ontario (cont'd)
The Blackfly Property is subject to a 2.5% NSR. The Company has the right to purchase 1% of the 2.5% NSR for $1,000,000, or in increments of $500,000 per 0.5%. A pre-production royalty of $10,000 per year is to be in effect, with the first payment to be made on July 2, 2013. This payment is to continue annually until production commences on the Blackfly Property and this amount will be deducted from any royalties payable by the Company.

Central Canada Property, Ontario
On December 11, 2009, and as amended on December 5, 2012, the Company entered into an option agreement to acquire a 100% interest in the Central Canada Property located in Northwest Ontario, for the following consideration:

- $8,000 (paid) and the issuance of 50,000 common shares (issued, with a fair value of $14,750) upon TSX-V approval of the option agreement;
- $20,000 (paid), the issuance of 60,000 common shares (issued, with a fair value of $17,700) and incurring $20,000 in exploration work by December 11, 2010 (completed);
- $30,000 (paid), the issuance of 70,000 common shares (issued, with a fair value of $5,950) and incurring an additional $20,000 in exploration work by December 11, 2011 (completed);
- $20,000 (paid), the issuance of 100,000 common shares (issued, with a fair value of $4,500) and incurring an additional $40,000 in exploration work by December 11, 2012 (completed);
- the payment of $20,000 by March 31, 2013 (paid); and
- incurring an additional $60,000 in exploration work by December 11, 2013 (completed).

To April 30, 2013, the Company has incurred $146,944 in exploration work on the Central Canada Property.

The Central Canada Property is subject to a 2.5% NSR. The Company has the right, at any time, to purchase 1% of the 2.5% NSR for $1,000,000, or in increments of $500,000 per 0.5%. A pre-production royalty of $10,000 per year is to be in effect, with the first payment to be made on December 11, 2013. This payment is to continue annually until production commences on the Central Canada Property and this amount will be deducted from royalties payable by the Company.

Stewart Property, Newfoundland
On June 28, 2010, and as amended on February 21, 2012 and September 26, 2012, the Company entered into an option agreement to acquire a 100% interest in the Stewart Property located in the Burin Peninsula of Newfoundland, for following consideration:

- $10,000 (paid) and the issuance of 30,000 common shares (issued, with a fair value of $11,550) upon TSX-V approval of the option agreement;
- $20,000 (paid), the issuance of 40,000 common shares (issued, with a fair value of $8,800) and incurring $75,000 in exploration work by April 13, 2011 (completed);
- $25,000 (paid), the issuance of 50,000 common shares (issued, with a fair value of $4,000) and incurring an additional $100,000 in exploration work by April 13, 2012 (completed);
- the payment of $25,000 by September 30, 2012 (paid);
- the issuance of 75,000 common shares (issued, with a fair value of $17,250) and incurring an additional $150,000 in exploration work by April 13, 2013 (completed); and
- the issuance of 100,000 common shares and incurring an additional $200,000 in exploration work by April 13, 2014 (completed).

The Company also previously paid $2,100 in staking costs. To April 30, 2013, the Company has incurred $1,156,043, net of a $100,000 government grant received in April 2012, in exploration work on the Stewart Property.

The Stewart Property is subject to a 2% NSR. The Company has the right, at any time, to purchase 1% the 2% NSR for $1,000,000.

(Expressed in Canadian dollars- unaudited)

6. EXPLORATION AND EVALUATION ASSETS (cont'd)

Northbelt Property, Northwest Territories

On December 17, 2012, the Company successfully submitted an offer to acquire a 100% interest in 121 mineral leases totaling 8802 acres (3562 hectares) 15 km north of the city of Yellowknife known as the Northbelt Property. As consideration, the Company paid a refundable deposit of $21,100 on December 19, 2012 with the balance of the purchase price of $189,900 paid on February 9, 2013 on closing of the transaction.

The following are details of the Company's exploration and evaluation assets:

	Sunbeam-Pettigrew	Blackfly	Central Canada	Stewart	Northbelt	Total
Balance, January 31, 2012	**$ 884,483**	**$ 500,786**	**$ 138,412**	**$ 1,219,834**	**-**	**$ 2,743,515**
Acquisition costs	87,000	48,500	24,500	54,300	-	214,300
Exploration costs						
Assays and drilling	152,924	-	54,909	14,513	-	222,346
Consulting	22,780	490	10,580	28,469	-	62,319
Field expenses	15,643	533	39,443	41,847	-	97,467
Geophysical	-	-	-	3,530	-	3,530
Recoveries	-	-	-	(100,000)	-	(100,000)
	191,348	1,023	104,932	(11,641)	-	285,662
Write-off	(1,162,831)	-	-	-	-	(1,162,831)
Balance, January 31, 2013	**$ -**	**$ 550,309**	**$ 267,844**	**$ 1,262,493**	**-**	**$ 2,080,646**
Acquisition costs	-	-	20,000	17,250	214,114	251,364
Exploration costs						
Assays and drilling	-	-	-	-	-	-
Consulting	-	825	-	-	26,394	27,219
Field expenses	-	43	-	-	5,384	5,427
Geophysical	-	-	-		6,500	6,500
	-	868	-	-	38,278	39,146
Balance, April 30, 2013	**$ -**	**$ 551,177**	**$ 287,844**	**$1,279,743**	**$ 252,392**	**$ 2,371,156**

(Expressed in Canadian dollars- unaudited)

7. TRADE PAYABLES AND ACCRUED LIABILITIES

Trade payables and accrued liabilities consist of the following:

		April 30, 2013		January 31, 2013
Trade payables	$	7,580	$	2,816
Due to related parties (Note 8)		63,318		31,320
Accrued liabilities		12,500		12.500
	$	83,398	$	46,636

8. RELATED PARTY TRANSACTIONS

Related party balances

As at April 30, 2013, $63,318 (January 31, 2013 - $31,320) was due to directors or companies controlled by directors and recorded in trade payables and accrued liabilities. These amounts are unsecured, non-interest bearing with no fixed terms of repayment.

Related party transactions

Key management personnel compensation
The Company's related parties include key management. Key management includes executive directors and non-executive directors. The remuneration of the key management of the Company as defined above was as follows:

	Three months ended			
		April 30, 2013		April 30, 2012
Administrative services	$	4,500	$	4,500
Consulting fees		8,025		-
Geological consulting – Exploration and evaluation assets		33,719		32,245
	$	46,244	$	36,745

9. SHARE CAPITAL

Authorized share capital
Unlimited number of voting common shares without par value.

Issued share capital
At April 30, 2013 there were 29,904,131 issued and fully paid common shares (April 30, 2012 – 25,919,131).

2014
During the three months ended April 30, 2013, the Company issued 75,000 common shares at a fair value of $17,250 towards consideration for the acquisition of exploration and evaluation assets (Note 6).

2013
During the year ended January 31, 2013, the Company completed a non-brokered private placement of 3,710,000 units at a price of $0.07 per unit for gross proceeds of $259,700. Each unit consists of one common share and one-half of one share purchase warrant, exercisable to purchase an additional share at $0.10 until January 21, 2015. The Company has not separately disclosed the fair value of the warrants.

During the year ended January 31, 2013, the Company also issued 450,000 common shares at a fair value of $34,000 towards consideration for the acquisition of exploration and evaluation assets (Note 6).

(Expressed in Canadian dollars- unaudited)

9. SHARE CAPITAL (cont'd)

Stock options

The Board of Directors of the Company has adopted a stock option plan which permits the Company to grant to directors, officers and consultants of the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares and be exercisable for a period of up to five years from the date of grant. The number of common shares reserved for issuance to any individual director or officer will not exceed 5% of the issued and outstanding common shares and the number of common shares reserved for issuance to any one consultant or individual conducting investor relations activities will not exceed 2% of the issued and outstanding common shares. Options granted typically vest on the grant date.

The changes in options during the three months ended April 30, 2013 and the year ended January 31, 2013 are as follows:

	Three months ended April 30, 2013		Year ended January 31, 2013	
	Number of options	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**
Options outstanding, beginning of the period	2,500,000	$ 0.20	2,120,000	$ 0.29
Options granted	-	-	1,150,000	0.10
Options exercised	-	-	-	-
Options expired	-	-	(770,000)	0.30
Options outstanding, end of the period	2,500,000	$ 0.20	2,500,000	$ 0.20
Options exercisable, end of the period	2,500,000	$ 0.20	2,500,000	$ 0.20

On April 30, 2012, the Company granted 500,000 stock options to consultants at an exercise price of $0.10 per share for a 2 year period. These options vested 25% upon grant and 25% every 3 months thereafter. The total fair value of $34,829 was estimated using the Black-Scholes Option Pricing Model assuming an expected life of 2 years, a risk-free interest rate of 1.43% and an expected volatility of 144.23%. The granting of these options resulted in a stock based compensation expense of $22,484 being recorded during the year ended January 31, 2013.

On August 2, 2012, the Company granted 650,000 stock options to officers, directors and consultants at an exercise price of $0.10 per share for a 2 year period. These options vested immediately. The total fair value of $20,674 was estimated using the Black-Scholes Option Pricing Model assuming an expected life of 2 years, a risk-free interest rate of 1.06% and an expected volatility of 125.54%. The granting of these options resulted in a stock based compensation expense of $20,674 being recorded during the year ended January 31, 2013.

(Expressed in Canadian dollars- unaudited)

9. SHARE CAPITAL (cont'd)

Stock options (cont'd)

The following incentive stock options were outstanding and exercisable at April 30, 2013:

Number of options outstanding	Number of options exercisable	Exercise price	Expiry date
750,000	750,000	$ 0.25	June 27, 2013
600,000	600,000	0.33	September 27, 2013
500,000	500,000	0.10	April 30, 2014
650,000	650,000	0.10	August 2, 2014
2,500,000	2,500,000		

Warrants

Warrant transactions are summarized as follows:

	Number of warrants	Weighted Average exercise Price
Balance as at January 31, 2012	5,154,701	0.38
Issued	1,855,000	0.10
Expired	(5,154,701)	0.38
Balance as at January 31, 2013	1,855,000	$ 0.10
Issued	-	-
Expired	-	-
Balance as at April 30, 2013	1,855,000	$ 0.10

The following warrants were outstanding and exercisable at April 30, 2013:

Number	Exercise Price	Expiry Date
1,855,000	$ 0.10	January 21, 2015

10. RESERVES

Share-based payment reserve

The share-based payment reserve records items recognized as stock-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital.

11. FINANCIAL RISK AND CAPITAL MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with major banks in Canada. As most of the Company's cash is held by two banks there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The Company's secondary exposure to risk is on its receivables. This risk is minimal as receivables consist primarily of refundable government goods and services taxes.

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 has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. Liquidity risk is, therefore, assessed as high.

Foreign exchange risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and other foreign currencies will affect the Company's operations and financial results. The Company operates in Canada and is, therefore, not exposed to foreign exchange risk arising from transactions denominated in a foreign currency.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has cash balances at April 30, 2013 and no-interest bearing debt, therefore, interest rate risk is nominal.

Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital, net of accumulated deficit.

There were no changes in the Company's approach to capital management during the year.

The Company is not subject to any externally imposed capital requirements.

(Expressed in Canadian dollars- unaudited)

11. FINANCIAL RISK MANAGEMENT (cont'd)

Classification of financial instruments

Financial assets included in the statements of financial position are as follows:

		April 30, 2013		January 31, 2013
FVTPL:				
Cash and cash equivalents	$	237,710	$	386,558
Loans and receivables:		12,405		12,588
Interest receivable		-		-
	$	250,115	$	399,146

Financial liabilities included in the statements of financial position are as follows:

		April 31, 2013		January 31, 2013
Non-derivative financial liabilities:				
Trade payables	$	70,898	$	34,146

Fair value

The fair value of the Company's financial assets and liabilities approximates their carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The following is an analysis of the Company's financial assets measured at fair value as at April 30, 2013 and January 31, 2013:

	As at April 30, 2013					
		Level 1		Level 2		Level 3
Cash and cash equivalents	$	237,710	$	-	$	-
	As at January 31, 2013					
		Level 1		**Level 2**		**Level 3**
Cash and cash equivalents	$	386,558	$	-	$	-

(Expressed in Canadian dollars- unaudited)

12. SUPPLEMENTAL CASH FLOW INFORMATION

During the three months ended April 30, 2013 and 2012 the Company incurred the following non-cash transactions that are not reflected in the statements of cash flows:

	Three months ended	
	April 30, 2013	**April 30, 2012**
Exploration expenditures included in trade payables and accrued liabilities	$ 39,146	$ 37,245
Fair value of shares issued for mineral property option payments	$ 17,250	21,000

13. SUBSEQUENT EVENTS

a) On May 8, 2013, the Company completed the first closing of a private placement of 6,786,085 units at $0.20 per unit. Each unit consists of one common share and one-half of one share purchase warrant, with each full warrant entitling the holder to purchase an additional common share at an exercise price of $0.30 per share until May 8, 2016. Finder's fees of $21,840 were paid with respect to this placement along with the issuance of 109,200 finder's warrants exercisable at $0.30 until May 8, 2016. On May 30, 2013 the Company issued a further 125,000 units at $0.20 per unit with respect to the final closing of this placement, with each unit consisting of one common share and one-half of one share purchase warrant, with each full warrant entitling the holder to purchase an additional common share at an exercise price of $0.30 per share until May 30, 2016.

b) Concurrent with the private placement noted above, the Company entered into a definitive royalty option agreement with Virginia Mines Inc. ("Virginia"), a company listed on the TSX, whereby Virginia has been granted an option to acquire up to a 2% NSR on the Company's Northbelt Property. Virginia may exercise the option by payment of $2,000,000 within 3 months following the commencement of production. In consideration of granting the option, the Company received 20,000 common shares of Virginia.

c) The Company paid $20,000 towards the option agreement for the Central Canada Property (Note 6).

d) The Company entered into a mineral claims purchase agreement with Sonde Resources Corp., a company listed on the TSX-V, for the purchase of certain mining claims located in Mackenzie District, Northwest Territories by paying $10,000.

e) On June 27, 2013 750,000 incentive stock options exercisable at $0.25 per share expired unexercised.

TERRAX MINERALS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
For the three months ended April 30, 2013

This Management Discussion and Analysis of TerraX Minerals Inc. ("TERRAX" or the "Company") provides analysis of the Company's financial results for the three months ended April 30, 2013 and should be read in conjunction with the accompanying unaudited condensed interim financial statements and notes thereto for the three months ended April 30, 2013 and with the audited financial statements and notes thereto for the year ended January 31, 2013, all of which are available at www.sedar.com. This discussion is based on information available as at June 28, 2013.

The accompanying April 30, 2013 condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements. All amounts are expressed in Canadian dollars, unless otherwise stated.

Certain statements made may constitute forward-looking statements. Such statements involve a number of known and unknown risks, uncertainties and other factors. Actual results, performance and achievements may be materially different from those expressed or implied by these forward-looking statements. Additional information about TerraX Minerals Inc. is available at www.sedar.com.

The Company was incorporated on August 1, 2007 pursuant to the provisions of the *Business Corporations Act* (British Columbia) under the name of TerraX Resource Corp. On March 31, 2008, the Corporation amended its notice of articles to change its name to TerraX Minerals Inc. The Company has no subsidiaries.

OVERVIEW

The principal business of the Company is the acquisition and exploration of mineral exploration properties in underexplored areas of Canada. The Company's current focus is the newly acquired Northbelt property, an advanced exploration stage gold project 15 km north of Yellowknife, Northwest Territories. This property is in the same belt of rocks that hosts the past-producing 7.6 Moz Giant and 5.5 Moz Con mines, as well as several significant gold deposits to the north.

On February 13, 2013, the Company completed the acquisition of a 100% interest in the Northbelt property. The property has no third party interest or payments, nor any retained NSR royalties. The property consists of 121 leases totalling 8802 acres (3562 hectares) which cover approximately 13 km of strike along the prolific Yellowknife Belt, 15 km north of the city of Yellowknife. The southern part of the property is accessible by road and the remainder is accessible by all terrain vehicles. Northbelt is situated on the northern strike continuation of the Yellowknife gold camp, immediately west of the major break controlling gold mineralization within the camp. The property is host to multiple shears that are the recognized hosts for gold deposits in the Yellowknife camp, including the past producing Giant and Con mines, and it contains innumerable gold showings.

TerraX also holds 100% interests in the **Blackfly** and **Central Canada gold** projects in the burgeoning Marmion Batholith gold district near Atikokan, Ontario as well as the **Stewart copper-gold** property in Newfoundland.

The Blackfly gold property consists of five claims totalling 64 claim units (~10.1 km2) located within 15 km of Osisko Mining Corporation's (TSX: OSK) Hammond Reef gold deposit, which contains a National Instrument 43-101 compliant Global Measured and Indicated resource of 196.4 Mt @ 0.86 g/t (5.43 Moz Au). Osisko Mining Corporation's technical report on the Hammond Reef property is available at www.sedar.com. The geology and known mineralization on the Blackfly property are similar to the Hammond Reef deposit and the Blackfly property appears to be along strike from Hammond Reef.

The Central Canada gold property consists of seven claims totaling 24 claim units (~3.8 km^2) located 20 km east of the town of Atikokan, 160 km west of Thunder Bay and 19 km from the Hammond Reef deposit.

The Stewart copper-gold property consisted of two mineral exploration licenses, totalling 242 claims (~60.5 km^2), located 30 km north-northeast of the town of Marystown, which is in turn approximately 300 km by road southwest of St. John's on the Burin Peninsula. The Stewart property is considered prospective for a large tonnage, low grade copper-gold porphyry deposit.

Northbelt Gold Property, Northwest Territories

In January 2013 TerraX was advised that it had won a competitive bid to acquire the Northbelt claims in the Yellowknife area of the Northwest Territories, Canada. The property was offered for sale by Samson Belair/Deloitte & Touche Inc., acting as receiver of the assets of Century Mining Corporation, which had acquired the ground in 2005 and was subsequently put into receivership on May 29, 2012 by its secured lender. The financial difficulties of Century Mining Corporation were mostly due to production losses at its Sigma-Lamaque property in Quebec, Canada. TerraX agreed to pay $211,000 to acquire 100% ownership of the mining leases with no retained interest by any outside parties, nor any NSR royalties.

On February 13, 2013, the Company completed the acquisition of the Northbelt property. The property consists of 121 leases totalling 8802 acres (3562 hectares) which cover approximately 13 km of strike along the prolific Yellowknife Belt, 15 km north of the city of Yellowknife. The southern part of the property is accessible by road and the remainder is accessible by all terrain vehicles and boats. Northbelt is situated on the northern strike continuation of the geology hosting the deposits in the Yellowknife gold camp which occur immediately west of the major break controlling gold mineralization within the camp. The property is host to multiple shears that are the recognized hosts for gold deposits in the Yellowknife camp, including the past producing Giant (7.6M oz) and Con (5.5M oz) gold mines, and it contains innumerable gold showings. Known mineralization on the property contains free milling gold.

TerraX has commenced a compilation of previous work. The property was explored at the beginning of the Yellowknife gold rush in the early 1940s. It was staked by multiple claimholders in 1944 with the discovery of the outcropping Crestaurum deposit. Drilling commenced in 1945 and the property was intermittently active throughout the 1960s and 1970s. By the 1970s Giant Gold Mines had largely consolidated the property and began serious exploration and by the end of the 1980s substantial drill programs were completed. Detailed mapping in this period confirmed that the property hosts the extension of the Yellowknife Gold Camp's gold bearing structures and that the stratigraphy associated with the large mines occurs in the southern part of the property. It was also realized that numerous other sub-parallel structures host gold occurrences, including the Crestaurum deposit. In addition a precious metal enriched base metal (Zn/Pb +/-Cu) play was identified in the northern part of the property. At least 450 drill holes were completed on the property between 1938 and 1996, mostly concentrated on the Crestaurum deposit (approximately 200 holes).

Crestaurum Deposit

The Crestaurum deposit is contained within a shear that trends for at least 1.5 km in a northeast direction. On the order of 200 drill holes intersect the mineralized structure, with the vast majority intersecting the structure at less than 100 m vertical depth. The shoots best defined by drilling (North, Central, South in the No. 1 Shear) consist of narrow veins, generally less than 1 m thick, within a chloritic (+/- carbonate and sericite) shear that can be up to 25 m wide. Sampling of the historical drilling was mostly confined to the veins, although some holes were more comprehensively sampled and show a wide zone of anomalous mineralization across the shear structure and into wallrocks. The Crestaurum shear bifurcates at its northern end and both horizons have high grade gold intersections. The No. 1 shear is the only one with previous resource estimates.

During the due diligence studies, TerraX reviewed a listing of 169 holes used in the resource calculation prepared by D.W. Lewis for Giant Mines Ltd. in 1985 that estimated a resource of 572,040 tonnes at 6.72 g/t Au (123,489 ounces). Of these holes, 133 had high grade gold intersections, and several were mineralized on two or more shears.

Visible gold was common, with 44 holes reporting coarse gold. A selection of some of the higher grade and wider intersections includes:

Hole	From (m)	to (m)	Interval (m)	Au g/t
8	32.82	36.07	3.25	11.65
31	44.68	46.05	1.37	477.66
32	34.49	40.54	6.05	7.78
150	52.94	57.58	4.64	24.60
166	126.03	132.34	6.31	10.72

The Crestaurum deposit was subjected to numerous resource calculations over the years, and to preliminary mine planning by Giant Mines, but its development was largely thwarted by the fact that the free milling gold, similar to Con's Campbell Shear ore, was detrimental to the roasting process used at Giant for its refractory ore. A 1985 metallurgical study based on several drill holes representative of the mineralization and composited into two metallurgical samples reported poor recoveries using the Giant Mine's roasting process (44-62% recovery of gold), but further testing by conventional cyanidation led to the conclusion that "both composite samples were determined to be free milling and best suited for a straight cyanidation process", and that this process would "yield recoveries in the order of 95%".

It was also determined during the metallurgical tests that gold head grades were 15% higher than uncut grades estimated from drill sample assays,

TerraX believes the historic resources and the metallurgical testing are relevant but investors are cautioned that the estimates were prepared before the introduction of National Instrument 43-101 Standards of Disclosure for Mineral Projects. A Qualified Person has not completed sufficient exploration work nor conducted an examination of past work to define a resource that is currently compliant with NI 43-101. It is important to note that these calculations relied on sampling procedures that concentrated on quartz vein material and most holes were not sampled throughout the much broader lower grade shear zones hosting the veins. It is TerraX's belief, after reviewing historic drill logs, that the resource would be significantly expanded by including all intercepts greater than 1 g/t Au. In addition, the Crestaurum historical resource calculation is restricted to the No. 1 Shear, and modelled mineralized blocks had a limited strike length. Subsequent drilling has confirmed substantial strike and depth expansion of the zones.

Other Targets

The final significant work on the property was conducted in the first half of the 1990s with work focused on other shear zones (25 gold bearing shears identified in the southern part of the property), and on the southern and northern extensions to the Crestaurum deposit. Significant success was achieved in deeper drilling (up to 300 m below surface) on the northern extension of the Crestaurum, and on what is interpreted as the extension of the main Giant Mine trend.

Beyond the known historical resources at Crestaurum, several drill holes have been drilled over the years to evaluate the extensions to the shears, most importantly to the north where the Crestaurum Shear is intersected by several other shears, including the 20 Shear, the 20 West Splay and the 19 Shear (see the map on the TerraX web site). Drilling in the area in 1995 and 1996 had considerable success in intersecting high grade and wider zones of mineralization, as well as multiple horizons of gold, with some holes reporting up to five significant intersections. Particularly wide intersections occur in some deeper holes, indicating the potential for substantial increases in the size of the Crestaurum zones. These include:

Hole	From (m)	to (m)	Interval (m)	Au g/t
NB-95-3	109.06	110.09	1.03	102.91
NB-96-02	319.58	338.36	18.78	4.74
incl.	320.95	331.01	10.06	8.39
NB-96-16	337.26	347.01	9.75	8.76

The 20 Shear was a well recognized target early in the exploration of Northbelt and there has been considerable success in drilling gold mineralization as this shear began to intersect the Crestaurum structure, possibly creating a classic dilation along orthogonally intersecting structures. A very significant drill intersection on this structure was drilled and reported by Nebex Resources Ltd. in 1994 (Hole NB-94-1a).

Hole	From (m)	to (m)	Interval (m)	Au g/t
NB-94-1a	285.37	305.58	19.71	4.61

In the northern part of the property there is widespread VMS style mineralization. As with the gold targets it was initially found on surface and later explored with drilling. Trench exposures are generally very narrow (less than 1 meter). Subsequent drill holes under these showings seem to show relatively good continuity, even of the narrow lenses. The horizons are Pb-Zn rich, with minor Cu, very high silver content and locally appreciable gold. Examples include:

Hole	From (m)	to (m)	Interval (m)	Au g/t	Ag g/t	Zn%	Pb%	Cu%
G2	72.24	74.68	2.44	0.69	162.14	7.64	9.95	0.25
38-2	42.06	48.16	6.10	2.54	204.31	10.82	6.03	0.55

Access and logistics for the project are excellent and there are no known substantial environmental liabilities associated with the property that would limit TerraX's ability to begin obtaining permits for field work in 2013. TerraX's immediate focus was to complete data compilation of information collected during two work sessions in Yellowknife in January and February. This compilation has created a GIS project to direct 2013 field work. A digital drill database is being constructed from historical holes for creation of 3D modeling of mineralized bodies.

Terrax commenced exploration at Northbelt with an airborne survey to acquire detailed magnetic, electromagnetic (EM) and radiometric data. This survey began on May 30, 2013 and was completed in the first week of June.

The shears that control gold mineralization on the property are thought to have higher magnetic signatures than the surrounding rocks, and therefore the detailed magnetics should be an effective targeting tool. In addition, the alteration associated with gold mineralization has been shown to have a potassic component which can be picked up by the radiometric survey. Together, magnetic and radiometric data should be helpful in targeting the best portions of the mineralized shears.

The EM survey is designed to identify anomalies associated with volcanogenic massive sulphide deposits that occur in the north of the property. Initial site reconnaissance carried out earlier in May on outcrop exposures of Zn-Pb-Cu-Ag-Au massive sulphide zones indicates they have sufficient thickness and strike continuity for EM response.

In addition to preliminary exploration work, TerraX has also begun community engagement meetings within Yellowknife, and within the First Nations communities of N'Dilo and Dettah. Initial responses to the introduction of TerraX's exploration plans have proven to be positive. TerraX has begun reviewing a proposal for an Akaticho First Nations Exploration Agreement to help guide its interaction with these First Nations groups during its future exploration programs.

More detailed prospecting and ground truthing of historical work began with a small field crew on June 10th. Initial contacts have been made with the Mackenzie Valley Land and Water Board (MVLWB) for preparing applications for drill permits on the Northbelt property. The MVLWB will be responsible for issuing the permits to TerraX for its drilling programs, which are tentatively scheduled to begin in Q4 2013 or Q1 2014. TerraX is responsible for, and has already begun, carrying out community engagement prior to completing a permit application for this drilling.

During the three months ended April 30, 2013 the Company incurred $38,278 in exploration on the Northbelt property, inclusive of geological consulting ($26,394) field expenses ($5,384) and geophysical consulting ($6,500).

Goodwin Gold Property, Northwest Territories

In May 2013 TerraX acquired additional property in the Yellowknife gold camp through the purchase of the Goodwin gold property from Sonde Resources Corp. The Goodwin property occurs 8 km north-northeast of Yellowknife and consists of 12 mineral claims totalling 619.8 acres (250.82 ha) that lie to the south of, and are contiguous to, the southern boundary of the Northbelt property. TerraX acquired a 100% interest in the claims, which have no underlying royalties and are in good standing until 2058. The Goodwin property abuts the Giant Mine property (historical production of 7.6 Moz Au, source: *Guide to Mineral Deposits, Northwest territories, 2007*), which lies immediately to the west. Like the Giant and Northbelt properties, the Goodwin property is predominantly underlain by Archean mafic volcanics of the Yellowknife Volcanic Belt.

The Goodwin property is 2.6 km long in a north-south direction and almost 1 km wide. The property is known to host one mineral occurrence, the Goodwin showing. Government records indicate that a chip sample of unspecified length assayed 6.86 g/t Au at the Goodwin showing. The sample was said to contain schist and quartz vein material. TerraX does not have complete records of all previous work completed on this property. According to historical maps, at least 37 drill holes have been drilled on the property, but TerraX only has logs for 14 of these holes, and assays from only 3 holes. All known holes are in the southern 1 km of the property, adjacent to the Giant property, although the Goodwin showing is in the northern portion of the property. TerraX expects to be able to use knowledge gained from the Northbelt property to generate targets on the Goodwin property.

Blackfly Gold Property, Ontario

In July 2009 TerraX entered into an option to acquire the Blackfly gold property in northwest Ontario. The property consists of five claims totalling 64 claim units (~10.1 km^2) located 10 km northwest of the town of Atikokan, 180 km west of Thunder Bay and 17 km from Osisko's Hammond Reef deposit. As does the Hammond Reef deposit, the Blackfly property occurs on the western edge of the Marmion Batholith. The geology and known mineralization on the Blackfly property are similar to the Hammond Reef deposit and the Blackfly deposit appears to be along strike from Hammond Reef.

TerraX has earned a 100% interest in the Blackfly property over a four year period by making option payments totalling $100,000, issuing 280,000 shares, and funding in excess of $179,200 of exploration and development work (completed). The vendors retain a 2.5% NSR, 1% of which can be purchased by TerraX for $1,000,000. An annual pre-production royalty of $10,000 is in effect, commencing on July 2, 2013.

Gold-bearing quartz and quartz-carbonate veins were discovered on the Blackfly property around 1897, but the majority of previous exploration took place between 1938 and 1949. This includes the sinking of a 14 m shaft in 1938. According to the Ontario Geological Survey, mineralization consists of pyrite, galena, and possible arsenopyrite with accessory chlorite, sericite, ankerite and epidote. Sampling by the Ontario Geological Survey produced values of 8.75 g/t Au over 0.35 m in a quartz vein and 3.44 g/t Au in wallrock. Although the over-riding target for TerraX is a large, low grade gold deposit similar to Hammond Reef, the grades obtained to date from the quartz veins suggest that the property may also have potential for a smaller, higher grade deposit.

During field exploration at Blackfly in 2009, sampling was concentrated in and around the northeast-trending, historical Blackfly Zone. Sampling along the exposed 300 m strike length of this zone in September returned assays up to **167 g/t Au**, with 13 samples in excess of 1 g/t Au. Sampling of a parallel structure 70 m northwest of the Blackfly Zone produced assays up to 1.10 g/t Au. Two additional zones of anomalous mineralization (assays up to 383 ppb Au) were discovered during limited examination of the remainder of the property. The 276 samples taken in 2009 collectively defined a northeast-striking, mineralized lineament with intermittent alteration and mineralization over a strike length of 4.4 km on the property. This lineament is sub-parallel to and potentially along strike with the nearby Hammond Reef deposit. Three other northeast-striking lineaments with alteration were identified on the property, but anomalous gold was only detected on the main lineament, which had not previously been drill tested.

TerraX conducted a detailed IP survey (50 to 100 m line spacing) in early 2010 over a 500 m strike length containing the Blackfly Zone, and reconnaissance IP (150 m line spacing) over a 1.8 km strike length of the main lineament in the northeast part of the property. On the Blackfly Zone, the survey identified a 300 m long by 200 m wide, northeast-striking, chargeability anomaly that is open at both ends, and is coincident with anomalously high resistivity (possibly indicating silicification). In the northeast part of the property, a 1.6 km long by up to 200 m wide, northeast-striking chargeability anomaly was identified. This anomaly is open to the southwest, towards the Blackfly Zone. The chargeability anomaly corresponds to a resistivity high and occurs along an 8 km long airborne magnetic lineament. This lineament contains the Blackfly Zone and an auriferous zone immediately northeast of the Blackfly property, recently drilled by Sparton Resources Inc. Alteration and anomalous gold values were noted on surface along the length of this anomaly during TerraX's 2009 field program.

TerraX drilled six shallow holes at Blackfly in May/June 2010, testing near-surface IP chargeability and resistivity anomalies on the Blackfly and Blackfly Northeast targets. These target areas are considered to have potential for both high grade gold related to quartz veins of significant width, and for lower grade, bulk mineable gold. The initial drill program successfully encountered both styles of mineralization.

Four holes totalling 670 m were drilled at the **Blackfly Target**, which consists of the Blackfly Vein and a coincident chargeability/resistivity anomaly identified during TerraX's IP survey. Each drill hole encountered extensive silicification with associated pyrite, as well as abundant quartz-ankerite veining. Hole BF10-01 intersected 3.96 m @ 0.79 g/t Au in weakly sericitized tonalite near the end of the hole at 130 m. Hole BF10-02 also intersected locally anomalous values (up to 214 ppb Au) throughout much of the hole. Hole BF10-03 intersected 0.51 m @ 2.22 g/t Au in the Blackfly Vein, and **8.26 m @ 0.94 g/t Au** in silicified tonalite with minor pyrite and chalcopyrite. Hole BF10-04 intersected **1.07 m @ 15.1 g/t Au** in the Blackfly Vein and 1.48 m @ 0.81 g/t Au in a sericitized mafic dike that has mineralized tonalite shoulders for a total intersection of 3.2 m @ 0.47 g/t Au.

An initial drill test of the **Blackfly Northeast Target** comprised two drill holes totalling 293 m, targeted solely on IP anomalies. These holes also encountered extensive silicification and pyrite development. Hole BF10-05 intersected 1.23 m @ 0.57 g/t Au, **1.47 m @ 2.70 g/t Au** and 1.47 m @ 0.73 g/t Au, as well as intermittent anomalous gold values. The latter two intersections were in a magnetic quartz diorite not previously noted on the property. An intersection of 1.11 m @ 0.79 g/t Au occurred in hole BF10-06 in strongly silicified tonalite with minor pyrite. Numerous isolated intervals of anomalous gold (up to 431 ppb) were present in the hole.

Detailed mapping in the region of the Blackfly Vein in 2010 resulted in a more accurate delineation of the two main mineralized vein structures. Most of TerraX's previous sampling was concentrated on the main vein, where 2009 grab samples returned up to **167 g/t Au**, and from which drill hole BF10-04 produced an intersection of **1.07 m @ 15.1 g/t Au,** and hole BF10-03 produced an intersection of **0.51 m @ 2.22 g/t Au.** This vein was traced on surface for a strike length of 350 m. Mapping indicated that the intersections of **8.26 m @ 0.94 g/t Au** from hole BF10-03 and **1.31 m @ 0.50 g/t Au** are likely related to the Blackfly NW vein system, which is sub-parallel to and occurs 75 m to the northwest of the main vein. The Blackfly NW vein system varies along strike from a single 30 cm quartz vein with pyrite and galena to a ~5 m wide zone of thin quartz-ankerite veins with associated pyrite. Grab sampling of the latter zone returned up to **2.08 g/t Au**. The Blackfly NW vein was traced for 150 m on surface; it has been intersected by two drill holes to date. Twenty grab samples were collected from the Blackfly target during this fieldwork; assay results ranged from below detection to 2.08 g/t Au and include six samples with >40 ppb Au.

Mapping and sampling was also conducted on the Blackfly Northeast target, where the June 2010 drilling intersected

1.47 m @ 2.70 g/t Au in a magnetic quartz diorite that had not previously been noted on the property. This intrusion was mapped on surface over a strike length of 285 m (and is inferred from drilling to be at least 400 m long), and had only been completely drill tested at one location. A grab sample result of **1.80 g/t Au** was obtained directly above the mineralized drill intersection, a vertical distance of 80 m. Four grab samples were collected from the Blackfly Northeast target; results ranged from 10 to 1800 ppb Au.

TerraX completed two drill holes in the northeastern portion of the Blackfly property in early 2011, testing along strike from a TerraX drill intersection of 1.47 m @ 2.7 g/t Au in hole BF10-05, which was obtained from veins within a distinct, highly magnetic mafic intrusive. The holes were collared 75 m on either side of BF10-05. Both holes intersected mineralization within the same geological setting, presumably part of the same structure. BF11-11, drilled northeast of BF10-05, had an intersection of **2.0 m of 10.96 g/t Au**, which includes **0.7 m @ 29.8 g/t Au** with an adjacent sample of **1.3 m @ 0.821 g/t Au**. Hole BF11-12, drilled southwest of BF10-05, returned **1.4 m @ 0.452 g/t Au** on this same structure. This hole also had isolated intersections of **3.34 m @ 0.396 g/t Au** and **0.76 m @ 0.777 g/t Au** related to individual quartz-ankerite veins. The mineralized structure is open along strike and down-dip, and will be the target of future drill testing.

Previous work in the southern part of the property established that there are two mineralized trends, Blackfly Main and Blackfly Northwest. Blackfly Main is a narrow, locally high grade system which has returned grab samples up to 167 g/t Au and drill intercepts up to 1.07 m @ 15.1 g/t Au. Blackfly Northwest is wider and lower grade, of a similar style to mineralization in the Hammond Reef deposit. It has returned grab samples up to 2.08 g/t Au and drill intersections up to 8.26 m @ 0.94 g/t Au. Five holes were drilled in this area in late 2010/early 2011, but the first hole was abandoned so only four holes were completed, intersecting both mineralized zones.

The Blackfly Main vein system was recognized in two of the holes. In hole BF10-07, multiple quartz-ankerite-sericite-pyrite veins returned 1.1 m @ 361 ppb Au. In hole BF10-09, the structure occurs as a 0.8 m shear zone which ran 82 ppb Au. The vein system was not recognized in the other two holes. These results corroborate surface observations that the thickness and grade of this vein system fluctuate dramatically along strike; clearly the same behaviour occurs down dip. The Blackfly Northwest mineralized trend was recognized in all four holes. In hole BF10-07A it is a pyrite-rich shear zone which returned **0.91 m @ 0.873 g/t Au.** In hole BF10-08, the Blackfly Northwest trend is a quartz vein-rich zone which ran 12.06 m @ 77 ppb Au. In hole BF10-09 the zone produced 6.37 m @ 98 ppb Au. Hole BF11-10, drilled 50 m along strike from all previous drilling generated two intersections which could plausibly be related to Blackfly Northwest: 3.75 m @ 611 ppb Au, and 2.16 m @ 124 ppb Au.

The Blackfly Main trend has now been identified on surface over a strike length of 350 m and drill tested over a strike length of 210 m. It has been tested by a total of seven holes, to a maximum vertical depth of 70 m. Although high grade in places, the structure is a challenge to quantify because it varies erratically in character. The Blackfly Northwest trend appears to be relatively continuous over the 210 m strike length of drill testing, to a vertical depth of at least 135 m. It contains significant widths of anomalous gold (true thicknesses up to 9.5 m encountered to date). Future exploration will concentrate on delineating higher grade portions of this mineralized trend.

During the three months ended April 30 2013 TerraX spent $868 on geological consulting and field expenses at the Blackfly property.

Private Placement

On May 8, 2013 Terrax completed the first tranche of a non-brokered private placement of 6,786,085 units at 20 cents per unit for gross proceeds of $1,357,217. Each unit consists of one common share and one-half of one share purchase warrant, with each full warrant entitling the holder to purchase an additional common share at an exercise price of 30 cents per share until May 8, 2016. The shares and any shares acquired on the exercise of warrants are subject to a hold period expiring on September 9, 2013. Finders' fees of $21,840 were paid with respect to this placement along with the issuance of 109,200 finders' warrants exercisable at $0.30 until May 8, 2016.

On May 30, 2013 TerraX closed off this private placement with the issuance of a further 125,000 units at $0.20 per unit, bringing the aggregate gross proceeds raised in this private placement to $1,382,217. Each unit consists of one common share and one half of one share purchase warrant, with each full warrant entitling the holder to purchase an additional common share at an exercise price of $0.30 per share until May 30, 2016. The shares and any shares acquired on the exercise of warrants area subject to a hold period expiring on September 31, 2013.

Virginia Mines Inc. (TSX: VGQ) purchased 3,617,085 units of this private placement for net proceeds to Terrax of $723,417. Concurrent with completion of the private placement, Terrax entered into a royalty option agreement with Virginia whereby Virginia has been granted an option to acquire a 2-per-cent net smelter returns royalty on the Northbelt property. Virginia may exercise the option by payment of $2-million within three months following commencement of production. In consideration of granting the option, Terrax received 20,000 common shares of Virginia.

Current Economic Conditions

During early calendar 2013, the ongoing global credit crisis and economic weakness have made for extremely volatile capital markets characterized by weaker equity prices for mineral exploration companies and an environment in which limited opportunities existed to raise additional capital. While stronger commodity prices have provided financing opportunities which TerraX has capitalized on in the past to augment its working capital, management of the Company remains cautious and will continue to take the necessary precautions to maintain its cash reserves. The Company has commitments in the future (later this fiscal year and beyond) on its mineral properties and the Company may be forced to abandon and write-off one or more of these properties if the Company does not have the means to meet these commitments, or does not feel it is fiscally prudent to do so. In order to conserve cash, TerraX elected not to make the annual pre-production royalty payment on the Sunbeam-Pettigrew property when due in April 2013 and returned the property to the vendors while it was still in good standing, thus avoiding further provincial work obligations that would come due in 2014.

With the completion of a private placement for gross proceeds of $1,382,217 in May 2013 the Company currently has sufficient cash to meet all obligations during through fiscal 2014 and does not believe that any write-downs of its mineral properties are required at this time. The Company will be reviewing its mineral property commitments as well as its working capital position on an ongoing basis during fiscal 2014 and may elect to abandon properties when obligations become due if management deems it necessary in order to maintain the long-term viability of the Company.

Results of Operations – Three months ended April 30, 2013

Operating expenses for the three months ended April 30, 2013 totaled $63,633 as compared to $40,716 during the three months ended April 30, 2012. The significant differences in expenditures were as follows:

Consulting expense increased to $8,025 during the three months ended April 30, 2013 from $Nil incurred during the same period a year prior due to the resumption of investor presentations during the current period in order to facilitate the non-brokered private placement completed in May, 2013.

During the three months ended April 30, 2012 the Company incurred Part XII.6 tax expense of $4,154 related to flow-through exploration expenditures made during fiscal 2012. There was no comparable expense during the current period.

Professional fees of $9,491 were incurred during the three months ended April 30, 2013 for accounting and legal fees related to the acquisition of the Northbelt property and the private placement completed subsequent to the period. There were no professional fees incurred during the same period a year prior.

During the three months ended April 30, 2012 the company incurred $2,903 for share-based payments (a non-cash item) for stock options granted and vested during the period. There were no options granted or vested during the current period.

The Company spent $33,109 for transfer agent, filing fees and shareholder communications during the three months ended April 30, 2013, an increase from the $27,954 incurred during the same period a year prior primarily due to increased expenditures on news dissemination and trade shows.

Travel expenditures increased to $8,156 during the current period from the $470 incurred during the three months ended April 30, 2012 due to travel required to attend trade shows and for broker presentations to facilitate the private placement completed in May 2013.

During the three months ended April 30, 2012 the Company earned interest income of $974 on cash equivalents on hand. There was no interested income earned during the three months ended April 30, 2013.

As a result of the foregoing, the Company recorded a comprehensive loss for the three months ended April 30, 2013 of $63,633 as compared to a comprehensive loss of $39,742 during the same period a year prior.

Summary of Quarterly Results

	Q1-2014	**Q4-2013**	**Q3-2013**	**Q2-2013**	**Q1-2013**	**Q4-2012**	**Q3-2012**	**Q2-2012**
Net income (loss) ($)	(63,633)	(1,244,736)	(56,501)	(43,587)	(39,742)	(50,983)	(26,529)	10,001
Per Share ($)	(0.00)	(0.05)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	0.00

The gain for the second quarter of fiscal 2012 was reduced to $10,001 due to the reduction of the flow-through share liability to $51,420 during the current period. This compares to a gain of $37,596 during the prior fiscal quarter when the Company recorded a flow-through share liability reversal of $78,153 due to higher exploration expenditures incurred during that period.

The Company incurred a loss for the third quarter of fiscal 2012 of $26,529 primarily because of share-based payments expense of $82,669, a non-cash expense, incurred during the period due to the granting of incentive stock options to management, directors and consultants. The loss was reduced to $26,529 as a result of a flow-through share liability reversal of $105,577 due to the completion of flow-through eligible exploration expenditures during the period.

The loss for the fourth quarter of fiscal 2012 increased to $50,983 from the loss of $26,529 incurred during the third quarter as operating expenses were not offset by any flow-through share liability reversal during the current period, although operating expenses were reduced by the elimination of share-based payments expense during the fourth quarter as no options were granted during the period.

The loss for the first quarter of fiscal 2013 decreased to $39,742 from the loss of $50,983 incurred during the fourth quarter of fiscal 2012 primarily due to a reduction in professional fees and travel expenses during the current period.

During the second quarter of fiscal 2013, the loss increased to $43,587 from the loss of $39,742 incurred during the first quarter primarily due to a share-based payment expense of $5,185 incurred during the period.

The loss for the third quarter of fiscal 2013 increased to $56,501 from the loss of $43,587 incurred during the second quarter primarily due to an additional share-based payment expense incurred during the current period for the granting of options.

The loss for the fourth quarter of fiscal 2013 increased to $1,244,736 from the $56,501 incurred during the prior quarter primarily due to a $1,162,831 write-off of exploration and evaluation assets related to the Sunbeam-Pettigrew property in Ontario subsequent to the period.

The loss for the first quarter of fiscal 2014 decreased to $63,633 from the loss of $1,244,736 incurred during the fourth quarter of fiscal 2013 primarily due to the elimination of the write-off of $1,162,831 incurred during the prior period on the abandonment of exploration and evaluation assets.

Liquidity and Solvency

TerraX is in the development stage and therefore has no regular cash flow. As at April 30, 2013, the Company had working capital of $166,717, inclusive of cash and cash equivalents of $237,710. This compares to working capital at January 31, 2013 of $373,610, inclusive of cash and cash equivalents of $386,558.

As at April 30, 2013, the Company had current assets of $250,115, total assets of $2,621,271 and total liabilities of $83,398. The Company has no long-term debt. There are no known trends in the Company's liquidity or capital resources.

The principal assets of the Company are its mineral exploration properties, amounting to $2,371,156 as at April 30, 2013.

The decrease in cash during the three months ended April 30, 2013 of $148,848 was due to cash used in mineral property acquisition and exploration of $273,260 and cash used by operating activities of $5,588, offset by cash received from advances on a private placement (completed subsequent to the period) of $130,000. During the three months ended April 30, 2012, cash decreased by $261,634 as a result of cash spent on mineral property acquisition and exploration of $259,894 and cash used by operating activities of $1,740.

Subsequent to the period, the Company completed a private placement for gross proceeds of $1,382,217 in May 2013. The net proceeds from this placement, along with cash on hand, will be sufficient to fund the Company's planned exploration activities during the balance of fiscal 2014 as well as its general and administrative expenses through the same period. As at the date of this report, the Company has $1.19 Million in cash and cash equivalents.

Cash flow to date has not satisfied the Company's operational requirements. The development of the Company in the future will depend on the Company's ability to obtain additional financings. In the past, the Company has relied on the sale of equity securities to meet its cash requirements. Future developments, in excess of funds on hand, will depend on the Company's ability to obtain financing through joint venturing of projects, debt financing, equity financing or other means. There can be no assurances that the Company will be successful in obtaining any such financing or in joint venturing its property; failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of the Company's properties.

Risk, Uncertainties and Outlook

The business of mineral deposit exploration and extraction involves a high degree of risk. Few properties that are explored ultimately become producing mines. At present, none of the Company's properties has a known commercial ore deposit. Other risks facing the Company include competition for mineral properties, environmental and insurance risks, fluctuations in metal prices, fluctuations in exchange rates, share price volatility and uncertainty of additional financing.

Going concern

The Company is in the exploration stage and has no revenue or income from operations. The Company has limited capital resources and has to rely upon the sale of equity and/or debt securities for cash required for exploration and development purposes, for acquisitions and to fund the administration of the Company. Since the Company does not expect to generate any revenues from operations in the near future, it must continue to rely upon the sales of its equity or debt securities or joint venture agreements to raise capital. It follows that there can be no assurance that financing, whether debt or equity, will be available to the Company in the amount required by the Company at any particular time or for any period and that such financing can be obtained on terms satisfactory to the Company.

The Company's financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to obtain the necessary financing to meet its ongoing commitments and further its mineral exploration programs.

The Company may encounter difficulty sourcing future financing in light of the recent economic downturn. The current financial equity market conditions and the inhospitable funding environment make it difficult to raise capital through the private placements of shares. The junior resource industry has been severely affected by the world economic situation as it is considered speculative and high-risk in nature, making it even more difficult to fund. While the Company is using its best efforts to achieve its business plans by examining various financing alternatives, there is no assurance that the Company will be successful with any financing ventures.

Related Party Transactions

During the three months ended April 30, 2013, $4,500 (2012 - $4,500) was paid to a private company wholly-owned by Stuart Rogers, a director and officer of the Company, for office rent and administration services provided to the Company.

During the three months ended April 30, 2013, the Company paid $33,719 (2012 – $32,425) to a private company in which Joe Campbell, the President of the Company, and Tom Setterfield, a director of the Company, are principals for geologic consulting services incurred on the Company's properties during the current period. In addition, a further $8,025 (2012- $Nil) was paid to this same private company for consulting services provided during this same period.

These transactions were in the normal course of operations and were measured at the exchange amount as agreed to by the related parties.

Financial risk management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with major banks in Canada. As most of the Company's cash is held by two banks there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The Company's secondary exposure to risk is on its other receivables. This risk is minimal as receivables consist primarily of refundable government goods and services taxes.

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 has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Foreign exchange risk

The Company's functional currency is the Canadian dollar. All of its major expenses are transacted in Canadian dollars and the Company maintains all of its cash in Canadian dollars. As such, the Company has no immediate exposure to fluctuations in foreign exchange rates at the present time.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its cash equivalents as these instruments have original maturities of three months or less and are therefore exposed to interest rate fluctuations on renewal. A 1% change in market interest rates would have an impact on the Company's net loss of approximately $2,377 over the course of a year.

Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital, net of accumulated deficit.

There were no changes in the Company's approach to capital management during the period.

The Company is not subject to any externally imposed capital requirements.

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

		April 30, 2013		**January 31, 2013**
FVTPL:				
Cash and cash equivalents	$	237,710	$	386,558
Loans and receivables:				
Interest receivable		12,405		12,588
	$	250,115	$	399,146

Financial liabilities included in the statement of financial position are as follows:

		April 30, 2013		**January 31, 2013**
Non-derivative financial liabilities:				
Trade payables	$	70,898	$	34,136

Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The following is an analysis of the Company's financial assets measured at fair value as at April 30, 2013 and January 31, 2013:

	As at April 30, 2013		
	Level 1	**Level 2**	**Level 3**
Cash and cash equivalents	$ 237,710	$ -	$ -
	As at January 31, 2013		
	Level 1	**Level 2**	**Level 3**
Cash and cash equivalents	$ 386,558	$ -	$ -

Contingencies

The Company is aware of no contingencies or pending legal proceedings as of June 28, 2013.

Off Balance Sheet Arrangements

The Company has no Off Balance Sheet arrangements.

Equity Securities Issued and Outstanding

The Company had 36,815,216 common shares issued and outstanding as of June 28, 2013. In addition, there were 1,750,000 incentive stock options and 5,419,743 share purchase warrants outstanding as of June 28, 2013.

Disclaimer

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. It should be read in conjunction with all other disclosure documents provided by the Company, which can be accessed at www.sedar.com. No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein.

Certain statements contained in this document constitute "forward-looking statements". Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressly stated or implied by such forward-looking statements. Such factors include, among others, the following: mineral exploration and development costs and results, fluctuation in the prices of commodities for which the Company is exploring, competition, uninsured risks, recoverability of resources discovered, capitalization requirements, commercial viability, environmental risks and obligations, and the requirement for obtaining permits and licenses for the Company's operations in the jurisdictions in which it operates.