TARTISAN RESOURCES CORP.
(An Exploration Stage Enterprise)

CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars, unless otherwise stated)

FOR THE YEARS ENDED MARCH 31, 2012 AND 2011

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Tartisan Resources Inc.

We have audited the accompanying consolidated financial statements of Tartisan Resources Inc. and its subsidiary, which comprise the consolidated statements of financial position as at March 31, 2012, March 31, 2011 and April 1, 2010, the consolidated statements of comprehensive loss, changes in equity and cash flows for the years ended March 31, 2012 and March 31, 2011 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Tartisan Resources Inc. and its subsidiary as at March 31, 2012, March 31, 2011 and April 1, 2010 and their financial performance and their cash flows for the years ended March 31, 2012 and March 31, 2011 in accordance with International Financial Reporting Standards.

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Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes material uncertainties that cast significant doubt about the Company's ability to continue as going concern.

Collins Barrow Toronto LLP

Licensed Public Accountants
Chartered Accountants
July 26, 2012
Toronto, Ontario

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TARTISAN RESOURCES CORP.
(An Exploration Stage Enterprise)
(In Canadian Dollars)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	March 31, 2012	March 31, 2011 (Note 4)	April 1, 2010 (Note 4)
ASSETS			
CURRENT			
Cash	$ 2,811	$ 194,996	$ 13,484
Accounts receivable (note 16)	10,227	12,523	17,067
Prepaid expenses and deposits	679	40,732	55,200
	13,717	248,251	85,751
MINERAL PROPERTIES (note 7)	105,679	62,224	36,679
MACHINERY AND EQUIPMENT (note 5)	7,801	5,202	5,928
	$ 127,197	$ 315,677	$ 128,358
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities (notes 9 and 17)	$ 261,032	$ 43,327	$ 58,480
Due to related party (note 6)	-	-	7,500
	261,032	43,327	65,980
DUE TO RELATED PARTIES (note 6)	289,113	-	-
	550,145	43,327	65,980
SHAREHOLDERS' (DEFICIENCY) EQUITY			
SHARE CAPITAL (note 8 (a))	2,486,196	2,206,505	953,786
SHARES TO BE ISSUED	-	-	55,000
RESERVE FOR WARRANTS (note 8 (c))	161,785	118,493	-
FOREIGN CURRENCY TRANSLATION RESERVE	(85,506)	(28,612)	-
DEFICIT	(2,985,423)	(2,024,036)	(946,408)
	(422,948)	272,350	62,378
	$ 127,197	$ 315,677	$ 128,358

NATURE OF OPERATIONS AND GOING CONCERN CONSIDERATIONS (note 1)
EVENTS AFTER THE REPORTING DATE (note 14)

Approved by the Board:

"D. Mark Appleby", Director

"Paul Ankcorn", Director

TARTISAN RESOURCES CORP.
(An Exploration Stage Enterprise)
(In Canadian Dollars)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	For the year ended March 31, 2012	March 31, 2011 (Note 4)
EXPENSES		
Management and consulting fees (note 9)	$ 254,500	$ 276,700
Depreciation	1,103	1,186
Amortization of mineral properties	10,240	-
Exploration costs (note 18)	274,282	417,378
Foreign exchange gain	(61,144)	(789)
Interest and bank charges	3,401	3,827
Office, general and administration (note 9)	236,663	192,501
Professional fees (note 9)	217,841	85,359
Property evaluation and pre-acquisition costs	-	50,848
Salaries and benefits	20,341	45,702
Rent	4,160	4,916
Net loss for the years	961,387	1,077,628
Other comprehensive loss		
Exchange difference on translation of foreign operations	56,894	28,612
TOTAL COMPREHENSIVE LOSS FOR THE YEARS	$ 1,018,281	$ 1,106,240
Basic and diluted loss per share (note 3)	$ 0.041	$ 0.057
Weighted average number of common shares outstanding	24,806,702	19,424,026

TARTISAN RESOURCES CORP.
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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital			Reserve for			
	Shares	Amount	Shares to be issued	Warrants	Currency translation	Accumulated deficit	Total
Balance, April 1, 2011 **(Note 4)**	23,982,401	$ 2,206,505	$ -	$ 118,493	($ 28,612)	($ 2,024,036)	$ 272,350
Shares issued in private placements	827,857	289,750	-	-	-	-	289,750
Fair value ascribed to warrants issued in private placements	-	(48,292)	-	48,292	-	-	-
Shares issued on exercise of warrants	200,000	50,000	-	-	-	-	50,000
Reserve transferred on exercise of warrants	-	5,000	-	(5,000)	-	-	-
Share issue costs – cash	-	(16,767)	-	-	-	-	(16,767)
Exchange difference on translation of foreign operations	-	-	-	-	(56,894)	-	(56,894)
Net loss for the year	-	-	-	-	-	(961,387)	(961,387)
Balance, March 31, 2012	25,010,258	$ 2,486,196	$ -	$ 161,785	($ 85,506)	($ 2,985,423)	($ 422,948)
Balance, April 1, 2010 **(Note 4)**	13,312,901	$ 953,786	$ 55,000	$ -	$ -	($ 946,408)	$ 62,378
Shares issued in private placements	9,656,500	1,373,475	(55,000)	-	-	-	1,318,475
Fair value ascribed to warrants issued in private placements	-	(115,746)	-	115,746	-	-	-
Shares issued for agents' commissions	313,000	36,625	-	-	-	-	36,625
Shares issued for services	700,000	70,000	-	-	-	-	70,000
Share issue costs – agent's warrants	-	(2,747)	-	2,747	-	-	-
Share issue costs – common shares	-	(36,625)	-	-	-	-	(36,625)
Share issue costs – cash	-	(72,263)	-	-	-	-	(72,263)
Exchange difference on translation of foreign operations	-	-	-	-	(28,612)	-	(28,612)
Net loss for the year	-	-	-	-	-	(1,077,628)	(1,077,628)
Balance, March 31, 2011 **(Note 4)**	23,982,401	$ 2,206,505	$ -	$ 118,493	($ 28,612)	($ 2,024,036)	$ 272,350

TARTISAN RESOURCES CORP.
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(In Canadian Dollars)
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the year ended March 31, 2012	March 31, 2011 (Note 4)
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Net loss for the year	($ 961,387)	($1,077,628)
Add items not affecting cash:		
Depreciation	1,103	1,186
Amortization of mineral properties	10,240	
Management and consulting fees	-	70,000
Foreign exchange gain	(57,683)	(28,414)
Net changes in non-cash working capital balances:		
Decrease in accounts receivable	2,296	4,544
Decrease in prepaid expenses and deposits	40,053	14,468
Increase (decrease) in accounts payable and accrued liabilities	217,705	(15,153)
Cash used in operations	(747,673)	(1,030,997)
CASH USED IN INVESTING ACTIVITIES:		
Purchase of machinery and equipment	(2,913)	(658)
Additions to mineral properties	(53,695)	(25,545)
Cash used in investing	(56,608)	(26,203)
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES:		
Issue of common shares as part of private placement	289,750	1,318,475
Issue of common shares on exercise of warrants	50,000	-
Increase in amounts due to related parties	289,113	-
Repayment of amount due to related party	-	(7,500)
Share issue costs	(16,767)	(72,263)
Cash provided by financing	612,096	1,238,712
NET (DECREASE) INCREASE IN CASH POSITION	(192,185)	181,512
CASH POSITION AT BEGINNING OF THE YEARS	194,996	13,484
CASH POSITION AT END OF THE YEARS	$ 2,811	$ 194,996
Supplemental disclosure of non-cash transactions:		
Shares issued for non-cash consideration:		
Corporate administrative and financial management services	$ -	$ 70,000
Agents' commissions	$ -	$ 36,625
Fair value ascribed to warrants issued on private placements	$ 48,292	$ 115,746
Fair value ascribed to agent's warrants issued	$ -	$ 2,747
Shares issuable as of March 31, 2010, issued in 2011	$ -	$ 55,000
Fair value ascribed warrants exercised during the year	$ 5,000	$ -

TARTISAN RESOURCES CORP.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2012 AND 2011

1. NATURE OF OPERATIONS AND GOING CONCERN CONSIDERATIONS:

Tartisan Resources Corp. ("Tartisan" or the "Company") was incorporated on March 18, 2008 under the Business Corporations Act (Ontario). The Company's registered office is at 20 Adelaide Street East, Suite 301, Toronto, Ontario, M5C 2T6. The Company is in the business of acquiring, exploring for and developing mineral properties in Perú. Substantially all of the efforts of the Company are devoted to these business activities. To date the Company has not earned significant revenue and is considered to be in the exploration stage. The ability of the Company to carry out its business plan rests with its ability to secure equity and other financing.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a "going concern", which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. The business of mining and exploring for minerals involves a high degree of risk and there is no guarantee that the Company's exploration programs will yield positive results or that the Company will be able to obtain the necessary financing to carry out the exploration and development of its mineral property interests.

Although the Company has taken steps to verify title to the properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, undetected defects, unregistered claims, native land claims, and non-compliance with regulatory and environmental requirements.

The Company incurred a net loss of $961,387 for the year ended March 31, 2012 (year ended March 31, 2011 - $1,077,628) and has an accumulated deficit of $2,985,423 as at March 31, 2012 (March 31, 2011- $2,024,036), and expects to incur further losses in the development of its business, all of which casts substantial doubt upon the Company's ability to continue as a going concern. The Company will require additional financing in order to conduct its planned work programs on mineral properties, meet its ongoing levels of corporate overhead and discharge its liabilities as they come due.

These consolidated financial statements have been prepared on a going-concern basis which assumes that the Company will be able to realize assets and discharge liabilities in the normal course of business. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. Accordingly, these consolidated financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not used then the adjustments required to report the Company's assets and liabilities on a liquidation basis could be material to these consolidated financial statements.

2. BASIS OF PRESENTATION:

Statement of Compliance

The Company prepares its consolidated financial statements in accordance with Canadian generally accepted accounting principles as defined in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards ("IFRS") and to require publicly accountable enterprises to apply these standards effective for years beginning on or after January 1, 2011.

TARTISAN RESOURCES CORP.
(An Exploration Stage Enterprise)
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2012 AND 2011

2. BASIS OF PRESENTATION (continued):

Statement of Compliance (continued)

Accordingly, these are the Company's first annual consolidated financial statements prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"). In these financial statements, C-GAAP or Canadian GAAP refers to Canadian generally accepted accounting principles before the adoption of IFRS.

The consolidated financial statements have been prepared in compliance with IFRS. Subject to certain transition elections and exceptions disclosed in Note 4, the Company has consistently applied the accounting policies used in the preparation of its opening IFRS balance sheet at April 1, 2010 throughout all periods presented, as if these policies had always been in effect. Note 4 discloses the impact of the transition to IFRS on the Company's statement of financial position and statement of comprehensive loss, including the nature and effect of significant changes in accounting policies from those used in the Company's financial statements for the year ended March 31, 2011 prepared under C-GAAP.

These consolidated financial statements were approved by the board of directors for issue on July 26, 2012.

Basis of Measurement

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments which are stated at fair value.

Presentation Currency

These consolidated financial statements are presented in Canadian dollars, which is the presentation currency of the Company. The functional currency of the Peruvian subsidiary is the Peruvian nuevo sol.

Monetary assets and liabilities, which are denominated in foreign currencies, are translated to the entity's functional currency at period end exchange rates, exchange gains and losses resulting from the translation of these amounts are included in other comprehensive income. Transactions included in the statements of comprehensive loss are translated at average rates prevailing during the period, exchange gains and losses resulting from the translation of these amounts are included in the statement of comprehensive loss.

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2. BASIS OF PRESENTATION (continued):

Use of Estimates and Judgement

The preparation of consolidated financial statements in conformity with IFRS requires that management make estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the consolidated financial statements. Actual results may differ from those estimates.

Significant estimates and judgements used in the preparation of these consolidated financial statements include, but are not limited to, the recoverability of mineral properties, warrant valuations, title to mineral property interests, deferred income taxes, the recoverability of accounts receivable, the useful life of machinery and equipment, the amounts recorded for related party transactions, the recording of liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of income and expenditures during the reporting period and the determination of functional currency. Actual results could differ from management's best estimates.

3. SIGNIFICANT ACCOUNTING POLICIES:

PRINCIPLES OF CONSOLIDATION

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Minera Tartisan Perú S.A.C. ("Minera"), which is incorporated in Perú. All significant inter-company transactions have been eliminated upon consolidation.

MINERAL PROPERTIES AND EXPLORATION EXPENDITURES

The Company expenses exploration expenditures as incurred. Costs attributable to property acquisitions are capitalized as mineral properties while exploration expenditures on the property can only be capitalized once mineral reserves have been established. Once a mineral reserve has been established, all development costs will be capitalized. These costs together with the costs of mineral properties will be charged to operations on a unit-of-production method based on estimated recoverable reserves. If the mineral properties are abandoned, or when impairment in value has been determined, the capitalized costs will be charged to operations.

The Company applies for early recovery of Impuesto General A Las Vuentas ("IGV") on certain exploration expenditures it incurs in Perú. IGV is a value added tax charged on all goods and services. The IGV expenditures are partially refundable if recovery is applied for early. Based on management's best estimate the portion refundable is included in accounts receivable and the amount not refundable to the Company is expensed to exploration or capitalized to mineral properties if the Company has established mineral reserves in accordance with the Company's accounting policy. In addition, any amount not refunded to the Company can be used to offset amounts due to the Peruvian Revenue Service by the Company resulting from IGV charged to clients on future sales. Moreover, if the Company recovers amounts that have been deferred, the amount received will be applied to reduce mineral properties or taken as a credit against current exploration expenses depending on the prior treatment.

The aggregate recoverable against IGV collected on potential future revenues earned by the Peruvian subsidiary is $93,572 as at March 31, 2012 (March 31, 2011- $67,751). The foregoing amount has been included in exploration costs and expensed in the consolidated statements of comprehensive loss (see note 18).

TARTISAN RESOURCES CORP.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2012 AND 2011

3. SIGNIFICANT ACCOUNTING POLICIES (continued):

MINERAL PROPERTIES AND EXPLORATION EXPENDITURES (continued):

The Company reviews its mineral properties to determine if events or changes in circumstances have transpired which indicate that the carrying value of its assets may not be recoverable. The recoverability of costs incurred on the mineral properties is dependent upon numerous factors including exploration results, environmental risks, commodity risks, political risks, and the Company's ability to attain profitable production. It is reasonably possible, based on existing knowledge, that change in future conditions in the near-term could require a change in the determination of the need for, and amount of, any write down.

SHARE CAPITAL

Common shares issued for non-monetary consideration are recorded at their fair market value based upon the price per share paid in the most recent prior sale of shares for cash. Costs incurred to issue common shares are deducted from share capital.

INCOME TAXES

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable loss; any differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued):

MACHINERY AND EQUIPMENT

Machinery and equipment are carried at cost less accumulated depreciation and impairment losses. Initially, an item of machinery and equipment is measured at its cost, which comprises its purchase price and any directly attributable costs of bringing the asset to working condition. Subsequent expenditures are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance, will flow to the Company. All other subsequent expenditures are recognized as an expense in the period in which they are incurred.

Where an item of machinery and equipment comprises significant components with different useful lives, the components are accounted for as separate items of machinery and equipment and depreciated separately.

Expenditures incurred to replace a component of an item of machinery and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized and day-to-day maintenance costs are expensed. Expenses which are directly attributable to major capital projects and site preparation are capitalized until the asset is brought to a working condition for its intended use. These costs include dismantling and site restoration costs to the extent these are recognized as a provision.

Depreciation is recognized in profit and loss and is provided on a declining balance basis using the following rates:

Machinery and equipment……………………………………….20%

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

PROPERTY EVALUATION AND PRE-ACQUISITION COSTS

The Company expenses evaluation and pre-acquisition costs relating to the evaluation of potential mineral property acquisitions in the period in which they are incurred.

IMPAIRMENT

The carrying amounts of the Company's long-lived assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. In addition, capitalized mineral properties costs are assessed for impairment upon demonstrating the technical feasibility and commercial viability of the project.

Impairment is determined for an individual asset unless the asset does not generate cash inflows that are independent of those generated from other assets or group of assets, in which case, the individual assets are grouped together into cash generating units ("CGU") for impairment purposes.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued):

IMPAIRMENT (continued)

Impairment exists when the carrying amount of the asset, or group of assets, exceeds its recoverable amount. The impairment loss is the amount by which the carrying value exceeds the recoverable amount and such loss is recognized in the statement of comprehensive loss. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

A previously recognized impairment loss is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized such that the recoverable amount has increased.

RECLAMATION OBLIGATIONS

A legal or constructive obligation to incur restoration, rehabilitation, and environmental costs may arise when environmental disturbance is caused by the exploration, development, or ongoing production of a mineral property interest. The Company's exploration activities are subject to various governmental laws and regulations relating to the protection of the environment. These environmental regulations are continually changing and are generally becoming more restrictive. The fair value of the liability for an asset retirement obligation is recorded when it is incurred and the corresponding increase to the asset is amortized over the life of the asset. The liability is increased over time to reflect an accretion element considered in the initial measurement at fair value.

LOSS PER SHARE

Loss per share is based on the weighted average number of common shares of the Company outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding share options and warrants, in the weighted average number of common shares outstanding during the period, if dilutive. Options and warrants outstanding had no effect at year end.

TRANSLATION OF FOREIGN CURRENCIES

(i) Functional currency:

The consolidated statements are presented in Canadian dollars, which is the Company's functional and presentation currency. Each entity in the group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(ii) Transactions and balances:

Transactions in foreign currencies are initially recorded in the functional currency at the rate in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the spot rate of exchange in effect at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. All exchange differences are recorded in the foreign exchange gain or loss in the consolidated statement of comprehensive loss under foreign exchange gain (loss).

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FOR THE YEARS ENDED MARCH 31, 2012 AND 2011

3. SIGNIFICANT ACCOUNTING POLICIES (continued):

TRANSLATION OF FOREIGN CURRENCIES (continued):

(iii) Translation of foreign operations:

The results and financial position of Tartisan's wholly-owned subsidiary, Minera, has a functional currency different from the presentation currency of the Company and are therefore translated into the presentation currency as follows:

1. Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

2. Share capital is translated using the exchange rate at the date of the transaction

3. Revenue and expenses for each statement of comprehensive loss are translated at average exchange rates; and

4. All resulting exchange differences are recognized as a separate component of equity and as an exchange difference on translation of foreign operations in other comprehensive income (loss) in the consolidated statement of comprehensive loss.

The Company treats specific inter-company loan balances, which are not intended to be repaid in the foreseeable future, as part of its net investment which is recorded as an exchange difference on translation of foreign operations in other comprehensive income (loss) in the consolidated statement of comprehensive income (loss). When a foreign entity is sold, such exchange differences are recognized in the statement of comprehensive income (loss) as part of the gain or loss on sale.

WARRANTS

Proceeds from unit placements are allocated between shares and warrants issued according to the residual value method. The fair value of the shares is determined based on the price per share paid in the most recent prior sale of common shares for cash with the residual value being allocated to the warrants. For agent warrants issued in the year, in the absence of a reliable measurement of the services received, the services have been measured at the fair value of agent warrants issued.

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FOR THE YEARS ENDED MARCH 31, 2012 AND 2011

3. SIGNIFICANT ACCOUNTING POLICIES (continued):

FINANCIAL INSTRUMENTS

Financial assets -

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans and receivables or at fair value through profit or loss (“FVTPL”).

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings. The Company’s cash is classified as FVTPL.

Financial assets classified as loans and receivables and held-to-maturity are measured at amortized cost. The Company’s accounts receivable, excluding HST/GST receivable, are classified as loans and receivables. Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value arising when there is objective evidence of impairment. At March 31, 2012, the Company has not classified any financial assets as available-for-sale.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Financial liabilities -

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company’s accounts payable and accrued liabilities and due to related parties are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held-for-trading unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized through the statement of comprehensive income (loss). At March 31, 2012, the Company has not classified any financial liabilities as FVTPL.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued):

FINANCIAL INSTRUMENTS (continued)

Impairment of financial assets -

The Company assesses at each date of the statement of financial position whether a financial asset is impaired.

a) Assets carried at amortized cost

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is then reduced by the amount of the impairment. The amount of the loss is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

In relation to accounts receivable, a provision for impairment is made and an impairment loss is recognized in profit and loss when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are written off against the allowance account when they are assessed as uncollectible.

a) Available-for-sale

If an available-for-sale asset is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognized in profit or loss, is transferred from equity to profit or loss.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued):

FINANCIAL INSTRUMENTS (continued)

Fair value classification -

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's cash is considered Level 1 in the hierarchy.

PROVISIONS

General

Provisions are recognized when (a), the Company has a present obligation (legal or constructive) as a result of a past event, and (b), it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the statement of comprehensive loss, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

SHARE-BASED PAYMENTS

The fair value of share-based payment transactions to non-employees and other share-based payments including shares issued to acquire mineral properties or shares and warrants issued against services received are based on the fair value of the goods and services received. If the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or services. The fair value of agents' warrants is measured at the date that the Company receives the services.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued):

FUTURE ACCOUNTING CHANGES

The IASB issued a number of new and revised International Accounting Standards, International Financial Reporting Standards, amendments and related interpretations which are effective for the Company's financial year beginning on or after January 1, 2011. For the purpose of preparing and presenting the financial information for the relevant periods, the Company has consistently adopted all these new standards for the relevant reporting periods.

At the date of authorization of these financial statements, the IASB and IFRIC has issued the following new and revised standards and interpretations which are not yet effective for the relevant reporting periods.

- IAS 1 *Presentation of financial statements* was amended to require entities to group items within other comprehensive income that may be reclassified to profit or loss. This standard is effective for annual periods beginning on or after July 1, 2012.

- IFRS 7 *Financial instrument – disclosure,* was amended to require additional disclosure in respect of risk exposures arising from transferred financial assets. This amendment is effective for annual periods beginning on or after July 1, 2011. Section was further amended to provide guideline on the eligibility criteria for offsetting assets and liabilities as a single net amount in the balance sheets. This amendment is effective for annual periods beginning on or after January 1, 2013.

- IFRS 9 *Financial instruments*, was issued in November 2009 and addresses classification and measurement of financial assets. It replaces the multiple category and measurement models in IAS 39, *Financial instruments – Recognition and Measurement*, for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit and loss. IFRS 9 also replaces the models for measuring equity instruments. Such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where equity instruments are measured at fair value through other comprehensive income, dividends are recognize in profit or loss to the extent that they do not clearly represent a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely. Requirements for financial liabilities were added to IFRS 9 in October 2010 and they largely carried forward existing requirements in IAS 39 except that fair value change due to credit risk for liabilities designated at fair value through profit and loss are generally recorded in other comprehensive income. This standard is effective for all annual periods beginning on or after January 1, 2015.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued):

FUTURE ACCOUNTING CHANGES (continued)

- IFRS 10 *Consolidated financial statements* requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 *Consolidation—special purpose entities* and parts of IAS 27 *Consolidated and separate financial statements*. This standard is effective for all annual periods beginning on or after January 1, 2013.

- IFRS 11 *Joint arrangements* requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, *Interests in joint ventures*, and SIC-13, *Jointly controlled entities—non-monetary contributions by venturers*. This standard is effective for all annual periods beginning on or after January 1, 2013.

- IFRS 12 – *Disclosure of interests in other entities* was issued by the IASB in May 2011. IFRS 12 is a new standard which provides disclosure requirements for entities reporting interests in other entities, including joint arrangements, special purpose vehicles, and off balance sheet vehicles. IFRS 12 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

- IFRS 13 *Fair value measurement* is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures. This standard is effective for all annual periods beginning on or after January 1, 2013.

- IAS 32 *Financial instrument: presentation was* amended to address inconsistencies in current practice when applying the offsetting criteria in IAS 32. Under this amendment, the meaning of “currently has a legally enforceable right of set off” was clarified as well as providing clarification that some gross settlement systems may be considered equivalent to net settlement. This amendment is effective for annual periods beginning on or after January 1, 2014.

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4. TRANSITION TO IFRS:

The Company's consolidated financial statements for the year ending March 31, 2012 are the first annual consolidated financial statements that comply with IFRS and they were prepared as described in note 2, including the application of IFRS 1.

IFRS 1 requires that comparative financial information be provided. As a result, the first date at which the Company has applied IFRS was April 1, 2010 (the "Transition Date"). However, IFRS 1 provides for certain optional exemptions and certain mandatory exceptions for first time IFRS adopters.

Mineral property – IFRS 6 - *Exploration for and evaluation of mineral resources*. Upon transition to IFRS, the Company retained its accounting policies and practices it has applied previously under Canadian GAAP, relating to the recognition of mineral properties. The Company elected to use the cost model for its mineral properties which is consistent with its policy under Canadian GAAP. The Company did not elect to measure mineral properties at its deemed cost equivalent to fair value as at April 1, 2010 or revalue amounts previously determined under Canadian GAAP. Accordingly, the Company used the carrying values of its mineral properties as the IFRS balances as at April 1, 2010.

Initial elections upon adoption

Set forth below are the IFRS 1 applicable exemptions and exceptions applied in the conversion from Canadian GAAP to IFRS.

IFRS Exemption Options

Business Combinations - IFRS 1 provides the option to apply IFRS 3, Business Combinations, retrospectively or prospectively from the Transition Date. The Company elected to apply IFRS 3 prospectively from the Transition Date.

Property, plant and equipment - IAS 16 Property, plant and equipment allows for machinery and equipment to continue to be carried at cost less depreciation, which is the same as under Canadian GAAP.

The effects of changes in foreign exchange rates - IAS 21 - Upon transition to IFRS, the Company reset the foreign currency translation reserve that existed at the Date of Transition to IFRS to zero as an alternative to establishing a foreign currency translation reserve as if the accounting and translation principles in IAS 21 *The Effects of Changes in Foreign Exchange Rates* had always been used and the measurement of assets and liabilities had been as required by currently implemented IFRS. The Company has elected to utilize this option, and has reset the foreign currency translation reserve for all foreign operations to zero and has not calculated any cumulative translation reserve prior to April 1, 2010. Future gains or losses on a subsequent disposal of any foreign operations will therefore exclude translation differences that arose before April 1, 2010.

4. TRANSITION TO IFRS (continued):

IFRS Mandatory Exceptions

Estimates - Hindsight is not used to create or revise estimates. The estimates previously made by the Company under Canadian GAAP were not revised for application of IFRS except where necessary to reflect any difference in accounting policies.

Reconciliations of Canadian GAAP to IFRS

The reconciliations between the previously reported financial results under Canadian GAAP and the current reported financial results under IFRS are provided as follows:

- Reconciliation of the consolidated statement of financial position as at April 1, 2010;
- Reconciliation of the consolidated statement of financial position as at March 31, 2011;
- Reconciliation of the consolidated statement of comprehensive loss for the year ended March 31, 2011.

No reconciliation is required for the consolidated statement of cash flows as there are no significant adjustments to the net cash flows.

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4. TRANSITION TO IFRS (continued):

Reconciliations of Canadian GAAP to IFRS (continued)

i) The following is a reconciliation of the consolidated statement of financial position as at April 1, 2010 – Transition Date under IFRS:

	Canadian GAAP	IFRS Adjustments	Notes	IFRS
ASSETS				
CURRENT				
Cash	$ 13,484	$ -		$ 13,484
Accounts receivable	17,067	-		17,067
Prepaid expenses and deposits	55,200	-		55,200
	85,751	-		85,751
MINERAL PROPERTIES	36,679	-		36,679
MACHINERY AND EQUIPMENT	5,928	-		5,928
	$ 128,358	$ -		$ 128,358
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	$ 58,480	$ -		$ 58,480
Due to related party	7,500	-		7,500
	65,980	-		65,980
SHAREHOLDERS' EQUITY				
SHARE CAPITAL	953,786	-		953,786
SHARES TO BE ISSUED	55,000	-		55,000
DEFICIT	(946,408)	-		(946,408)
	62,378	-		62,378
	$ 128,358	$ -		$ 128,358

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4. TRANSITION TO IFRS (continued):

ii) The following is a reconciliation of the consolidated statement of financial position as at March 31, 2011:

	Canadian GAAP	IFRS Adjustments	Notes	IFRS
ASSETS				
CURRENT				
Cash	$ 194,996	$ -		$ 194,996
Accounts receivable	12,523	-		12,523
Prepaid expenses and deposits	40,732	-		40,732
	248,251	-		248,251
MINERAL PROPERTIES	75,844	(13,620)	1.	62,224
MACHINERY AND EQUIPMENT	5,400	(198)	1.	5,202
	$ 329,495	($ 13,818)		$ 315,677
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	$ 43,327	$ -		$ 43,327
SHAREHOLDERS' EQUITY				
SHARE CAPITAL	2,004,339	202,166	2.	2,206,505
RESERVE FOR WARRANTS	320,659	(202,166)	2.	118,493
FOREIGN CURRENCY TRANSLATION RESERVE	-	(28,612)	1.	(28,612)
DEFICIT	(2,038,830)	14,794	1.	(2,024,036)
	286,168	(13,818)		272,350
	$ 329,495	($ 13,818)		$ 315,677

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4. TRANSITION TO IFRS (continued):

iii) The following is a reconciliation of the consolidated statement of comprehensive loss for the year ended March 31, 2011:

	Canadian GAAP	IFRS Adjustments	Notes	IFRS
EXPENSES				
Management and consulting fees	$ 276,700	$ -		$ 276,700
Depreciation	1,186	-		1,186
Exploration costs	417,378	-		417,378
Foreign exchange loss (gain)	14,005	(14,794)	1.	(789)
Interest and bank charges	3,827	-		3,827
Office, general and administration	192,501	-		192,501
Professional fees	85,359	-		85,359
Property evaluation and pre-acquisition costs	50,848	-		50,848
Salaries and benefits	45,702	-		45,702
Rent	4,916	-		4,916
Net loss for the year	1,092,422	(14,794)		1,077,628
Other comprehensive loss				
Exchange difference on translation of foreign operations	-	28,612	1.	28,612
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	$ 1,092,422	$ 13,818		$ 1,106,240
Basis and diluted loss per share (note 3)	$ 0.056	$ 0.001		$ 0.057
Weighted average number of common shares outstanding	19,424,026	-		19,424,026

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4. TRANSITION TO IFRS (continued):

Changes in accounting policies:

In addition to the exemptions and exceptions discussed above, the following narratives explain the significant differences between the previous historical Canadian GAAP accounting policies and the current IFRS policies applied by the Company.

1. *Foreign currency translation*

Under Canadian GAAP, an entity applies criteria to determine whether a foreign subsidiary's operations are integrated or self-sustaining. Where a subsidiary is integrated with the parent company, it will share the same measurement currency.

As the Company viewed its operations in Peru as being integrated with the parent, the measurement currency of both the parent and the subsidiary was then determined to be the Canadian dollar.

Under IFRS, the functional currency (measurement currency) of the reporting entity and its foreign operations must be assessed independently giving consideration to the primary economic environment in which each operates. Although IFRS provides similar guidance as Canadian GAAP on the facts to determine an entity's functional currency, the IFRS guidance distinguishes between primary and secondary factors in making such an assessment. Based on the evaluation of these primary and secondary factors under IFRS, management has concluded that the functional currency of the Peruvian subsidiary is the Peruvian New Sole. Accordingly, the change in the functional currency has been reflected in reporting the Company's financial position and results of operations under IFRS.

As a result of the change in the functional currency, a cumulative translation adjustment was identified in the statement of financial position as at March 31, 2011 in the amount of $28,612. An adjustment in the amount of $14,794 was also included in net loss and an adjustment of $28,612 was included in comprehensive loss for the year ended March 31, 2011.

The Company has elected under the option available in IFRS 1 to deem the foreign currency translation reserve at the Transition Date to be zero and has not calculated any cumulative translation difference retrospectively. The impact of the above noted on the financial positions and the statements of comprehensive loss are outlined above.

2. *Reclassification*

The Company reviewed the reserve for warrants and noted that based on the residual value method used to allocate proceeds from unit placements between shares and warrants, the reserve for warrants should be reduced by $202,166 as at March 31, 2011. Accordingly, this amount was reclassified from reserve for warrants to share capital.

3. *Presentation*

The presentation in accordance with IFRS differs from the presentation in accordance with Canadian GAAP. Please refer to the consolidated statements of financial position and consolidated statements of comprehensive loss, and changes in equity for the impact of the specific IFRS changes noted above.

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5. MACHINERY AND EQUIPMENT:

		Machinery and Equipment
Cost		
As at April 1, 2010	$	8,233
Additions		637
Disposals		-
Effect of foreign exchange		(177)
As at March 31, 2011	$	8,693
Additions		2,913
Disposals		-
Effect of foreign exchange		787
As at March 31, 2012	$	12,393
Accumulated depreciation		
As at April 1, 2010	$	2,305
Depreciation expense		1,186
Effect of foreign exchange		-
As at March 31, 2011	$	3,491
Depreciation expense		1,101
Effect of foreign exchange		-
As at March 31, 2012	$	4,592
Net book value		
As at April 1, 2010	$	5,928
As at March 31, 2011	$	5,202
As at March 31, 2012	$	7,801

6. DUE TO RELATED PARTIES:

During the year ended March 31, 2012, amounts were advanced to the Company by officers and directors of the Company in the aggregate amount of $289,113. The advances are unsecured, interest free and due on September 30, 2013.

As at April 1, 2010, advance in the amount of $7,500 was due to the Chief Financial Officer of the Company. The amount is unsecured, interest free and due on demand. During the year ended March 31, 2011, the balance was repaid in full.

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7. MINERAL PROPERTIES AND COMMITMENTS:

The Company, through its wholly-owned Peruvian subsidiary, Minera, has a 100% interest in 9 (2011 – 10) mining concessions and holds an option to acquire a 100% interest in 2 other mining concessions in Perú. The mining concessions cover 6,661 (2011-7,461) hectares, in aggregate.

Accumulated mineral property costs have been incurred as follows:

Balance, April 1, 2010	$ 36,679
Acquisition costs	39,165
Effect of foreign exchange	(13,620)
Balance, March 31, 2011	62,224
Acquisition costs	39,762
Amortization of mineral properties	(10,240)
Effect of foreign exchange	13,933
Balance, March 31, 2012	$ 105,679

VICTORIA PROPERTY

The Victoria Property (the "Property") is located in the department of Ancash, in Perú, covering an aggregate area of 3,660 (2011 – 4,460) hectares. The Property consists of seven (2011- eight) mineral concessions. Two of the concessions are under option (see below) and the remaining six are 100% held.

On July 17, 2009, the Company entered into an Option Agreement to acquire a 100% interest in mining concessions covering approximately 761 hectares in Perú.

In order to acquire a 100% interest in these concessions, the Company must make the following US dollar cash payments:

Date	Amount
As at the date of signature, July 17, 2009 (fulfilled)	$ 10,000
On August 13, 2010 (fulfilled)	17,100
On February 13, 2011(fulfilled)	15,000
On August 13, 2011 (fulfilled)	20,000
On February 13, 2012 (fulfilled)	20,000
On August 13, 2012	20,000
On February 13, 2013	100,001
	$ 202,101

Under Peruvian law, the concessions acquired from the government remain in good standing as long as the annual registration payments ($3.00 per hectare) are received by June of each year. One grace year is added in the event of a delinquent payment.

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7. MINERAL PROPERTIES AND COMMITMENTS (continued):

In addition, concession holders must reach an annual production of a least US $100 per hectare in gross sales within six years from January 1st of the year following the date the title was granted. If there is no production on the claim within that period, the concession holder must pay a penalty of US $6 per hectare under the general regime, of US $1 for small scale miners, and US $0.50 for artisan miners, during the 7th through the 11th years following the granting of the concession. From the 12th year onwards the penalty is equal to US $20 per hectare under the general regime, US $5 per hectare for small scale miners and US $3 for artisan miners. The concession holder is exempt from the penalty if exploration expenditures incurred during the previous year were ten times the amount of the applicable penalty.

Failure to pay the licence fees or the penalty for two consecutive years will result in the forfeiture of the concession.

The fees applicable to the Company's mineral concessions have been paid through the year ended March 31, 2012.

Tax and concession payments amount to approximately $22,000 per annum.

As at March 31, 2012, the Company had the following commitments:

- The Company has a lease for office space in Perú. The lease is month to month. Cash payments total US $420 per month.

- During the year ended March 31, 2011, the Company entered into an agreement with the rural community of Pallasca, Perú, which holds the surface rights on certain concessions held by the Company. Pursuant to the agreement, the Company paid 2,000 Peruvian New Soles, which allows the Company to build access roads, a camp, and conduct exploration on the property.

- During the year ended March 31, 2011, the Company contracted a company to build an access road to the Victoria Property. Pursuant to the agreement, the Company must make aggregate payments of US $95,000 of which US $30,000 (paid) was due on signing. The US $30,000 deposit on signing was included in prepaid expenses and deposits as of March 31, 2011. During the year ended March 31, 2012, the access road was completed and the remaining balance of US $65,000 was paid. These costs were expensed to exploration during the 2012.

- During the year ended March 31, 2012, the Company contracted a company to perform geophysical work on its Victoria Property for US$44,870, in aggregate. During 2012, US$28,134 of the overall balance was paid and expensed to exploration costs in the consolidated statement of comprehensive loss. The remaining balance of US$16,736 has been included in accounts payable and accrued liabilities as of March 31, 2012.

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8. SHARE CAPITAL:

a) Common shares:

Authorized:

Unlimited number of common shares

Issued and outstanding:

	Shares	Amount
Balance, April 1, 2010	13,312,901	$ 953,786
Issued for cash (i)	9,656,500	1,373,475
Less: fair market value of warrants issued concurrently with above private placements (i)	-	(115,746)
Issued for agents' commissions (ii)	313,000	36,625
Issued for corporate administrative and financial management services (iii)	700,000	70,000
Share issue cost – non-cash		
Fair value of agent's warrants issued as part of agent's commission (i)	-	(2,747)
Fair value of common shares issued as part of agents' commissions (ii)	-	(36,625)
Share issue cost – cash	-	(72,263)
Balance, March 31, 2011	23,982,401	$ 2,206,505
Issued for cash (i)	827,857	289,750
Less: fair market value of warrants issued concurrently with above private placements (i)	-	(48,292)
Issued on exercise of warrants for cash (note 8 (b))	200,000	50,000
Reserve transferred on exercise of warrants (note 8 (b) and (c))	-	5,000
Share issue cost – cash	-	(16,767)
Balance, March 31, 2012	25,010,258	$ 2,486,196

(i) Issued for cash

Year ended March 31, 2012

On April 27, 2011 and July 8, 2011, the Company completed private placements and issued 827,857 units at $0.35 per unit for aggregate gross proceeds of $289,750. Each unit consisted of one common share and one common share purchase warrant exercisable at $0.45 expiring twelve months from listing on a recognized Canadian stock exchange, subject to regulatory approval.

The fair value of warrants issued in connection with the above noted private placements amounting to $44,292 was calculated using a residual warrant component determined at the time of the most recent prior placement.

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8. SHARE CAPITAL (continued):

a) Common shares (continued):

Year ended March 31, 2011

On April 19, 2010, the Company completed private placements and issued 1,250,000 common shares at $0.10 per share for aggregate gross proceeds of $125,000. Also on April 19, 2010, the Company issued 550,000 common shares that were committed to be issued by way of subscription agreements as at March 31, 2010; whereby, cash proceeds of $55,000 were received.

During July 2010, the Company completed private placements and issued 3,020,000 common shares at $0.10 per share for aggregate gross proceeds of $302,000.

On September 20, 2010, the Company completed private placements and issued 720,000 common shares at $0.10 per share for aggregate gross proceeds of $72,000.

On September 30, 2010, the Company completed private placements and issued 520,000 units at $0.15 per unit for gross proceeds of $78,000. Each unit consisted of one common share of the Company and one common share purchase warrant exercisable at $0.25 expiring twelve months from listing on a recognized Canadian stock exchange, subject to regulatory approval.

On November 9, 2010, the Company completed a private placement and issued 1,000,000 common shares at $0.125 per share for gross proceeds of $125,000.

On November 19, 2010, the Company completed private placements and issued 905,000 units at $0.15 per unit for gross proceeds of $135,750. Each unit consisted of one common share of the Company and one common share purchase warrant exercisable at $0.25 expiring twelve months from listing on a recognized Canadian stock exchange, subject to regulatory approval.

On December 23, 2010, the Company completed private placements and issued 560,000 units at $0.25 per unit for gross proceeds of $140,000. Each unit consisted of one common share of the Company and one common share purchase warrant exercisable at $0.35 expiring twelve months from listing on a recognized Canadian stock exchange, subject to regulatory approval.

On December 30, 2010, the Company completed a private placement and issued 200,000 units at $0.25 per unit for gross proceeds of $50,000. Each unit consisted of one common share of the Company and one common share purchase warrant exercisable at $0.35 expiring twelve months from listing on a recognized Canadian stock exchange, subject to regulatory approval.

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8. SHARE CAPITAL (continued):

a) Common shares (continued):

(i) Issued for cash (continued)

Year ended March 31, 2011 (continued)

During January 2011, the Company completed private placements and issued 353,000 units at $0.25 per unit for gross proceeds of $88,250. Each unit consisted of one common share of the Company and one common share purchase warrant exercisable at $0.35 expiring twelve months from listing on a recognized Canadian stock exchange, subject to regulatory approval.

On February 18, 2011, the Company completed private placements and issued 300,000 units at $0.35 per unit for gross proceeds of $105,000. Each unit consisted of one common share of the Company and one common share purchase warrant exercisable at $0.45 expiring twelve months from listing on a recognized Canadian stock exchange, subject to regulatory approval.

On February 28, 2011, the Company completed a private placement and issued 100,000 units at $0.35 per unit for gross proceeds of $35,000. Each unit consisted of one common share of the Company and one common share purchase warrant exercisable at $0.45 expiring twelve months from listing on a recognized Canadian stock exchange, subject to regulatory approval.

During March 2011, the Company completed private placements and issued an aggregate of 178,500 units at $0.35 per unit for gross proceeds of $62,475. Each unit consisted of one common share of the Company and one common share purchase warrant exercisable at $0.45 expiring twelve months from listing on a recognized Canadian stock exchange, subject to regulatory approval.

The fair value of the warrants and agent's warrants issued in connection with the above private placements during the year ended March 31, 2011 was $115,746 and $2,747, respectively. The fair value of the aforementioned securities was calculated using the residual warrant component determined at the time of the most recent prior placement. The fair value of agents' warrants is measured at the date that the Company receives the services.

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8. SHARE CAPITAL (continued):

a) Common shares (continued):

(ii) Issued for agents' commissions

Year ended March 31, 2011

As part of an agent's commission paid with respect to the above mentioned equity financings completed on April 19, 2010, the Company issued 100,000 common shares with a fair value of $10,000.

The Company issued 173,000 common shares with a fair value of $21,625 to eligible agents' with respect to the above mentioned equity financings completed in November and December 2010.

The Company issued 40,000 common shares with a fair value of $5,000 to eligible agents' with respect to the above mentioned equity financings completed in February and March 2011.

The fair value of share-based payment transactions to non-employees and other share-based payments including shares issued to acquire exploration and evaluation are based on the fair value of the goods and services received. As the fair value of services cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or services.

(iii) Issued for services

Year ended March 31, 2011

During July and September 2010, the Company issued 700,000 common shares with a fair value of $0.10 per share aggregating $70,000 for corporate administrative and financial management services. 600,000 of the aforementioned shares were issued to officers and directors and a significant shareholder of the Company at the time of the transactions.

The fair value of share-based payment transactions to non-employees and other share-based payments including shares issued to acquire exploration and evaluation are based on the fair value of the goods and services received. As the fair value of services cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or services.

Refer to note 14 for additional common share information.

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8. SHARE CAPITAL (continued):

b) Shares issued on exercise of warrants:

Year ended March 31, 2012

200,000 common shares of the Company were issued upon exercise of warrants for cash at $0.25 per share for gross proceeds of $50,000. Upon exercise, the fair value of $5,000 previously ascribed to the warrants was transferred to share capital.

c) Warrants:

As of March 31, 2012, the following share purchase warrants were outstanding and exercisable:

Expiry Date	Number of Warrants	Exercise price
See below	1,225,000	$0.25
See below	1,113,000	$0.35
See below	1,406,357	$0.45
	3,744,357	

In connection with private placements completed during the years ended March 31, 2012 and March 31, 2011, the Company issued 3,944,357 warrants, in aggregate. Each warrant is exercisable until twelve months from listing on a recognized stock exchange in Canada. Each warrant is exercisable into one common share at exercise prices ranging from $0.25 to $0.45.

A summary of the status of the warrants as of March 31, 2012 and March 31, 2011 and changes during the years are presented below:

	Number of warrants	Weighted average exercise price ($)
Balance, April 1, 2010	-	-
Issued pursuant to private placements (note 8 (a)(i))	3,116,500	0.32
Exercised	-	-
Expired	-	-
Balance, March 31, 2011	3,116,500	$ 0.32
Issued pursuant to private placements (note 8 (a)(i))	827,857	0.45
Exercised (note 8 (b))	(200,000)	0.25
Expired	-	-
Balance, March 31, 2012	3,744,357	$ 0.35

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8. SHARE CAPITAL (continued):

c) Warrants (continued):

The fair value of warrants is comprised of the following during the years ended March 31, 2012 and March 31, 2011:

Balance, April 1, 2010	$ -
Fair value ascribed to warrants issued concurrently with private placements (note 8 (a)(i))	115,746
Fair value of agent's warrants (note 8 (a)(i))	2,747
Balance, March 31, 2011	$ 118,493
Reserve transferred to share capital on exercise of warrants for cash (note 8 (a) and (b))	(5,000)
Fair value ascribed to warrants issued concurrently with private placements (note 8 (a)(i))	48,292
Balance, March 31, 2012	$ 161,785

Refer to note 14 for additional warrant information.

d) Agent's Warrants:

As of March 31, 2012, the following Agent's Warrants were outstanding and exercisable:

Expiry Date	Number of Agent's Warrants	Exercise price
See below	7,850	$0.35

As the value of services received could not be reliably measured, the services have been measured at the fair value of agent warrants issued.

In March 2011, the Company issued an aggregate of 7,850 Agent's Warrants which entitles the holder to purchase one unit of securities in the Company (the "Agent Units") at $0.35 exercisable until twelve months from listing on a recognized stock exchange in Canada. Each Agent Unit consists of one common share and one common share purchase warrant.

Each common share purchase warrant is exercisable into one common share of the Company at $0.45 for a period of twelve months from listing on a recognized stock exchange in Canada.

8. SHARE CAPITAL (continued):

d) Agent's Warrants (continued):

A summary of the status of the Agent's Warrants as of March 31, 2012 and March 31, 2011 and changes during the periods are presented below:

	Number of Agent's Warrants	Weighted average exercise price
Balance, April 1, 2010	-	$ -
Issued	7,850	0.35
Exercised	-	-
Expired	-	-
Balance, March 31, 2011 and March 31, 2012	7,850	$ 0.35

Refer to note 14 for additional information on Agent's Warrants.

e) Stock Option Plan:

On December 21, 2010, the Company's stock option plan (the "Option Plan") was approved by the Board of Directors. Pursuant to the terms of the Option Plan, the Board may designate directors, officers, employees and consultants of the Company eligible to receive options to acquire such numbers of common shares as the Board may determine, each option so granted being for a term specified by the Board up to a maximum of five years from the date of grant. The maximum number of common shares reserved for issuance for options granted under the Option Plan at any time is 10% of the issued and outstanding common shares in the capital of the Company. As at March 31, 2012, the Company has not granted any options under the Option Plan.

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9. RELATED PARTY TRANSACTIONS:

The following related party transactions occurred and were reflected in the consolidated financial statements during the years ended March 31, 2012 and 2011 as follows:

		2012		2011
Key management compensation:				
Management and consulting fees expense:				
Consulting fees were charged by a director and Chief Financial Officer for financial management services	$	77,000	$	68,000
Corporate administrative fees were charged by a former Chief Executive Officer and a company controlled by the individual	$	77,000	$	86,000
Corporate administrative fees were charged by a shareholder of the Company and a company controlled by the individual	$	-	$	56,000
Corporate administrative fees were charged by a company controlled by the Chief Executive Officer	$	77,000	$	38,000
Other related party transactions:				
Professional fees expense:				
Legal fees were charged by an officer for corporate legal services provided to the Company	$	103,156	$	36,436
Office, general and administration expenses:				
Occupancy costs were charged by a company with a common director	$	1,500	$	-
Exploration expense:				
Geologist fees were charged by an officer	$	-	$	5,250
Share issue cost:				
Commissions on certain private placements were charged by a company controlled by a shareholder of the Company	$	-	$	27,200

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9. RELATED PARTY TRANSACTIONS: (continued)

Other related party transactions: (continued)

During the year ended March 31, 2012, certain corporate costs were reimbursed by the Company at cost to certain officers and directors and companies controlled by them amounting to $127,415 (March 31, 2011 - $121,102).

See notes 6 and 8(a)(iii) for additional related party information.

10. INCOME TAXES:

(a) The following table reconciles the income tax provision from the expected amount based on statutory rates of: Canada - 26.5% & Peru - 30% (2011: Canada – 28.25% & Peru – 30%) to the amount reported for financial statement purposes for the years ended March 31, 2012 and 2011:

	2012	2011
Components of the income tax provision:		
Expected income recovery at statutory rates	(266,785)	(329,091)
Non-deductible differences	12,992	11,481
Deductible differences	12,582	(7,299)
Changes in tax rates	36,017	(35,424)
Unrecognized tax losses	205,194	360,333
Deferred income tax (recovery)	$ -	$ -

(b) The tax effects of temporary differences that give rise to deferred income tax assets at March 31, 2012 and March 31, 2011 are as follows:

	2012	2011
Deferred tax assets:		
Non-capital loss carryforwards	$ 831,744	$ 713,705
Excess of tax value over carrying value of capital assets	470	1,047
Other temporary differences	(28,624)	(19,674)
Share issue costs	27,916	35,053
	831,506	730,131
Less deferred taxes not recognized	(831,506)	(730,131)
Net asset	$ -	$ -

(c) The Company has non-capital losses of approximately $1,583,786 in Canada which expire through 2032 and $1,189,249 in Perú which expire through 2016. The benefit of these losses has not been recognized for financial statements purposes.

(d) During the 2012, the Company paid $nil (2011 - $nil) in respect of income taxes.

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11. CAPITAL DISCLOSURES:

The Company considers its capital to include components of shareholders' deficiency, which is comprised of share capital, shares to be issued, reserve for warrants, foreign currency translation reserve, and deficit, which as at March 31, 2012 totalled $422,948 (March 31, 2011- shareholders' equity of $272,350 and April 1, 2011 - shareholders' equity of $62,378)

The Company's objectives in managing capital are: to maintain adequate levels of funding to support its expenditures arising from the Company's investments; to safeguard the Company's ability to continue as a going concern in order to pursue investments and new projects of merit; and to maintain corporate and administrative functions necessary to support the Company's operations and corporate functions.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will continue to assess its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the year ended March 31, 2012. Neither the Company nor its subsidiary are subject to externally imposed capital requirements.

12. FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS:

Fair value

The Company has determined the estimated fair value of its financial instruments based on estimates and assumptions. The actual results may differ from those estimates and the use of different assumptions or methodologies may have a material effect on the estimated fair value amounts.

The fair values of cash, accounts receivable, accounts payable and accrued liabilities, and due to related party are comparable to their carrying values due to the relatively short period to maturity of these instruments.

The fair value of amounts due to related parties is considered to be not comparable to their carrying values.

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

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12. FINANCIAL INTRUMENTS AND FINANCIAL RISK FACTORS (continued):

Credit risk

Credit risk is the risk of an unexpected loss if a party to a financial instrument fails to meet its contractual obligations.

In respect to accounts receivable, the Company is not exposed to significant credit risk.

Concentration of credit risk exists with respect to the Company's cash as all the amounts are held with a Canadian Chartered bank in Perú and Canada. Management believes that the credit risk and the risk of loss with respect to cash are remote because cash deposits are placed with a major bank with strong investment-grade ratings by a primary ratings agency.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2012, the Company had cash of $2,811 (March 31, 2011- $194,996 and April 1, 2010 - $13,484) to settle accounts payable and accrued liabilities of $261,032 (March 31, 2011 - $43,327 and April 1, 2010 – $58,480). All of the Company's financial liabilities have contractual maturities of less than 90 days and are subject to normal trade terms. The ability of the Company to continue to pursue its exploration activities is dependant on its ability to secure additional equity or other financing. See note 17 for additional liquidity information.

Interest rate risk

Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Company's financial instruments.

The Company is not exposed to any significant interest rate risk as it currently does not hold any interest bearing investments subject to interest rate fluctuations.

Foreign currency risk

Foreign currency exchange rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company uses the Canadian dollar as its presentation currency for these consolidated financial statements. The Company operates in Peru, giving rise to exposure to market risks from changes in foreign exchange rates. The Company currently does not use derivative instruments to hedge its exposure to those risks.

A change in foreign exchange rate of 10% would result in the change in foreign exchange gain by $6,114.

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12. FINANCIAL INTRUMENTS AND FINANCIAL RISK FACTORS (continued):

Political Risk

The properties are located in Perú; accordingly, the Company is subject to risks normally associated with exploration and development of mineral properties in Perú. The Company's ability to conduct future exploration and development activities is subject to changes in government regulations and shifts in political attitudes over which the Company has no control.

Commodity price risk

The Company is exposed to price risk with respect to commodity prices. Changes in commodity prices will impact the economics of development of the Company. The Company monitors commodity prices to determine the appropriate course of action to be taken by the Company.

Business Risk

There are numerous business risks involved in the mineral exploration industry, some of which are outlined below. The Company's current or future operations, including development activities, are subject to environmental regulations which may make operations not economically viable or prohibit them altogether. The success of the operations and activities are dependent to a significant extent on the efforts and abilities of its management, outside contractors, experts and other advisors. Investors must be willing to rely to a significant degree on management's discretion and judgment, as well as the expertise and competence of outside contractors, experts and other advisors. The Company does not have a formal program in place for succession of management and training of management. The loss of one or more of the key employees or contractors, if not replaced on a timely basis, could adversely affect the Company's operations and financial performance.

13. SEGMENTED INFORMATION:

The Company operates in a single reportable operating segment, the exploration and development of mineral properties. Segmented geographic information is as follows:

The following table allocates total assets by segment:

As at	March 31, 2012	March 31, 2011
Current		
Canada	$ 11,889	$ 206,956
Perú	1,828	41,295
Non Current		
Canada	$ -	$ -
Perú	113,480	67,426
Total assets	$ 127,197	$ 315,677

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13. SEGMENTED INFORMATION: (continued)

The following table allocates net loss by segment:

	Year ended March 31, 2012	Year ended March 31, 2011
Canada	$ 649,834	$ 500,190
Perú	311,553	577,438
Net loss	$ 961,387	$ 1,077,628

14. EVENTS AFTER THE REPORTING DATE:

Subsequent to year-end, the Company issued 970,000 units at $0.25 per unit for aggregate gross proceeds of $242,500. Each unit consists of one common share and one common share purchase warrant exercisable at $0.40 expiring 18 month from the date of listing on a recognized stock exchange. In connection with the financing, the Company paid cash finders' fees of $19,400 and issued 58,400 finders' compensation warrants to eligible finders. Each finder's compensation warrant is exercise into one unit at $0.25 per unit for a period of 12 months from the date of listing on a recognized stock exchange.

15. CONTINGENT LIABILITY:

A former consultant of the Company filed a Statement of Claim (the "Claim") claiming compensation for breach of contract. The Company is of the opinion that the Claim is without merit and will vigorously contest the Claim. However, if defence against the Claim is unsuccessful, damages could amount to approximately $40,848, as well as costs of the proceedings, plus the issuance of 200,000 common shares of the Company, and the issuance of 96,266 broker warrants, each exercisable into one common share of the Company and $25,000 in punitive damages. Neither the possible outcome nor the amount of possible settlement can be foreseen at this time.

16. ACCOUNTS RECEIVABLE:

	As at		
	March 31, 2012	March 31, 2011 (Note 4)	April 1, 2010 (Note 4)
Miscellaneous receivable	$ 1,001	$ 4,603	$ 919
HST/GST receivable	9,226	7,920	-
IGV receivable	-	-	16,148
	$ 10,227	$ 12,523	$ 17,067

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17. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES:

	As at		
	March 31, 2012	March 31, 2011 (Note 4)	April 1, 2010 (Note 4)
Trade accounts payable	$ 137,283	$ 23,327	$ 18,480
Accrued liabilities	123,749	20,000	40,000
	$ 261,032	$ 43,327	$ 58,480

Accounts payable of the Company are principally comprised of the amounts outstanding for trade purchases relating to administrative and exploration activities of the Company. The usual credit period taken for trade purchases is between 30 and 90 days. The following table provides aging analysis of the trade accounts payable:

	As at		
	March 31, 2012	March 31, 2011 (Note 4)	April 1, 2010 (Note 4)
Less than 30 days	$ 66,096	$ 23,327	$ 18,480
30 to 90 days	63,521	-	-
Over 90 days	7,666	-	-
	$ 137,283	$ 23,327	$ 18,480

18. EXPLORATION COSTS:

Exploration costs have been incurred as follows:

	For the year ended	
	March 31, 2012	March 31, 2011 (Note 4)
Field supplies and materials	$ 3,816	$ 27,279
Laboratory work and sample analysis	22,672	16,972
Geology, technical reports and technical consulting	144,480	147,394
Taxes and concession payments	13,773	15,137
Salaries and benefits	61,022	137,107
IGV expenditures (note 3)	25,821	67,751
Environmental impact analysis	2,698	5,738
	$ 274,282	$ 417,378