RIO CRISTAL RESOURCES CORPORATION

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2012 and 2011

EXPRESSED IN US DOLLARS

Independent Auditor's Report

To the Shareholders of Rio Cristal Resources Corporation

We have audited the accompanying consolidated financial statements of Rio Cristal Resources Corporation, which comprise the consolidated statements of financial position as at March 31, 2012, March 31, 2011 and April 1, 2010 and the consolidated statements of loss and comprehensive loss, cash flows and changes in equity for the years ended March 31, 2012 and March 31, 2011, and the related notes, which comprise 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.

Auditor's responsibility

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

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

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

Opinion

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

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the consolidated financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the ability of Rio Cristal Resources Corporation to continue as a going concern.

(signed) "PricewaterhouseCoopers LLP"

Chartered Accountants
July 18, 2012

Rio Cristal Resources Corporation
(An exploration stage company)

Consolidated Statements of Financial Position

(Expressed in US dollars)

	Note	**March 31, 2012 $**	March 31, 2011 $	April 1, 2010 $
ASSETS				
Current				
Cash		**890,642**	5,331,379	835,889
Amounts receivable		**56,995**	77,464	11,407
Prepaid expenses		**15,964**	17,987	15,551
		963,601	5,426,830	862,847
Equipment	7	**165,229**	108,528	96,999
Resource Property Costs	8	**1,156,265**	1,037,462	570,819
		2,285,095	6,572,820	1,530,665
LIABILITIES				
Current				
Accounts payable and accrued liabilities		**422,633**	375,395	664,913
Derivative liability – warrants	9	**35,086**	328,627	811,405
		457,719	704,022	1,476,318
SHAREHOLDERS' EQUITY				
Share capital	10	**19,831,847**	19,200,358	8,958,479
Shares issuable		**1,660**	160,468	-
Contributed surplus		**1,889,751**	1,666,794	1,131,819
Deficit		**(19,895,882)**	(15,158,822)	(10,035,951)
		1,827,376	5,868,798	54,347
		2,285,095	6,572,820	1,530,665

Nature of Operations *(note 1)*
Going Concern *(note 2)*
Subsequent events *(note 15)*

ON BEHALF OF THE BOARD:

Signed "*Tom Findley* " Director

Signed " *Charles D. Preble* " Director

Rio Cristal Resources Corporation
(An exploration stage company)

Consolidated Statements of Loss and Comprehensive Loss

For the Years Ended March 31

(Expressed in US dollars)

		2012	2011
		$	$
Operating Expenses			
Amortization		**34,541**	24,827
Exploration and evaluation costs	8	**3,188,585**	1,582,567
General office expenses		**526,084**	398,478
Write-down of exploration costs	8	**248,730**	220,100
Investor relations		**175,728**	9,961
Professional fees		**208,944**	142,700
Salaries and consulting		**225,051**	192,536
Stock-based compensation expense	9	**322,355**	94,201
Travel		**27,155**	18,832
Loss before other items		**4,957,173**	2,684,202
Change in fair market value of warrants	9	**(293,541)**	2,492,350
Finance income		**(15,545)**	(4,898)
Foreign exchange (gain) loss		**88,973**	(48,783)
Net Loss and Comprehensive Loss for the Year		**4,737,060**	5,122,871
Loss per Share – Basic and Diluted		**0.03**	0.06
Weighted Average Number of Shares Outstanding		**144,225,210**	93,182,040

Rio Cristal Resources Corporation
(An exploration stage company)

Consolidated Statements of Cash Flows

For the Years Ended March 31

(Expressed in US dollars)

	2012 **$**	2011 $
Operating Activities		
Loss for the year	**(4,737,060)**	(5,122,871)
Adjustments for		
Amortization	**34,541**	24,827
Non-cash change in fair market value of warrants	**(293,541)**	2,492,350
Stock compensation expenses	**322,355**	94,201
Write-down of exploration costs	**248,730**	220,100
Unrealized foreign exchange loss	**-**	19
	(4,424,975)	(2,291,374)
Changes in current assets and liabilities		
Amounts receivable	**20,469**	(66,057)
Prepaid expenses	**2,023**	(2,436)
Accounts payable and accrued liabilities	**47,238**	(289,518)
Cash used in operating activities	**(4,355,245)**	(2,649,385)
Investing Activities		
Purchase of equipment	**(91,242)**	(36,356)
Resource acquisition costs	**-**	(261,008)
Cash used in investing activities	**(91,242)**	(297,364)
Financing Activities		
Proceeds from private placement	**-**	3,912,086
Proceeds from exercise of warrants	**5,750**	3,642,573
Proceeds from share subscriptions	**-**	160,468
Share issuance costs	**-**	(272,888)
Cash used in financing activities	**5,750**	7,442,239
Net Increase (Decrease) in Cash Position	**(4,440,737)**	4,495,490
Cash Position – Beginning of year	**5,331,379**	835,889
Cash Position – End of year	**890,642**	5,331,379

Rio Cristal Resources Corporation
(An exploration stage company)

Consolidated Statements of Changes in Equity

(Expressed in US dollars)

	Share Capital (Number of Shares)	Share Capital (Amount) $	Common Share Subscriptions $	Contributed Surplus $	Deficit $	Total $
April 1, 2010	69,076,538	8,958,479	-	1,131,819	(10,035,951)	54,347
Shares issued for private placement	42,529,450	2,275,085	-	1,328,447	-	3,603,532
Share issuance costs – finders' warrants	-	(84,924)	-	84,924	-	-
Share issuance costs – cash	-	(158,625)	-	(89,453)	-	(248,078)
Shares issued on warrant exercise	32,811,485	7,784,589	-	(883,144)	-	6,901,445
Shares issued for mineral properties – La Cumbre	300,000	105,189	-	-	-	105,189
Shares issued for mineral properties – Condor	300,000	121,476	-	-	-	121,476
Property shares released from escrow	-	199,089	-	-	-	199,089
Common shares subscribed	-	-	160,468	-	-	160,468
Stock-based compensation expense	-	-	-	94,201	-	94,201
Net loss for the year	-	-	-	-	(5,122,871)	(5,122,871)
March 31, 2011	145,017,473	19,200,358	160,468	1,666,794	(15,158,822)	5,868,798
Common shares subscribed	1,395,371	256,428	(160,468)	(95,960)	-	-
Shares issued on warrant exercised	50,000	9,188	-	(3,438)	-	5,750
Shares issued for mineral properties – La Cumbre	300,000	67,533	-	-	-	67,533
Shares issued for mineral properties – Bongara	2,483,740	298,340	1,660	-	-	300,000
Stock-based compensation expense	-	-	-	322,355	-	322,355
Net loss for the year	-	-	-	-	(4,737,060)	(4,737,060)
March 31, 2012	**149,246,584**	**19,831,847**	**1,660**	**1,889,751**	**(19,895,882)**	**1,827,376**

The accompanying notes are an integral part of these financial statements

1. Nature of Operations

Rio Cristal Resources Corporation (“Rio Cristal” or the “Company”) is in the business of acquiring and exploring mineral properties located in Peru. The Company is a public company with shares listed on the TSX Venture Exchange and the Lima Stock Exchange. The Company’s head office is located at Suite 206, 9440 202 Street, Langley, British Columbia V3G 2M6 and the registered and records office is located at 10th Floor, 595 Howe Street, Vancouver, British Columbia V6C 2T5.

The recoverability of amounts shown for resource properties is dependent on several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of mineral properties. The business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company's activities in Peru are subject to the impact of changes in legal, tax and regulatory regimes at the national level and changes in community relations, labor and political issues at the local level. While the Company actively monitors all such changes and makes plans accordingly, factors beyond the Company's control could adversely impact its operations in Peru or result in material impairment of its properties. The Company believes that the current conditions in Peru are stable and conducive to conducting business, the Company’s current and future mineral exploration and mining activities could be impacted by adverse political or economic developments. The adverse developments may include the imposition of unfavourable government regulations on foreign investment, in addition, even though the Company’s current relationships with local communities are in good standing, this may be subject to change, which may be beyond the Company’s control.

2. Going Concern

These consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its commitments, continue operations and realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. Several adverse conditions cast significant doubt on the validity of this assumption. The Company has incurred losses since inception and has an accumulated deficit of $19,895,882 at March 31, 2012. The Company has limited resources, has no source of operating cash flow and has no assurances that sufficient funding will be available to meet its administrative overhead and conduct further exploration and development of its properties.

The Company’s ability to continue as a going concern is dependent upon its ability to obtain the necessary financing to meet its requirements. However, there can be no assurance the Company will be successful in these initiatives. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

3. Basis of Preparation and First Time Adoption of IFRS

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles as set out 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 require publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, the Company has commenced reporting on this basis in the consolidated financial statements. The term "Canadian GAAP" refers to Canadian GAAP before the adoption of IFRS.

The consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"). Subject to certain transition elections disclosed below, the accounting policies have been consistently applied in our opening IFRS balance sheet as at April 1, 2010 and throughout all periods presented, as if these policies had always been in effect. Note 14 discloses the impact of the transition to IFRS on the statements of financial position, loss and comprehensive loss and cash flows, including the nature and effect of significant changes in accounting policies from those used in the consolidated financial statements for the year ended March 31, 2011.

The policies applied in the consolidated financial statements are presented in Note 4 and are based on IFRS issued and outstanding as of March 31, 2012, The Board of Directors approved the consolidated financial statements on July 17, 2012.

All dollar amounts are presented in US dollars unless otherwise specified.

4. Summary of Significant Accounting Policies

This summary of significant accounting policies described below has been applied consistently to all periods presented in these consolidated financial statements, unless otherwise stated. The exemptions we have taken in applying IFRS for the first time are set out in Note 14.

a) Consolidation

The consolidated financial statements include the accounts of the Company's wholly-owned subsidiaries Cerro La Mina Cayman Ltd., Rio Cristal Zinc Cayman Ltd., and Cerro La Mina S.A. All inter-company transactions and balances have been eliminated.

b) Significant Accounting Estimates and Judgments

The preparation of the consolidated financial statements requires estimates and assumptions that affect the amounts reported in the consolidated financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods. The significant judgments that have a material effect on the recognized amounts in the financial statements are addressed below:

Going concern
Significant judgements used are disclosed in Note 2.

Functional currency
Company and its subsidiaries have to determine their functional currencies based on the primary economic environment in which each entity operates. In order to do that management has to analyse several factors, including which currency mainly influences the main expenses of providing services, in which currency the entity has received financing, and in which currency it keeps its receipts from operating activities. Management uses its judgment to determine which factors are most important, when the above indicators are mixed and the functional currency is not obvious.

Recoverability of mineral property costs
The evaluation of impairment indicators involves the application of a number of significant judgements regarding certain variables including metal prices trends, plans for the properties and the results of exploration to date.

c) Foreign Currencies

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and all of its subsidiaries is the United States ("US") Dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates ("IAS 21").

Transactions in foreign currencies are translated to the functional currency of the entity at the exchange rate in existence at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the period end date exchange rates. All related foreign exchange gains and losses are recognized in the statement of loss. Non-monetary items which are measured using historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

The Company's presentation currency is the US dollar.

d) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit with banks and short-term interest-bearing investments with original maturities of three months or less.

e) Financial Instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are expensed when the rights to receive cash flows from the assets have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

At initial recognition, the Company classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired:

(i) Financial assets and liabilities at fair value through profit or loss: A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short-term. The Company does not hold any assets classified as fair value through profit or loss.

Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the statement of loss. Gains and losses arising from changes in fair value are presented in the statement of loss within other gains and losses in the period in which they arise. Financial assets and liabilities at fair value through profit or loss are classified as current except for the portion expected to be realized or paid beyond twelve months of the balance sheet date, which is classified as non-current.

(ii) Available-for-sale investments: Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories. Available-for-sale investments are initially measured at fair value with subsequent changes in fair value recognized in other comprehensive income. The Company does not hold any available-for-sale assets.

(iii) Held-to-Maturity investments: Held-to-maturity investments are non-derivatives that are designated in this category where the Company's intent is to hold the investment to maturity. Held-to-maturity investments are initially measured at fair value including transaction costs, and subsequently carried at amortized cost. The Company does not hold any held-to-maturity assets.

(iv) Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables comprise of cash and cash equivalents and other receivables, and are included in current assets due to their short-term nature. Loans and receivables are initially recognized at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

(v) Financial liabilities at amortized cost: Financial instruments held by the Company and classified in this category include trade payables and accrued liabilities. Trade payables and accrued liabilities are initially recognized at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, trade payables and accrued liabilities are measured at amortized cost using the effective interest method.

The effective interest rate method calculates the amortized cost of a financial instrument and allocates interest over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts/payments over the expected life of the financial instrument.

Financial liabilities are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

(vi) Derivative financial instruments: Derivative instruments, including embedded derivatives, are recorded at fair value through profit or loss ("FVTPL") and accordingly are recorded on the balance sheet at fair value. Fair values for derivative instruments are determined using valuation techniques, using assumptions based on market conditions existing at the balance sheet date. Derivatives embedded in non-derivative contracts are recognized separately unless they are closely related to the host contract.

Share Purchase Warrants were issued in connection with the closing of previous equity financing when the Company issued units consisting of share capital and share purchase warrants. These share purchase warrants are classified as other financial liabilities and are measured at FVTPL with fair value determined using the Black-Scholes valuation model. The fair value of these instruments is subject to change based on the fluctuation in the Company's share price and foreign exchange rates. Warrants that have been issued to agents for services provided for a capital raising transaction are not classified as a financial liability of the Company. The initial fair value of these warrants have been recognized as a share issuance cost and included in contributed surplus.

Impairment of financial assets

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognizes an impairment loss as follows:

(i) *Financial assets carried at amortized cost:* The loss is the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The

carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.

(ii) *Available-for-sale financial assets:* The impairment loss is the difference between the original cost of the asset and its fair value at the measurement date, less any impairment losses previously recognized in the statement of loss. This amount represents the cumulative loss in accumulated other comprehensive income that is reclassified to the statement of loss.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized. Impairment losses on available-for-sale equity instruments are not reversed.

f) Equipment

Equipment is stated at cost less accumulated amortization and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced. Repairs and maintenance costs are charged to the statement of loss during the period they are incurred.

The Company provides for amortization on exploration equipment at rates ranging from 10% to 30% using the declining balance method over their useful lives and office equipment at a rate of 30% using the declining balance method over their useful lives.

The Company allocates the amount initially recognized to each asset's significant components and depreciates each component separately. Residual values, amortization methods and useful lives of the assets are reviewed periodically and adjusted on a prospective basis as required.

Gains and losses on disposals of equipment are determined by comparing the proceeds with the carrying amount of the asset and are included as part of other gains and losses in the statement of loss.

g) Mineral Properties and Exploration Costs

The Company capitalizes the direct costs of acquiring mineral property interest. Option payments are considered acquisition costs if the Company has the intention of exercising the underlying option.

Exploration and evaluation costs are charged to the statement of loss in the period incurred until such time as it has been determined that a property has economically recoverable reserves, in which case subsequent exploration and development costs are capitalized. Exploration costs include value-added taxes because the recoverability of these amounts is uncertain.

Ownership in mineral properties involves certain inherent risks due to the difficulties of determining and obtaining clear title to claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mineral properties. The Company has investigated ownership of its mineral properties and, to the best of its knowledge, ownership of its interests are in good standing.

h) Impairment of Non-financial Assets

The carrying amounts of non-financial assets are reviewed for impairment whenever facts and circumstances suggest that the carrying amounts may not be recoverable. If there are indicators of impairment, the recoverable amount of the asset is estimated in order to determine the extent of any impairment. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or CGUs). The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognized in the statement of loss for the amount by which the asset's carrying amount exceeds its recoverable amount.

Non-financial assets that have been impaired in prior periods are tested for possible reversal of impairment whenever events or changes in circumstances indicated that the impairment has reversed. If the impairment has reversed, the carrying amount of the asset is increased to its recoverable amount but not beyond the carrying amount that would have been determined had no impairment loss been recognized for the asset on the prior periods. A reversal of an impairment loss is recognized in the statement of loss.

i) Provisions

(i) Decommissioning and restoration provision: Future obligations to retire an asset, including dismantling, remediation and ongoing treatment and monitoring of the site related to normal operations are initially recognized and recorded as a liability based on estimated future cash flows discounted at a risk free rate. The decommissioning and restoration provision is adjusted at each reporting period for changes to factors including the expected amount of cash flows required to discharge the liability, the timing of such cash flows and the pre-tax rate, risk specific to the liability.

The liability is also accreted to full value over time through periodic charges to earnings. This unwinding of the discount is charged to financing expense in the statement of loss.

The amount of the decommissioning and restoration provision initially recognized is capitalized as part of the related asset's carrying value and amortized to earnings. The method of amortization follows that of the underlying asset. The costs related to a decommissioning and restoration provision are only capitalized to the extent that the amount meets the definition of an asset and can bring about future economic benefit.

As at March 31, 2012 the Company does not have any material decommissioning and restoration provisions.

(ii) Other provisions: Provisions are recognized when a current legal or constructive obligation exists, as a result of past events, and it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation. Where the effect is material, the provision is discounted using an appropriate pre-tax discount rate, risk specific to the liability.

j) Share-Based Compensation

The fair value method of accounting is used for stock-based compensation. Under this method, the cost of stock options and other equity-settled share-based payment arrangements is recorded based on the date of grant estimated fair value of each tranche using the Black-Scholes option pricing model, and charged to earnings over the vesting period. Compensation expense is recognized over the tranche's vesting period by increasing contributed surplus based on the number of awards expected to vest. At the end of each reporting period, the Company revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the statement of loss, with a corresponding adjustment to equity.

k) Income Taxes

Income tax comprises current and deferred tax. Income tax is recognized in the statement of loss except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probably that the assets can be recovered.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates except, in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Company ant it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are presented as non-current.

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

l) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and stock options are recognized as a deduction from equity, net of any tax effects.

For equity offerings of units consisting of a common share and another equity instrument, the common shares and other equity instruments are assigned values based on their pro rata fair value.

m) Loss Per Share

Basic loss per share is computed by dividing loss attributable to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share. The dilutive effect of outstanding options and their equivalents are reflected in diluted earnings per share by application of the treasury stock method. Since the Company has losses, the exercise of outstanding stock options has not been included in this calculation as it would be anti-dilutive.

5. Recent Accounting Pronouncements

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or International Financial Reporting Interpretations Committee ("IFRIC"). The Standards impacted that are applicable to the Company are as follows:

a) IFRS 9, Financial Instruments ("IFRS 9") was issued by IASB in October 2010 and will replace IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. There are two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss.

   In December 2011, the effective date of IFRS 9 was deferred to years beginning on or after January 1, 2015. The Company is currently evaluating the impact of this standard.

b) IFRS 10, Consolidated Financial Statements ("IFRS 10"), was issued in May 2011 and will supersede the consolidation requirements in SIC-12, Consolidation – Special Purpose Entities ("SIC-12"), and IAS 27, Consolidated and Separate Financial Statements ("IAS 27"), effective for annual periods beginning on or after January 1, 2013, with early application permitted. IFRS 10 builds on existing principles by identifying the concept of control as a determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard also provides additional guidance to assist in the determination of control where this is difficult to assess. The Standard is not expected to have an impact on the Company in its current form.

c) IFRS 12, Disclosure of Interests in Other Entities ("IFRS 12"), was issued in May 2011 and is a new and comprehensive standard on disclosure requirements for all forms of interest in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. IFRS 12 is effective for annual periods beginning on or after January 1, 2013 with earlier application permitted. The Standard is not expected to have a significant impact on the Company in its current form.

(Expressed in US dollars)

d) IFRS 13, Fair Value Measurements ("IFRS 13") was issued in May 2011 and sets out, in a single IFRS, a framework for measuring fair value. IFRS 13 defines fair value as 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. This definition of fair value emphasizes that fair value is a market-based measurement, not an entity specific measurement. In addition, IFRS 13 also requires specific disclosures about fair value measurement. IFRS 13 is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted. The Company is currently assessing the impact of this Standard.

e) IAS 1, Presentation of Items of Other Comprehensive Income ("OCI") ("IAS 1"), was revised in June 2011 to change the disclosure of items presented in OCI, including a requirement to separate items presented in OCI into two groups based on whether or not they may be recycled to profit or loss in the future. The revision is effective for annual periods beginning on or after July 1, 2012 with early application permitted. The Company is currently assessing the impact of this Standard.

6. Financial Instruments

Categories of financial instruments

	March 31, 2012	March 31, 2011	April 1, 2010
Financial assets			
Loans and receivables			
Cash and cash equivalents	**890,642**	5,331,379	835,889
Amounts receivables	**56,995**	77,464	11,407
	947,637	5,408,843	847,296
Financial liabilities			
Financial liabilities at amortized cost			
Accounts payable and accrued liabilities	**422,633**	375,395	664,913
Fair value through profit or loss			
Derivative liability - warrants	**35,086**	328,627	811,405
	457,719	704,022	1,476,318

a) Fair value

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 and liabilities;
Level 2 – Inputs other than quoted prices that are directly or indirectly observable for the asset or liability; and
Level 3 – Inputs that are not based on observable market data.

	March 31, 2012	March 31, 2011	April 1, 2010
Level 2			
Derivative liability - warrants	**35,086**	328,627	811,405

The carrying values of loans and receivables and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

b) Management of capital risk

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes the components of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets or obtain debt financing. In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors. In order to maximize ongoing development efforts, the Company does not pay out dividends.

The Company's investment policy is to invest its cash in highly liquid short-term interest-bearing investments with maturities 90 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations. Additional information regarding capital management is disclosed in Note 2.

c) Management of financial risk

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

Currency risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada and Peru and a portion of its expenses are incurred in Canadian dollars and Peruvian Soles. A significant change in the currency exchange rates between the Canadian dollar relative to the US dollar and the Peruvian Sol to the US dollar could have an effect on the Company's results of operations, financial position and cash flows. The Company has not hedged its exposure to currency fluctuations. At March 31, 2012, the Company is exposed to currency risk through the following assets and liabilities denominated in Canadian dollars and Peruvian Soles:

	March 31, 2012	
	Canadian Dollars $	Peruvian Soles
Cash and cash equivalents	258,804	12,818
Amounts receivables	33,335	43,605
Accounts payable and accrued liabilities	(34,975)	(248,129)

Based on the above net exposures as at March 31, 2012 and assuming that all other variables remain constant, a 10% depreciation or appreciation of the US dollar against the Canadian dollar would result in an increase/decrease of $0.03 million in the Company's income for the period. A 10% depreciation or appreciation of the US dollar against the Peruvian Sol would have an insignificant impact on the Company's loss for the period.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The maximum credit risk the Company is exposed to is 100% of cash and receivables.

The Company's cash equivalents are held through large Canadian financial institutions. Amounts receivable consist of HST receivable from the government of Canada and other receivables.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of the investments included in cash and cash equivalents is limited because these investments are generally held to maturity. Based on the amount of cash and cash equivalents invested as at March 31, 2012 and assuming that all other variables remain constant, a 0.5% change in the applicable interest rate would result in an increase/decrease of $4,000 in the interest earned by the Company per annum.

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 by taking into account anticipated cash expenditures for its exploration and other operating activities, and its holdings of cash. The Company will pursue equity or debt financing as required to meet its long-term commitments. There is no assurance that such financing will be available or that it will be available on favourable terms.

As at March 31, 2012 the Company had a cash balance of $890,642 to settle accounts payable and accrued liabilities of $422,633. Additional information regarding liquidity risk is disclosed in Note 2.

Commodity price risk

The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in the market prices of precious and base metals. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

Price risk

The Company is subject to price risk from fluctuations in the market price of gold, copper and zinc, which in turn is affected by numerous factors including central bank policies, producer hedging activities, the value of the US dollar relative to other major currencies, global demand and supply and global political and economic conditions. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. The carrying value of the Company's mineral property costs could be adversely affected by any reductions in the long term prices of gold, copper and zinc.

(Expressed in US dollars)

7. Equipment

	Office Equipment $	Exploration Equipment $	Total $
Cost			
Balance as at April 1, 2010	1,152	161,058	162,210
Additions	2,077	34,279	36,356
Balance as at March 31, 2011	3,229	195,337	198,566
Additions	911	90,331	91,242
Balance as at March 31, 2012	**4,140**	**285,668**	**289,808**
Accumulated Amortization			
Balance as at April 1, 2010	670	64,541	65,211
Additions	456	24,371	24,827
Balance as at March 31, 2011	1,126	88,912	90,038
Additions	768	33,773	34,541
Balance as at March 31, 2012	**1,894**	**122,685**	**124,579**
Carrying Amounts			
At April 1, 2010	482	96,517	96,999
At March 31, 2011	2,103	106,425	108,528
At March 31, 2012	**2,246**	**162,983**	**165,229**

8. Resource Property Costs

Cumulative capitalized acquisition costs

	Bongara $	Condor $	La Cumbre $	**Total** **$**
Balance at April 1, 2010	532,176	38,643	-	**570,819**
Option payments	125,000	181,457	181,197	**487,654**
Property escrow shares	199,089	-	-	**199,089**
Write off of costs	-	(220,100)	-	**(220,100)**
Balance at March 31, 2011	856,265	-	181,197	**1,037,462**
Option payments	300,000	-	67,533	**367,533**
Write off of costs	-	-	(248,730)	**(248,730)**
Balance at March 31, 2012	**1,156,265**	**-**	**-**	**1,156,265**

Bongara Project, Peru

By agreement dated April 17, 2007 and as amended on November 15, 2007, the Company acquired 100% of Cerro La Mina S.A. ("CLM") from a company controlled by the founding shareholder of the Company, Compania Minera Pilar del Amazonas ("Amazonas"). The founding shareholder retained a nominal one share of CLM to meet Peruvian company law requirements. CLM holds the right to acquire 100% of the rights to the Bongara Project in the Amazonas Region of Peru. This transaction is a related party transaction. In exchange, the Company originally issued 5,000,000 common shares to the founding shareholder, reduced from 7,500,000, pursuant to the amended agreement dated November 15, 2007. The 5,000,000 shares are being valued on the following time schedule provided the property option agreement remains in good standing: an initial 5% tranche of property shares (250,000 shares) were valued on January 29, 2008 which is the date the common shares were listed on the TSXV and subsequent valuation of 5% each six months thereafter for the following eighteen months, and 10% each six months thereafter over the next forty-eight months, provided that no more than 2,500,000 of the shares may be released pursuant to the foregoing formula until the Issuer has completed a preliminary economic assessment as defined in National Instrument 43-101 in respect of the Project and met certain other conditions. As at March 31, 2012 the Company has released 2,500,000 shares from escrow.

If the property lease agreement is terminated, all shares which have not been released from this escrow will be cancelled.

In addition, an additional 2,500,000 common shares will be issued to the founding shareholder if: (i) the Company completes a preliminary feasibility study as defined in National Instrument 43-101, or (ii) the Company enters into a joint venture agreement with a third party, whereby the third party expends exploration expenditures of not less than $7.2 million, or (iii) at least 50.1% of the issued and outstanding shares of the Company are acquired by an arm's length third party, pursuant to a formal take-over bid made to all of the Company shareholders or (iv) all of the issued shares of the Company are acquired by an arm's length third party. No value has been attributed to the liability portion of this arrangement due to the continued assessment by the Company of the probability of these contingent future events occurring in the near future.

On March 26, 2009, the Company amended its Mining Concession Transfer Agreement ("Concession Transfer Agreement") with Amazonas on its Bongara claim block in northern Peru.

The amended agreement allows the Company to make option payments to Amazonas in cash, common shares of the Company, or a combination of both from 2009 through 2013. Previously, all option payments were to be made in cash. The revised option payment schedule has two effects: first, to move $400,000 of payments from the 2009-2013 periods to the 2014-2018 period and, second, to allow the Company to pay the remaining $1.0 million of payments during the 2009-2013 periods in cash, shares or a combination of both. Total option payments remain unchanged for the period 2009-2018. The March 26, 2009 agreement replaces the prior amendment which was announced on December 4, 2008.

(Expressed in US dollars)

In order to acquire the Bongara concessions, the Company at its option, is required to make the following payments, under the amended agreement, to a company controlled by the founding shareholder:

Amount $	Date
40,000	Paid on acquisition of CLM
40,000	Paid August 22, 2007
100,000	Paid March 12, 2008
25,000	Paid June 1, 2009
50,000	669,696 shares issued March 15, 2010
125,000	Paid March 14, 2011
300,000	2,483,740 shares issued March 14, 2012 and 13,841 shares issued on June 08, 2012
500,000	March 15, 2013
600,000	March 15, 2014
600,000	March 15, 2015
600,000	March 15, 2016
600,000	March 15, 2017
2,500,000	March 15, 2018
6,080,000	

Upon payment of the $6,080,000, CLM will own 100% of the Project, subject only to applicable government royalties.

If CLM elects to make any of the payments in whole or in part in shares, the number of installment payment shares shall be determined by dividing the dollar amount of such amount that CLM is electing to pay in installment payment shares by the 15 day volume weighted average trading price for the 15 trading days on the TSX-V preceding the payment due date, with such dollar amount converted from U.S. dollars to Canadian dollars using the average noon spot rate quoted by Bank of Canada for each of the said 15 trading days.

La Cumbre Project, Peru

On August 5, 2010 the Company signed a 90-day Exclusivity Agreement on a highly prospective copper oxide project in Southern Peru. Terms include a payment of $25,000 to the owners for legal and administrative expenses related to the signing of a final option agreement.

On November 12, 2010 the Company signed an Option Agreement (the "Agreement") on the property. The terms of the Agreement allow the Company to acquire up to a 70% interest in the La Cumbre project through a series of cash and share payments over a six year period totalling $3,235,000 ($55,000 payable upon signing of the Agreement) and 3,000,000 Rio Cristal common shares (300,000 shares issuable upon signing of the Agreement). In addition, the Company must spend $6,500,000 in exploration and other expenses on the property over the same six year period ($150,000 payable in the first year) and complete a prefeasibility study.

On January 6, 2011 a total of 300,000 shares valued at $105,189 were issued. A further 300,000 shares valued at $67,533 were issued on May 24, 2011.

During the current year, management of the Company has decided not to renew its option to acquire the La Cumbre project and has written off its acquisition costs totalling $248,730 related to the project.

(Expressed in US dollars)

Exploration costs for the year ending March 31, 2012 are as follows:

	Year ended March 31	
	2012 **$**	2011 $
Bongara		
Assaying and sampling	**45,324**	17,583
Community Relations	**94,431**	12,143
Drilling	**877,679**	67,592
Geophysics	**21,841**	9,019
Mining rights	**152,959**	108,260
Salary and consulting	**775,205**	186,890
Supplies and general	**156,496**	43,367
Travel	**225,732**	46,440
	2,349,667	491,294
Condor		
Assaying and sampling	**-**	10,060
Drilling	**-**	247,588
Geophysics	**-**	15,781
Mining rights	**-**	234
Salary and consulting	**-**	233,931
Supplies and general	**-**	104,370
Travel	**-**	165,003
	-	776,967
La Cumbre		
Assaying and sampling	**4,783**	1,878
Drilling	**129,250**	-
Geophysics	**4,778**	13,439
Mining rights	**26,644**	-
Salary and consulting	**141,129**	34,171
Supplies and general	**119,263**	22,587
Travel	**83,745**	2,758
	509,592	74,833
IGV	**287,110**	239,473
Generative	**42,216**	-
Costs for the Period	**3,188,585**	1,582,567

9. Derivative Liability - Warrants

Warrants issued in private placements that have an exercise price denominated in a currency other than the Company's functional currency meet the definition of a derivative liability and are recorded as a financial liability and are marked-to-market each period. The warrants issued in the February 2008, January 2010, October 2010 and May 2011 private placements have an exercise price denominated in Canadian dollars, which is not the Company's functional currency. As a result, the warrants do not meet the definition of an equity instrument and are initially recorded at fair value as a derivative liability, with the difference between the fair value and the carrying value, upon transition, being recognized in equity. Subsequent changes in the fair value of the warrants will be recognized as gains or losses in the Statement of Loss and Comprehensive Loss until they are fully exercised. Of the total amount of warrants outstanding as at March 31, 2012 a total of 1,884,000 have been accounted for using marked-to-market accounting policy.

An additional 272,510 warrants have been issued to agents for services provided for a capital raising transaction and are not classified as a financial liability of the Company. The initial fair value of these warrants have been recognized as a share issuance costs and included in contributed surplus.

Of the remaining warrants, 5,231,469 are denominated in US dollars which is the Company's functional currency and are, therefore, not classified as a financial liability of the Company. The initial fair value of these warrants has been included in contributed surplus.

The changes in warrants during the years ended March 31, 2012 and March 31, 2011 were as follows:

	Warrants Outstanding	Weighted Average Exercise Price (Cdn$)
Balance – April 1, 2010	20,107,600	$0.11
Issued	21,537,235	$0.13
Exercised	(32,811,485)	$0.11
Balance – March 31, 2011	8,833,350	$0.15
Exercised	(1,445,371)	$0.12
Balance – March 31, 2012	**7,387,979**	**$0.15**

A summary of the Company's warrants at March 31, 2012 is as follows:

Number of warrants	Exercise price	Expiry
5,231,469	$0.12	August 31, 2012
2,156,510	Cdn$0.22	January 20, 2013
7,387,979		

In relation to the 2,156,510 warrants granted at Cdn$0.22, if the closing price of the Company's common shares on the TSX Venture Exchange is at a price equal to or greater than Cdn$0.30 for a period of ten consecutive trading days, the Company will have the right to accelerate the expiry date of the warrants by giving written notice to the holders of the warrants which will then expire on the date that is not less than thirty days from the date of the notice.

(Expressed in US dollars)

The fair value of the financial liability warrants has been estimated at March 31, 2012 and March 31, 2011 and April 1, 2010 and was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	March 31, 2012	March 31, 2011	April 1, 2010
Risk-free interest rate	1.19%	1.77%	1.63%
Expected dividend yield	Nil	Nil	Nil
Expected stock price volatility	104%	156%	196%
Expected life in years	0.8 years	1.8 years	1.0 years

The fair value of the warrants included in contributed surplus has been estimated on the issuance date and was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	Year Ended March 31, 2012	Year Ended March 31, 2011	April 1, 2010
Risk-free interest rate	n/a	1.55%	1.10%
Expected dividend yield	n/a	Nil	Nil
Expected stock price volatility	n/a	208%	146%
Expected life in years	n/a	2 years	1.5 years

Option pricing models require the input of subjective assumptions including the expected price volatility. Changes in the assumptions can materially affect the fair value estimate.

10. Capital

Authorized share capital

Unlimited common shares without par value

As at March 31, 2012 the Company has received $5,750 for the exercise of 50,000 warrants at $0.115.

Share Purchase Options

The Company has established a share purchase option plan whereby the board of directors may, from time to time, grant options to directors, officers, employees or consultants. Options granted must be exercised no later than five years from the date of grant or such lesser period as determined by the Company's board of directors. The exercise price of an option is not less than the closing price on the Toronto Stock Exchange on the last trading day preceding the grant date. Options begin vesting on the grant date based on a schedule outlined in the share purchase option plan. The option plan provides that the aggregate number of Shares reserved for issuance under the plan which may be made subject to options at any time and from time to time (including those issuable upon the exercise of pre-existing options) shall not exceed 10% of the total number of issued and outstanding Shares, on a non-dilutive basis, as constituted on the grant date of such options. At March 31, 2012 a total of 8,719,658 options were reserved under the Plan with 6,205,000 options outstanding.

(Expressed in US dollars)

a) Movements in share options

The changes in share options during the years ended March 31, 2012 and March 31, 2011 were as follows:

	March 31, 2012		March 31, 2011	
	Number of options	**Weighted average exercise price (in CDN$)**	Number of options	Weighted average exercise price (in CDN$)
Options outstanding, beginning of the year	**4,670,000**	**0.26**	3,245,000	0.31
Granted	**2,250,000**	**0.18**	1,425,000	0.15
Forfeited	**(715,000)**	**0.36**	-	-
Options outstanding, end of the year	**6,205,000**	**0.22**	4,670,000	0.26

b) Fair value of share options granted

During the year ended March 31, 2012 the Company granted 2,250,000 options to employees, officers, directors and consultants of the Company at a weighted average exercise price of Cdn$0.18. These stock options were valued at Cdn$336,335 using the Black-Scholes option pricing model. The weighted average grant date value per option was Cdn$0.15

During the year ended March 31, 2011, the Company granted 1,425,000 options to employees, officers, directors and consultants at a weighted average exercise price of Cdn$0.15. The estimated fair value of the stock options granted during the year ended March 31, 2011 was Cdn$138,019 using the Black-Scholes option pricing model. The weighted average grant date value per option was $0.10.

	Year ended March 31, 2012	Year Ended March 31, 2011
Expected dividend yield	**0%**	0%
Expected stock price volatility	**160% - 188%**	146% - 202%
Risk-free interest rate	**1.17% - 1.74%**	1.43% - 1.89%
Expected life of options	**2.5 – 4.4 years**	1.0 – 2.9 years

Option pricing models require the input of subjective assumptions including the expected price volatility and the expected option life. Changes in these assumptions can materially affect the estimated fair value of the stock options granted. The stock options vest in one-third increments, a third of the stock options vest on the grant date, the remaining stock options vest on the anniversary of the grant date over a two year period.

(Expressed in US dollars)

c) A summary of the Company's options as at March 31, 2012 is as follows:

Outstanding Options	Options Exercisable	Price per Share	Remaining Contractual Life (Years)	Expiry Date
160,000	106,667	Cdn$0.205	0.62	November 12, 2012
975,000	975,000	Cdn$0.50	0.83	January 29, 2013
5,000	5,000	Cdn$0.64	0.91	February 26, 2013
100,000	66,666	Cdn$0.27	0.95	March 11, 2013
150,000	150,000	Cdn$0.50	1.04	April 13, 2013
150,000	150,000	Cdn$0.50	1.18	June 4, 2013
1,370,000	1,370,000	Cdn$0.10	2.08	April 30, 2014
945,000	945,000	Cdn$0.10	3.14	May 20, 2015
100,000	100,000	Cdn$0.32	3.92	March 1, 2016
1,800,000	600,000	Cdn$0.18	4.09	May 2, 2016
300,000	100,000	Cdn$0.17	4.28	July 12, 2016
150,000	50,000	Cdn$0.135	4.84	February 1, 2017
6,205,000	**4,618,333**			

The weighted average exercise price of the options exercisable at March 31, 2012 is Cdn$0.23.

11. Related Party Transactions

Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of the transactions between the Company and other related parties are disclosed below.

a) Trading transactions

Certain of the Company's officers and directors render services to the Company as sole proprietors or through companies in which they are an officer, director or partner.

	Nature of transactions
DuMoulin Black	Legal fees
Avisar Chartered Accountants	Accounting fees
Global Vista	Investor relations and rent

(Expressed in US dollars)

The Company incurred the following fees and expenses in the normal course of operations in connection with related parties.

	Note	Year Ended March 31, 2012 $	Year Ended March 31, 2011 $
Legal fees		**38,567**	54,230
Accounting fees		**102,747**	77,665
Investor relations fees		**50,400**	27,735
Rent		**7,500**	18,000
	(i)	**199,214**	150,395

(i) Amounts due to related parties are unsecured, non-interest bearing and due on demand. Accounts payable as at March 31, 2012 included $9,586 (March 31, 2011 - $28,468; April 1, 2010 - $112,091) which were due to individuals or companies whose officers, directors or partners were also officers or directors of the Company.

b) Compensation of key management personnel

The remuneration of the directors, chief executive officer, president and chief financial officer (collectively the key management personnel) during the years ended March, 2012 and 2011 were as follows:

	Note	Year Ended March 31, 2012 $	Year Ended March 31, 2011 $
Salaries		**202,000**	190,000
Share-based compensation	(i)	**57,768**	13,525
	(ii)	**259.768**	203.525

(i) Share-based compensation represents the expense for the year ended March 31, 2012 translated at the grant date foreign exchange rates.
(ii) Key management personnel were not paid post-employment benefits, termination benefits or other long-term benefits during the years ended March 31, 2012 and 2011.

12. Segmented Information

The Company currently operates in one business segment, being the exploration of mineral properties. Details of identifiable non-current assets by geographic area are as follows:

Total Assets	**March 31, 2012 $**	March 31, 2011 $	April 1, 2010 $
Canada	**786,864**	5,079,527	1,176,694
Peru	**1,498,231**	1,493,293	353,971
	2,285,095	6,572,820	1,530,665

(Expressed in US dollars)

Total Non-Current Assets	**March 31, 2012 $**	March 31, 2011 $	April 1, 2010 $
Canada	**2,247**	2,103	9,247
Peru	**1,319,247**	1,143,887	658,571
	1,321,494	1,145,990	667,818

Net Loss	**Year ended March 31, 2012 $**	Year ended March 31, 2011 $
Canada	**581,905**	2,905,875
Peru	**4,155,155**	2,216,996
	4,737,060	5,122,871

13. Income Taxes

Income tax expense differs from the amount that would result from applying the Canadian federal and provincial income tax rates to earnings before income taxes. These differences result from the following items:

		2012		2011
Loss before income taxes	**$**	**(4,737,059)**	$	(5,122,871)
Federal and provincial statutory income tax rates		**26.13%**		28.00%
Income tax recovery based on the above rates	**$**	**(1,237,557)**	$	(1,434,404)
Increase (decrease) due to:				
Non-deductible expenses and other		**152,053**		691,346
Foreign tax rates different from statutory rates		**(145,136)**		(30,818)
Tax effect of tax losses and other temporary differences not recognized		**1,230,640**		773,876
Total income tax recovery	**$**	**-**	$	-

(Expressed in US dollars)

Unrecognized deductible temporary differences, unused tax losses and unused tax credits are attributable to the following:

	2012	2011	2010
Unrecognized deferred income tax assets			
Non-capital losses	**$ 1,878,576**	$ 1,067,014	$ 810,616
Resource properties	**2,032,689**	1,641,077	1,219,637
Other	**361,122**	333,656	237,617
Total deferred tax assets	**4,272,387**	3,041,747	2,267,870
Unrecognised deferred tax assets	**(4,272,387)**	(3,041,747)	(2,267,870)
Net deferred income tax assets	**$ -**	$ -	$ -

The Company has non-capital loss carry-forwards of approximately $6,868,000 that may be available for tax purposes. The loss carry-forwards are all in respect of Canadian and Peruvian operations and expire as follows:

2027	$ 38,000
2028	698,000
2029	874,000
2030	662,000
2031	533,000
2032	784,000
No expiry	3,279,000
	$ 6,868,000

14. Transition to International Financial Reporting Standards

IFRS 1 First-time Adoption of International Financial Reporting Standards sets forth guidance for the initial adoption of IFRS. Under IFRS 1 the standards are applied retrospectively at the transitional statement of financial position date with all adjustments to assets and liabilities taken to retained earnings unless certain exemptions are applied. The Company has applied the following exemptions to its opening statement of financial position dated April 1, 2010:

a) IFRS 3 – Business Combinations

IFRS 1 indicates that a first-time adopter may elect not to apply IFRS 3 Business Combinations retrospectively to business combinations that occurred before the date of transition to IFRS. The Company has taken advantage of this election and will apply IFRS 3 to business combinations that occur on or after April 1, 2010.

b) IFRS 2 – Share-based Payments

IFRS 1 encourages, but does not require, first-time adopters to apply IFRS 2 Share-based Payments to equity instruments that were granted on or before November 7, 2002, or equity instruments that were granted subsequent to November 7, 2002 and vested before the later of the date of transition to IFRS and January 1, 2005. The Company has elected not to apply IFRS 2 to awards that vested prior to April 1, 2010.

IFRS

- Each tranche of an award with different vesting dates is considered a separate grant for the calculation of fair value. Awards based in a currency other than the Company's functional currency are translated at the foreign exchange rate in effect on the grant date of the awards and the resulting fair value is amortized over the vesting period of the respective tranches.
- Forfeiture estimates are included in the calculation of fair value of share-based awards, and are revised for actual forfeitures in subsequent periods.

Canadian GAAP

- The fair value of stock-based awards with graded vesting are calculated as one grant and the resulting fair value may be recognized on a straight-line basis over the vesting period.
- Forfeitures of awards may be recognized as they occur.

As at April 1, 2010, the application of IFRS 2 resulted in an increase of $36,125 to the deficit and a corresponding $36,125 increase to contributed surplus due to a revaluation of options granted prior to April 1, 2010 but which vested after April 1, 2010. For the year ended March 31, 2011 there was a decrease of $39,347 in share-based compensation from $133,548 to $94,201. These IFRS adjustments resulted in a cumulative decrease to the deficit and contributed surplus of $3,222 as at March 31, 2011.

c) Estimates

In accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under previous GAAP, unless there is objective evidence that those estimates were in error. The Company's IFRS estimates as of April 1, 2010 are consistent with its Canadian GAAP estimates for the same date.

The Company has adopted IFRS on April 1, 2011 with a transition date of April 1, 2010. Presented below is a reconciliation to IFRS of assets, liabilities, equity, and net loss of the Company from those previously reported under Canadian GAAP. There are no material differences between the cash flow statements presented under IFRS and Canadian GAAP.

d) Derivative Liability

Under Canadian GAAP, warrants included in financings are accounted for at their carrying value within shareholders' equity. Under IFRS, those warrants that have an exercise price denominated in a currency other than the Company's functional currency meet the definition of a derivative liability and are recorded as a financial liability and are marked-to-market each period. The warrants issued in the January 2008, April 2009, March 2010 and January 2011 private placements have an exercise price denominated in Canadian dollars, which is not the Company's functional currency. As a result, the warrants do not to meet the definition of an equity instrument and will be recorded at fair value as a derivative liability, with the difference between the fair value and the carrying value, upon transition, being recognized in equity. Subsequent changes in the fair value of the warrants will be recognized as gains or losses in the Statement of Loss and Comprehensive Loss until they are fully exercised.

(Expressed in US dollars)

On transition to IFRS, as at April 1, 2010, the Company recorded a reclassification adjustment of $811,405 to record the warrant liability and correspondingly decreased contributed surplus by $817,052, increased share capital by $609,779 and increased the deficit by $604,132.

During the year ended March 31, 2011, the Company recorded an initial value of $308,554 for warrants issued on January 20, 2011 in conjunction with a private placement. The Company also recorded a warrant revaluation expense of $3,120,265 resulting from the marked-to-market impact of the initial derivative liabilities and these derivative liabilities. Also, as a result of warrants exercised during the year, the Company reduced the warrant liability by $3,911,597, representing the fair value of the warrants at the time of exercise.

As at March 31, 2011, to have the Company compliant with IFRS, the Company recorded a reclassification adjustment to record the warrant liability of $328,627 and correspondingly decreased contributed surplus by $692,126, increased share capital by $3,490,774, and increased the deficit by $3,127,275.

Warrants that have been issued to agents for services provided for a capital raising transaction and are not classified as a financial liability of the Company. The initial fair value of these warrants have been recognized as share issuance costs and included in contributed surplus as governed by IFRS 2.

The April 1, 2010 and March 31, 2011 Canadian GAAP statements of financial position has been reconciled to IFRS as follows:

	March 31, 2011 $	April 1, 2010 $
Total Assets under Canadian GAAP and IFRS	6,572,820	1,530,665
Total Liabilities Under Canadian GAAP	375,395	664,913
Adjustments		
Derivative liability	328,627	811,405
Total Liabilities Under IFRS	704,022	1,476,318
Total Equity Under Canadian GAAP	6,197,425	865,752
Adjustments		
Derivative liability	(328,627)	(811,405)
Total Equity Under IFRS	5,868,798	54,347

(Expressed in US dollars)

The Canadian GAAP statement of loss and comprehensive loss for the year ended March 31, 2011 has been reconciled to IFRS as follows:

	For the year ended March 31, 2011 $
Total Net Loss Under Canadian GAAP	(2,669,868)
Adjustment	
Share based payments	39,347
Derivative liability	(2,467,540)
Issuance costs associated with derivative liability	(24,810)
Total Net Loss Under IFRS	5,122,871

15. Subsequent events

On April 3, 2012, the Company granted 2,550,000 stock options to directors, officers and employees of the Company at a price of Cdn$0.11 per share vesting one third immediately, one third after 12 months and one third after 24 months, expiring 5 years from the grant date.

On June 8, 2012, the Company issued an additional 13,841 common shares of the Company for the settlement of the $300,000 cash payment on the Bongara option.