Kettle River Resources Ltd.

(An Exploration Stage Company)

CONDENSED INTERIM FINANCIAL STATEMENTS

3rd quarter
January 31, 2014

(Unaudited – Prepared by Management)

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

CONDENSED INTERIM STATEMENTS OF CASH FLOWS

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

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NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

The accompanying unedited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

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

KETTLE RIVER RESOURCES LTD.

Statement 1

(An Exploration Stage Company)

Condensed Interim Statements of Financial Position

Canadian Funds

Unaudited – Prepared by Management

		January 31, 2014		April 30, 2013
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	**$**	**1,103**	$	1,103
Accrued interest and other amounts receivable		**155,625**		375
Investments (Note 4)		**79,705**		92,385
Prepaid expenses		**1,726**		4,424
		238,159		98,287
Reclamation Bond		**5,000**		5,000
Property, Plant and Equipment (Note 5)		**50,392**		51,798
Mineral Properties (Note 6)		**3**		3
	$	**293,554**	$	155,088
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable and accrued liabilities		**40,260**		28,739
Cheques written in excess of funds on hand		**2,207**		15,979
Due to related parties (Note 8)		**5,508**		5,424
Loan payable (Note 8)		**545,000**		408,500
		592,975		458,642
SHAREHOLDERS' EQUITY				
Deficit		**(14,296,550)**		(14,316,738)
Accumulated Other Comprehensive Income		**(51,824)**		(35,769)
		(14,348,374)		(14,352,507)
Share capital (Note 7)		**13,141,642**		13,141,642
Reserves (Note 7 f)		**907,311**		907,311
		(299,421)		(303,554)
	$	**293,554**	$	155,088

Approved by the Board of Directors and authorized for issue on March 27, 2014.

ON BEHALF OF THE BOARD:

"Ellen Clements"

Ellen Clements, Director

"John Jewitt"

John Jewitt, Director

See accompanying notes to financial statements

KETTLE RIVER RESOURCES LTD.

Statement 2

(An Exploration Stage Company)

Condensed Interim Statement of Loss and Comprehensive Loss

Canadian Funds

Unaudited – Prepared by Management

	For Three months ended January 31, 2014	2013	For Nine months ended January 31, 2014	2013
MINERAL EXPLORATION ACTIVITIES				
Exploration costs (Note 6)	$ **5,533**	$ 13,318	**$ 23,772**	$ 49,783
Less: Government assistance				
	5,533	13,318	**23,772**	49,783
ADMINISTRATIVE COSTS				
Accounting, audit & legal	**5,622**	6,000	**26,262**	22,711
Advertising, promotion & printing	**159**	516	**3,919**	4,507
Depreciation	**30**	37	**89**	111
Licenses, insurance, and transfer agent fees	**6,345**	9,626	**17,071**	17,167
Management, salary & wages (net of recoveries)	**8,128**	13,397	**37,689**	45,229
Office, interest & sundry	**8,388**	5,685	**23,187**	16,360
Office building expenses	**1,318**	1,197	**3,485**	3,931
Share-based compensation expense	**-**	-	**-**	-
Telephone	**634**	541	**1,780**	1,288
Travel and accommodation	**-**	76	**978**	378
	36,157	50,393	**138,232**	161,465
OTHER INCOME				
Gain on sale of mineral property	**-**	(75,187)	**(158,375)**	(75,187)
Interest and US Exchange adjustment	**(15)**	(15)	**(45)**	(38)
	(36,142)	(75,202)	**(158,420)**	(75,225)
NET INCOME (LOSS) FOR THE PERIOD	**$ (36,142)**	$ 24,809	**$ 20,188**	$ (86,240)
OTHER COMPREHENSIVE INCOME (LOSS)				
Net Income (Loss) for the Period	**(36,142)**	24,809	**20,188**	(86,240)
Unrealized Gain (Loss) on Available-for-sale Marketable Securities (Note 4)	**14,795**	(54,891)	**(16,055)**	(84,065)
TOTAL COMPREHENSIVE INCOME (LOSS)	**$ (21,347)**	$ (30,082)	**$ 4,133**	$ (170,305)
Comprehensive Income (Loss) per share, basic and diluted	**$ 0.00**	$ 0.00	**$ 0.00**	$ 0.00
Weighted average number of Shares outstanding	**27,716,711**	27,716,711	**27,716,711**	27,716,711
Basic and diluted income (loss) per share	**$0.00**	$0.00	**$0.00**	$0.00

See accompanying notes to financial statements.

KETTLE RIVER RESOURCES LTD.

(An Exploration Stage Company)

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

Canadian Funds

Unaudited – Prepared by Management

	Number of shares	Share capital	Accumulated Other Comprehensive Income	Reserve	Deficit	Total Equity
		$	$		$	$
May 1, 2013	27,716,711	13,141,642	(35,769)	907,311	(14,316,738)	(303,554)
Unrealized loss on available -for-sale investments			**(16,055)**			**(16,055)**
Net income (loss) for the period					**20,188**	**20,188**
January 31, 2014	**27,716,711**	**13,141,642**	**(51,824)**	**907,311**	**14,296,550**	**(299,421)**
May 1, 2012	27,716,711	13,141,642	93,517	907,311	(14,145,689)	(3,219)
Unrealized loss on available -for-sale investments			**(84,065)**			**(84,065)**
Net loss for the period					**(86,240)**	**(86,240)**
January 31, 2013	**27,716,711**	**13,141,642**	**9,452**	**907,311**	**(14,231,929)**	**(173,524)**

KETTLE RIVER RESOURCES LTD. Statement 3

(An Exploration Stage Company)

Condensed Interim Statement of Cash Flows

Canadian Funds

Unaudited – Prepared by Management

	For Three months ended January 31, 2014	2013	For Nine months ended January 31, 2014	2013
Cash Flows from Operating Activities				
Net Income (Loss) for the period	$ **(36,142)**	$ 24,809	$ **20,188**	$ (86,240)
Add (Deduct): Items not involving cash				
Depreciation	**468**	502	**1,406**	1,506
Share-based compensation		-		-
Gain on option of exploration and evaluation asset	**-**	(75,187)	**(158,375)**	(75,187)
	(35,674)	$ (49,876)	**(136,781)**	(159,921)
Changes in non-cash working capital:				
Prepaid expenses	**1,949**	1,907	**2,698**	2,764
Accrued interest and other amounts receivable	**(16)**	(61,052)	**(155,250)**	(70,123)
Amounts due to directors	**(4,338)**	1,457	**84**	11,746
Accounts payable and accrued liabilities	**(567)**	5,849	**11,521**	(4,121)
	(38,646)	(101,715)	**(277,728)**	(219,655)
Financing Activities				
Loan payable advances	**56,000**	25,800	**136,500**	125,000
Loan payable repayments	**-**	-	**-**	-
Due to related parties	**-**	-	**-**	-
	56,000	25,800	**136,500**	125,000
Investing Activities				
Proceeds from option of exploration and evaluation asset	**-**	60,000	**155,000**	60,000
	-	60,000	**155,000**	60,000
Increase (decrease) in Cash	**17,354**	(15,915)	**13,772**	(34,655)
Cash, and cash equivalents, beginning of period	**(18,458)**	(12,345)	**(14,876)**	6,395
Cash and cash equivalents, end of period	$ **(1,104)**	(28,260)	$ **(1,104)**	(28,260)
Cash and Term deposits represent by				
Cash on hand	**1,103**	1,103	**1,103**	1,103
Cheques written in excess of funds on hand	**(2,207)**	(29,363)	**(2,207)**	(29,363)
	(1,104)	(28,260)	**(1,104)**	(28,260)
Supplementary Schedule				
Amortization of capital assets to mineral properties	**438**	349	**1,321**	1,395
Interest paid	**9,620**	5,017	**21,304**	12,912
Shares acquired on option of property	**-**	337,500	**167,500**	337,500

See accompanying notes to financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

These financial statements have been prepared on the going concern basis, which assumes the realization of assets and liquidation of liabilities and commitments in the normal course of business. The application of the going concern concept is dependent upon the Company's ability to generate future profitable operations and receive continued financial support from its creditors and shareholders. These financial statements do not give effect to any adjustments that might be required should the Company be unable to continue as a going concern and therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts differing from those reflected in the financial statements. The Company has working capital deficiency of $354,816 as at January 31, 2014 and has accumulated losses of $14,296,550. Since inception, the Company has been successful in funding its operations and to date has net issued shares of 27,716,711 for net proceeds of $13,141,642 averaging $0.47 per share. The share price at January 31, 2014 was $0.015 Cdn.

Management plans to continue to pursue equity financing to support operations. Management believes this plan will be sufficient to meet the Company's liabilities and commitments as they become payable over the next twelve months. There can be no assurance that management's plan will be successful. Failure to maintain the support of creditors and obtain additional external equity financing will cause the Company to curtail operations and the Company's ability to continue as a going concern will be impaired. The outcome of these matters cannot be predicted at this time.

2. BASIS OF PRESENTATION

These condensed interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting ("IAS 34"), as issued by the International Accounting Standards Board, and its interpretations. Accordingly, these condensed interim financial statements do not include all of the information and footnotes required by International Financial Reporting Standards ("IFRS") for complete financial statements for year-end reporting purposes. Results for the period ended January 31, 2014, are not necessarily indicative of future results.

These are the Company's first IFRS condensed interim financial statements for part of the period covered by the first IFRS consolidated annual financial statements to be presented in accordance with IFRS for the year ending April 30, 2013. Previously, the Company prepared its annual and interim financial statements in accordance with Canadian generally accepted accounting principles ("Canadian GAAP").

These condensed interim financial statements have been prepared on a historical cost basis except for financial instruments classified as available-for-sale, which are stated at their fair value. In addition these condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The accounting policies set out below have been applied consistently to all periods presented in preparing the opening balance sheet at May 1, 2010 (note 11) for purposes of transition to IFRS. The accounting policies have been applied consistently by the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the period.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the recoverability of receivables, valuation of inventories, valuation and depreciation of property, plant and equipment and mining interests, valuation of share-based payments, recognition of deferred income tax amounts and provision for restoration, rehabilitation and environmental costs.

Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand, deposits in banks and highly liquid investments having terms to maturity of 90 days or less when acquired.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Mineral properties

Once a license to explore an area has been secured, expenditures on mineral properties are capitalized to exploration and classified as a non-current asset.

Exploration expenditures relate to the initial search for deposits with economic potential and to detailed assessments of deposits or other projects that have been identified as having economic potential.

All capitalized exploration and evaluation expenditures are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that exploration expenditure is not expected to be recovered, it is charged to the results of operations.

Once an economically viable reserve has been determined for an area and the decision to proceed with development has been approved, exploration and evaluation assets attributable to that area are first tested for impairment and then reclassified to construction in progress within property, plant and equipment.

Subsequent recovery of the resulting carrying value depends on successful development or sale of the undeveloped project. If a project does not prove viable, all irrecoverable costs associated with the project net of any impairment provisions are written off.

Equipment

Equipment is recorded and amortized on a declining-balance basis at an annual rate of 20% for office equipment and on-site exploration equipment, 30% for computer equipment and vehicles, and 100% for computer software. Amortization for exploration-related equipment is recorded as a deferred property cost. Amortization in the year of acquisition is recorded at one half of its normal rate.

Impairment

At each reporting period, management reviews all assets for indicators of impairment. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction. In assessing value in use, the estimated future cash flows are discounted to their present value. If the recoverable amount of the asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for that period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which that asset belongs.

Past impairments are also considered at each reporting period and where there is an indication that an impairment loss may have decreased, the recoverable amount is calculated as outlined above to determine the extent of the recovery. If the recoverable amount of the asset is more than its carrying amount, the carrying amount of the asset is increased to its recoverable amount and the impairment loss is reversed in the profit or loss for that period. The increased carrying amount due to reversal will not be more than what the depreciated historical cost would have been if the impairment had not been recognized.

Income taxes

The Company uses the balance sheet method of accounting for income taxes. Under the balance sheet method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets also result from unused loss carry forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they 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.

Share capital

The Company records proceeds from share issuances net of issue costs and any tax effects. Common shares issued for consideration other than cash, are valued based on their market value at the date the agreement to issue shares was concluded.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments

Financial assets

The Company classifies its financial assets in the following categories: fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at recognition.

i. Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are initially recognized at fair value with changes in fair value recorded through income. Cash and cash equivalents, are included in this category of financial assets.

ii. Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets or non-current assets based on their maturity date. Loans and receivables are carried at amortized cost less any impairment. Loans and receivables comprise trade and other receivables.

iii. Available-for-sale financial assets
Available-for-sale (AFS) financial assets are non-derivatives that are either designated as available-for-sale or not classified in any of the other financial asset categories. Changes in the fair value of AFS financial assets are recognized as other comprehensive income and classified as a component of equity.

Management assesses the carrying value of AFS financial assets at each reporting period and any impairment charges are also recognized in profit or loss. When financial assets classified as available-for-sale are sold, the accumulated fair value adjustments recognized in other comprehensive income are included in profit and loss.

Financial liabilities

The Company's financial liabilities are classified as borrowings and other financial liabilities.

Borrowings and other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in the income statement over the period to maturity using the effective interest method.

Borrowings and other financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include trade accounts payable, due to directors and loan payable.

Share-based payments

The Company's Stock Option Plan allows employees and consultants to acquire shares of the Company. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The fair value of the share-based payment is measured using the Black-Scholes option pricing model. The fair value of the share based payment is recognized as an expense or capitalized to mineral property with a corresponding increase in contributed surplus. Consideration received on the exercise of stock options is recorded as share capital and the related reserves amount is transferred to share capital.

Loss per share

Basic loss per share is calculated by dividing the loss available to common shareholders by the weighted average number of common shares outstanding in the period. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. Where the effects of including all outstanding options and warrants would be anti-dilutive, no dilution is calculated and the diluted loss per share is presented as the same as basic loss per share.

4. INVESTMENTS

Company Name	Number of Shares	**Carrying Value January 31, 2014**	Carrying Value April 30, 2013
Publicly traded			
New Nadina Explorations Limited	1,782,582	**$ 62,390**	$ 71,303
Taseko Mines Limited	4,676	**10,615**	11,082
Golden Dawn Minerals Inc.	167,500	**6,700**	10,000
		$ 79,705	$ 92,385

	January 31, 2014	January 31, 2013
Available-for-sale:		
Opening balance - cost	**$ 92,385**	$ 206,484
Securities acquired - cost	**3,375**	15,187
Unrealized gain (loss)	**(16,055)**	(84,065)
Closing balance –market price	**$ 79,705**	$ 137,606

Marketable securities are accounted for using the fair value method.

NEW NADINA EXPORATIONS LIMITED: The Company on January 31, 2014 and 2012 owned 1,782,582 common shares in New Nadina Explorations Limited (“New Nadina”). New Nadina has two directors, the President and another director, in common with the Company. The quoted market value of the common shares was $0.035 per share on January 31, 2014 (2013 - $0.05 per share).

TASEKO: The Company holds 4,676 common shares of Taseko Mines Limited (received from exchange of 9,300 preferred shares of Continental Minerals Corp.). The quoted market value of the common shares was $2.27 per share on January 31, 2014 (2013 - $3.31 per share).

GOLDEN DAWN MINERALS INC.: The 167,500 shares represent the two share consolidations of 1,162,500, the most recent shares issued Oct 28, 2013 (337,500) included in the January 2014 roll-back. The quoted market value of the Golden Dawn common shares was $0.04 per share on January 31, 2014 (2013 - $0.04 per share).

5. PROPERTY, PLANT AND EQUIPMENT

	Land	**Paving**	**Buildings**	**Mining Equipment**	**Office equipment**	**Trailer**	**Total**
	$	$	$	$	$	$	$
Depreciation rate - Cost	-	8%	4%	30%	20%	30%	
Balance as at April 30, 2012	10,000	4,861	86,401	117,557	53,972	8,890	281,681
Balance as at April 30, 2013	10,000	4,861	86,401	117,557	53,972	8,890	281,681
Additions during the period	**-**	-	-	-	-	-	-
Balance as at January 31, 2014	**10,000**	**4,861**	**86,401**	**117,557**	**53,972**	**8,890**	**281,681**
Accumulated depreciation							
Balance as at April 30, 2012	-	3,441	45,064	117,248	53,233	8,890	227,876
Balance as at April 30, 2013	-	3,555	46,717	117,341	53,380	8,890	229,883
Depreciation for the period	**-**	**78**	**1,191**	**48**	**89**	**-**	
Balance as at January 31, 2014	**-**	**3,633**	**47,908**	**117,389**	**53,469**	**8,890**	**231,289**
Net book value							
At April 30, 2012	10,000	1,420	41,337	309	739	-	53,805
At April 30, 2013	10,000	1,306	39,684	216	592	-	51,798
Balance as at January 31, 2014	**10,000**	**1,228**	**38,493**	**168**	**503**	**-**	**50,392**

6. MINERAL PROPERTIES

Acquisition costs and exploration expenditures relating to mineral properties are written off as incurred. Payments received for exploration rights on the Company's mineral properties are treated as cost recoveries and are credited to reduce the cost of exploration expenditures related to the mineral claims with any excess, on an aggregate basis, recorded as income. Option payments are recorded as incurred. Ongoing reclamation and site restoration costs including site maintenance and caretaking are expensed when incurred.

	2014	2013
Acquisition Costs		
Greenwood Area	**1**	1
Arcadia (Skylark) – Greenwood Area	**1**	1
DHK Diamonds Inc. – NWT	**1**	1
Silica Quarry - Saskatchewan	**Nil**	Nil
Total exploration and evaluation assets	**$ 3**	$ 3

Exploration Expenditures by Property For the period ended January 31, 2014	**Greenwood Area**	**DHK NWT**	**Pellatt Lake**	**Silica Quarry 50%**	**Total**
Depreciation	**$ 1,318**	**$ -**	**$ -**	**$ -**	**$ 1,318**
Assessment, filing fees, membership	**-**	**-**	**-**	**-**	**-**
Direct charges – wages	**7,650**	**1,500**	**-**	**50**	**9,200**
Exploration costs 1)	**6,708**	**396**	**100**	**-**	**7,204**
Storage (samples& equipment)	**2,007**	**-**	**-**	**-**	**2,007**
Property and Mineral taxes	**3,928**	**-**	**-**	**-**	**3,928**
Travel & accommodation	**-**	**115**	**-**	**-**	**115**
TOTAL:	**$ 21,611**	**$ 2,011**	**$ 100**	**$ 50**	**$ 23,772**

Exploration Expenditures by Property For the period ended January 31, 2013	Greenwood Area	DHK NWT	Pellett Lake	Silica Quarry 50%	Total
Depreciation	$ 1,395	$ -	$ -	$ -	$ 1,395
Assessment, filing fees, membership	3,549	-	-	-	3,549
Direct charges – wages	8,000	1,600	200	50	9,850
Exploration costs 1)	20,674	275	75	-	21,024
Storage (samples& equipment)	1,982	-	-	-	1,982
Property and Mineral taxes	3,499	-	7,765	-	11,264
Travel & accommodation	719	-	-	-	719
TOTAL:	$ 39,818	$ 1,875	$ 8,040	$ 50	$49,783

1) Exploration costs include equipment costs; freight/delivery expense; geology/geophysics/geochemical expenses; physical work, sampling, reclamation costs and allocation of office and overhead expenses relating to exploration activities.

The DHK exploration costs represent what the Company has paid for its share of all related exploration program costs on the WO and Pellatt Lake claim blocks in the Northwest Territories.

a) GREENWOOD AREA - Southern BC:

The Company owns a 100% interest in certain properties comprising approximately 10,000 hectares of mineral tenure where approximately 500 acres is surface owned in the Greenwood Mining Division of British Columbia. The Company is actively exploring for gold, silver, other base metals and industrial mineral potential. Properties within the Greenwood Area include Phoenix (Battle Zone), Bluebell (Minnie Moore), Phoenix Tailings, Haas Creek, Rad group, Arcadia (Skylark), Tam O'Shanter and Niagara.

TAM O'SHANTER: Kettle River and Golden Dawn Minerals Inc. ("Golden Dawn") concluded agreement(s) dated Oct 28, 2010, amended Jan 23, 2013 where Golden Dawn issues 1.5million common shares, cash payments of $240,000 and work commitment of $2-million over four years for 100 per-cent interest. The property is subject to a 3 per-cent net smelter return royalty allowing Golden Dawn to repurchase up to 2 per-cent NSR royalty for $3 million. Conditions of the agreement have not been met and "Notice of Default" has been issued.

6. MINERAL PROPERTIES – continued

b) DHK DIAMONDS INC. – Northwest Territories:

DHK Diamonds Inc. ("DHK") is a private company incorporated and registered in the Northwest Territories, currently owned by Kettle River Resources Ltd. (43.37%), Dentonia Resources Ltd. ("Dentonia") (43.37%), and Cosigo Resources Ltd. (formerly Horseshoe Gold Mining Inc.) owning 13.26%. The ownership of DHK is subject to change depending on cash call contributions of which there have been none in the past year.

Operations and funding provisions of DHK are governed by a 1992 Shareholders' Agreement where each shareholder appoints two directors to the board and certain activities require 75% board approval.

WO Joint Venture - DHK has a 10.3141% contributing interest in the WO Joint Venture operated by Peregrine Diamonds Ltd. ("Peregrine").

c) Pellatt Lake Property - Nunavut

On December 13, 2013 the three leases at Pellatt Lake were allowed to lapse as a JV partner was not found and it was determined there was unlikely potential for economic diamonds considering previous exploration activity. The Pellatt Lake claim block was located north of Yellowknife and is in proximity of the EKATI Diamond Mine. The Company held a 100% interest in the Pellatt Lake Claim Block, the three mining leases were subject to a gross overriding royalty of 1%.

d) Monument Property (formerly DHK Claim Block) south shore of Lac de Gras

Through an agreement dated October 24, 2003 DHK holds a 1% gross overriding royalty on three leases explored for diamond potential, owned (57.49%) and operated by New Nadina.

e) SILICA QUARRY - Saskatchewan:

The Company holds a 50% participating interest in a Silica Quarry Lease in Saskatchewan. The approved lease is valid until December 11, 2014.

7. SHARE CAPITAL

a) Authorized: Unlimited common shares without par value

b) Issued and fully paid:

	2014	
	Number of Shares	**Value**
Balance at April 30, 2012	**27,716,711**	**$ 13,141,642**
Balance at April 30, 2013 and January 31, 2014	**27,716,711**	**$ 13,141,642**

c) Warrants:

As at April 30, 2013 and January 31, 2014, the Company has no warrants outstanding.

d) 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 ten years from date of grant or such lesser period as determined by the Company's board of directors. The exercise price of options is determined by the Board of Directors and shall not be lower than the allowable discounted closing market price of the shares on the business day immediately prior to the grant date.

As at January 31, 2014, there are 1,600,000 (January 31, 2013 – 1,600,000) options outstanding, all options are vested (January 31, 2013 – 1,600,000 vested). Details of options granted - 1,600,000 granted on July 20, 2010 (expire July 20, 2015).

7. SHARE CAPITAL - continued

d) Share purchase options: - continued

The continuity of share purchase options is as follows at January 31, 2014:

	2014			2013	
	Number of Shares	Exercise Price $	Weighted Price $	Number of Shares	Weighted Price $
Opening balance	1,600,000	0.10		650,000	0.20
Granted – July 20, 2010	-			1,600,000	0.10
Expired - April 11, 2012	-			(650,000)	0.20
Closing balance	**1,600,000**	0.10		1,600,000	0.10
Weighted average years to expiry	1.47			2.47	

8. RELATED PARTY TRANSACTIONS

As of January 31, 2014 unsecured advances owing to directors and shareholders and bearing no interest were $13,793 (2013 - $14,658). An amount of $7,688 (2013 - $9,429) was due from New Nadina Explorations Limited for office expense reimbursements and $431 (2013 - $3,813) was due from DHK Diamonds Inc. for reimbursement of a Pellatt Lake mining lease payment.

On January 20, 2009, a loan agreement was approved by the TSX Venture Exchange whereby a director would advance up to $75,000 to be secured by a first mortgage on the Company's property located at 1215 Greenwood Street, Greenwood, BC and bear interest at prime plus 3%. This loan had a term of 3 years but was subsequently extended to four years by the President and Directors of the Company. As at January 31, 2014, $545,000 (2013 - $355,000) has been advanced with unpaid accrued interest on this amount of $2,773 (2013 - $1,811).

For the period ended January 31st the Company incurred the following expenses with related parties:

	2014	2013
To directors for telephone and office to offset expenses incurred in conducting company affairs	**$ 3,600**	$ 3,600
To a director, who is the president, for management salary and certain exploration related tasks	**48,000**	54,000
To a director, who is the president, for storage facilities (exploration equipment and samples)	**1,800**	1,800
To directors who are not employees, for administration.	**-**	-
To a director for interest accrued on a secured loan to the Company	**21,304**	13,648
Total	**$ 74,704**	$ 73,048

During the period $35,144 (2013 - $38,675) was recovered from a company that has two common directors for office and secretary expenses and reimbursement of expenses.

The above transactions have been recorded at their exchange amount, which is the amount of consideration agreed upon by the related parties.

9. SEGMENTED INFORMATION

No segmented information is presented because the Company has no recent logging or other operations and the Company is solely involved in mineral exploration.

10. SUBSEQUENT EVENTS

TAM O'SHANTER: Kettle River has given notice to Golden Dawn as the conditions of the agreement have not been met and "Notice of Default" was formally issued on March 10, 2014.

DIRECTORS AND POSITIONS:

Ellen Clements, * President and CEO

John W. Jewitt, retired P.Eng. * - director

Arlene Ashton, Officer and CFO

Stephen Levano, BA, MBA * - director

* Members of the Audit Committee