
O C E  N U S
R E S O U R C E S C O R P O R A T I O N

Interim Unaudited Condensed Consolidated
Financial Statements
September 30, 2013

November 28, 2013

Management's Report

The accompanying interim unaudited condensed consolidated financial statements ("financial statements") of **Oceanus Resources Corporation** (the "Company") are the responsibility of management and have been approved by the Board of Directors. The financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"). The financial statements include certain amounts and assumptions that are based on management's best estimates and have been derived with careful judgment.

In fulfilling its responsibilities, management has developed and maintains a system of internal accounting controls. These controls are designed to provide reasonable assurance that the financial records are reliable for preparation of the financial statements. The Audit Committee of the Board of Directors reviewed and approved the Company's financial statements, and recommended their approval by the Board of Directors.

These financial statements have not been reviewed by the external auditors of the Company.

(signed) "*Richard Gordon*"
President and Chief Executive Officer
Halifax, Nova Scotia

(signed) "*Glenn Holmes*"
Chief Financial Officer
Halifax, Nova Scotia

Unaudited Consolidated Statements of Financial Position
As at September 30, 2013 and March 31, 2013

	September 30, 2013	March 31, 2013
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	479,241	1,955,207
Sales tax recoverable	153,690	28,232
Prepaid expenses	16,873	3,937
	<hr/>	<hr/>
	649,804	1,987,376
Resource properties (note 6)	<hr/>	<hr/>
	4,967,402	3,840,016
	<hr/>	<hr/>
	5,617,206	5,827,392
	<hr/>	<hr/>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 7)	<hr/>	<hr/>
	209,504	248,592
Equity (note 11)	<hr/>	<hr/>
	5,407,702	5,578,800
	<hr/>	<hr/>
	5,617,206	5,827,392
	<hr/>	<hr/>

Nature of operations and going concern (note 1)

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

Approved on behalf of the Board of Directors

(signed) "Richard B. Gordon", Director

(signed) "Glenn A. Holmes", Director

Unaudited Consolidated Statements of Changes in Equity
For the periods ended September 30, 2013 and September 30, 2012

	Share capital \$	Contributed surplus and other \$	Warrants \$	Deficit \$	Total \$
Balance – March 31, 2012	1,478,690	110,500	–	(755,188)	834,002
Loss and comprehensive loss for the period	–	–	–	(262,718)	(262,718)
Shares issued for cash, net of issue costs	237,949	–	–	–	237,949
Stock-based compensation	–	88,000	–	–	88,000
Balance – September 30, 2012	1,716,639	198,500	–	(1,017,906)	897,233
Loss and comprehensive loss for the period	–	–	–	(337,164)	(337,164)
Shares issued for cash, net of issue costs	2,098,731	–	–	–	2,098,731
Shares issued for cash, exercise of agent's options	61,000	(21,000)	–	–	40,000
Share issued upon exercise of stock options	36,923	(16,923)	–	–	20,000
Shares issued in connection with resource property acquisition	2,860,000	–	–	–	2,860,000
Warrants issued as finders fees	(26,000)	–	26,000	–	–
Balance – March 31, 2013	6,747,293	160,577	26,000	(1,355,070)	5,578,800
Loss and comprehensive loss for the period	–	–	–	(483,134)	(483,134)
Stock-based compensation	–	231,000	–	–	231,000
Shares issued for cash, net of issue costs	81,036	–	–	–	81,036
Balance – September 30, 2013	6,828,329	391,577	26,000	(1,838,204)	5,407,702

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

**Unaudited Consolidated Statement of Loss and Comprehensive Loss
 For the periods ended September 30, 2013 and September 30, 2012**

	Three months ended		Six months ended	
	September 30,	September 30,	September 30,	September 30,
	2013	2012	2013	2012
	\$	\$	\$	\$
Operating expenses				
Professional fees	31,746	20,095	55,037	27,607
Dues and fees	5,150	7,387	11,610	10,788
Insurance	12,527	6,113	23,015	12,113
Office	7,020	7,314	15,889	15,349
Shareholder communication	21,499	544	56,916	1,171
Travel	10,263	-	24,721	-
Stock-based compensation	-	-	181,000	88,000
Property investigation	-	27,931	-	35,431
Wages and benefits	62,894	72,999	117,022	107,859
Foreign exchange loss	(11,553)	-	7,040	-
	<u>(139,546)</u>	<u>(142,383)</u>	<u>(492,250)</u>	<u>(298,318)</u>
Other income				
Interest income	4,841	-	9,116	-
	<u>(134,705)</u>	<u>(142,383)</u>	<u>(483,134)</u>	<u>(298,318)</u>
Loss before income taxes				
	<u>-</u>	<u>33,300</u>	<u>-</u>	<u>35,600</u>
Net loss and comprehensive loss for the year	<u>(134,705)</u>	<u>(109,083)</u>	<u>(483,134)</u>	<u>(262,718)</u>
Loss per share – basic and diluted	(0.004)	(0.01)	(0.01)	(0.03)
Weighted average outstanding common shares – basic and diluted	35,709,603	10,175,000	35,669,533	9,866,257

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

Unaudited Consolidated Statement of Cash Flows
For the periods ended September 30, 2013 and September 30, 2012

	Three months ended		Six months ended	
	September 30,	September 30,	September 30,	September 30,
	2013	2012	2013	2012
	\$	\$	\$	\$
Cash provided by (used in)				
Operating activities				
Net loss for the periods	(134,705)	(109,083)	(483,134)	(262,718)
Charges to income not affecting cash				
Stock-based compensation	–	–	181,000	88,000
Recovery of income taxes	–	(33,300)	–	(35,600)
	<u>(134,705)</u>	<u>(142,383)</u>	<u>(302,134)</u>	<u>(210,318)</u>
Net changes in non-cash working capital balances related to operations				
Decrease (increase) in sales tax recoverable	(40,940)	(15,954)	(125,458)	(22,205)
Decrease (increase) in prepaid expenses	2,027	(4,387)	(12,936)	2,503
Increase (decrease) in accounts payable and accrued liabilities	38,904	80,403	(168,565)	49,260
	<u>(134,714)</u>	<u>(82,321)</u>	<u>(609,093)</u>	<u>(180,760)</u>
Investing activities				
Purchase of and expenditures on resource properties	(462,520)	(192,672)	(947,909)	(222,696)
Financing activities				
Proceeds from issuance of common shares	–	–	81,036	250,000
Share issue costs paid	–	–	–	(12,051)
	<u>–</u>	<u>–</u>	<u>81,036</u>	<u>237,949</u>
Net change in cash for the periods	(597,234)	(274,993)	(1,475,966)	(165,507)
Cash – Beginning of period	1,076,475	338,485	1,955,207	228,999
Cash and cash equivalents – End of period	479,241	63,492	479,241	63,492
Cash and cash equivalents are comprised of the following:				
Cash on hand and balances with banks	23,241	63,492	23,241	63,492
Short-term investments	456,000	–	456,000	–

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

**Notes to the Interim Unaudited Condensed Consolidated Financial Statements
For the periods ended September 30, 2013 and September 30, 2012**

1 Nature of operations and going concern

Nature of operations

Oceanus Resources Corporation (the "Company") was incorporated under the Canada Business Corporations Act on June 14, 2010 and its common shares are listed on the TSX Venture Exchange (the "Exchange") under the trading symbol OCN. The Company has one reportable and geographic segment is a mineral exploration company engaged in locating and acquiring high quality projects and exploring for gold and base metals and has not yet determined whether its exploration property interests contain mineral reserves that are economically recoverable.

Going concern

These financial statements have been prepared using generally accepted accounting principles applicable to a going concern, which assumes the realization of assets and settlement of liabilities in the normal course of business as they come due. For the period ended September 30, 2013, the Company incurred a loss of \$483,134 and as at September 30, 2013 had an accumulated deficit of \$1,838,204. The Company has no income or cash flow from operations. In addition to its working capital requirements, the Company must secure sufficient funding to maintain legal title to its resource properties, to fund its exploration and development activities and to fund its general and administrative costs. Such circumstances lend significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. Management is evaluating alternatives to secure additional financing so that the Company can continue to operate as a going concern. Nevertheless, there is no assurance that these initiatives will be successful or sufficient.

The Company's ability to continue as a going concern is dependent upon its ability to fund its working capital and exploration requirements and eventually to generate positive cash flows, either from operations or sale of properties. These financial statements do not reflect the adjustments to the carrying value 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.

2 Basis of presentation

a) Statement of compliance

The Company prepares its financial statements in accordance with Canadian generally accepted accounting principles ("GAAP") as set out in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"), which incorporates International financial reporting standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

Notes to the Interim Unaudited Condensed Consolidated Financial Statements
For the periods ended September 30, 2013 and September 30, 2012

2 Basis of presentation (continued)

a) Statement of compliance (continued)

These unaudited condensed interim consolidated financial statements have been prepared in accordance with the International Accounting Standard 34, Interim Financial Reporting (“IAS 34”), as issued by the IASB. Accordingly, certain information normally included in annual financial statements prepared in accordance with IFRS, as issued by the IASB, has been omitted or condensed. The unaudited condensed interim consolidated financial statements should be read in conjunction with the Company’s annual audited consolidated financial statements for the year-ended March 31, 2013.

The policies applied in these unaudited condensed interim consolidated financial statements are based on the IFRS as of November 28, 2013, the date the Board of Directors approved the financial statements. Any subsequent changes to IFRS that are given effect in the Company’s annual consolidated financial statements for the year ending March 31, 2014 could result in the restatement of these condensed interim consolidated financial statements.

b) Basis of measurement

These consolidated financial statements have been prepared under a historical cost basis, except for share based payments and certain financial assets which are recorded at fair value. Items included in the financial statements of each of the Company’s subsidiaries are measured using the currency of the primary economic environment in which the entity operates (“functional currency”). The Company’s functional currency is the Canadian dollar. The unaudited condensed interim consolidated financial statements are presented in Canadian dollars, which is also the presentation currency of the Company.

c) Use of estimates and judgments

The preparation of the consolidated financial statements requires the Company’s management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of expenses during the reporting period. The determination of estimates requires the exercise of judgment based on various assumptions and other factors such as historical experience and current and expected economic conditions. Actual results may differ from these estimates. The more significant areas requiring the use of management estimates and assumptions are discussed below.

Resource property

The resource property asset includes non-cash acquisition cost components that were settled with the issuance of 11,000,000 common shares of the Company in fiscal 2013.

The shares issued in fiscal 2013 were valued at \$0.26 per share for accounting purposes, this being the last price transacted on the Exchange prior to the shares being halted on October 24, 2012, the date the Lunar Gold Acquisition Transaction was announced. The shares remained halted until the Acquisition Transaction was completed and resumed trading on March 15, 2013. A \$0.01 difference in the value of the common shares issued pursuant to the resource property acquisition would impact the resource property asset by \$110,000.

Notes to the Interim Unaudited Condensed Consolidated Financial Statements
For the periods ended September 30, 2013 and September 30, 2012

2 Basis of presentation (continued)

c) Use of estimates and judgments (continued)

Flow-through premium liability

The flow-through premium liability is determined based on the difference between the value of the Company's non-flow-through shares and the amount the investor pays for the flow-through shares. The determination of the fair value of the Company's non-flow-through shares requires the exercise of judgment based on various assumptions. A \$0.01 difference in the value of the non-flow-through shares would impact the flow-through premium liability by \$12,500.

Share-based payments

The Company issued equity-settled share-based payments to certain employees and third parties outside the Company. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. Fair value is measured using the Black-Scholes pricing model and requires the exercise of judgment in relation to variables such as expected volatilities and dividend yields based on information available at the time the fair value is measured.

3 Significant accounting policies

These interim unaudited consolidated financial statements have been prepared using the same policies and methods of computation as the annual consolidated financial statements of the Company for the year ended March 31, 2013. Refer to note 3 of the Company's annual consolidated financial statements for the year ended March 31, 2013 for information on the accounting policies as well as new accounting standards not yet effective.

4 Capital management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company. The Company considers capital to be total equity, which at September 30, 2013 totaled \$5,407,702. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company is not subject to externally imposed capital requirements.

5 Acquisition of Lunar Gold Holdings Incorporated

On March 13, 2013, the Company completed the acquisition of all of the issued and outstanding securities of Lunar Gold Holdings Incorporated ("LGH"), a Canadian company, by way of security exchange. LGH and LGH's wholly owned Canadian subsidiary, LGHI Holdings Incorporated ("LGHI"), together own 100% of Minera Pueblo de Oro S.A. de C.V., a Mexican company, ("MPO"). MPO is a party to three option agreements under which it can earn a 100% interest in a total of 12 mining concession titles, collectively known as the La Lajita Property covering approximately 3,200 hectares in Durango State, Mexico.

Notes to the Interim Unaudited Condensed Consolidated Financial Statements
For the periods ended September 30, 2013 and September 30, 2012

5 Acquisition of Lunar Gold Holdings Incorporated (continued)

Ten of the mining concessions are subject to an option agreement dated October 4, 2012, that provides for aggregate cash option payments aggregating US\$2,000,000 as follows:

On signing US\$100,000 (US\$72,000 was paid before year-end, US\$28,000 was paid after year-end)
On or before the 12 month anniversary US\$100,000
On or before the 24 month anniversary US\$200,000
On or before the 36 month anniversary US\$300,000
On or before the 48 month anniversary US\$300,000
On or before the 60 month anniversary US\$500,000
On or before the 72 month anniversary US\$500,000

The option agreement also provides for minimum optional exploration expenditures of US\$150,000 in each of the first four years of the agreement. To the extent that MPO incurs exploration expenditures greater than US\$150,000 in a given year, the excess amount may be carried forward and applied against the required expenditure amount of the following year.

In the event MPO establishes mineral production on any of the ten concessions it is obligated to pay the Optionors a 2% net smelter return if gold is valued at or less than \$1,000 per ounce or a 2.5% net smelter return if gold is valued at greater than \$1,000 per ounce at the time of production. MPO has the option to purchase 50% of the net smelter return for a cash payment of US\$1,500,000.

One of the mining concessions is subject to an option agreement dated October 4, 2012, as amended May 9, 2013, that provides for aggregate cash option payments of US\$150,000 comprised of three US\$50,000 (US\$10,000 was paid before year-end, US\$40,000 was paid after year-end) payments with the final payment due on or before December 31, 2013.

In the event MPO establishes mineral production on this mining concession it is obligated to pay the Optionors a 2% net smelter return if gold is valued at or less than \$1,000 per ounce or a 2.5% net smelter return if gold is valued at greater than \$1,000 per ounce at the time of production. MPO has the option to purchase 50% of the net smelter return for a cash payment of US\$200,000.

One of the mining concessions is subject to an option agreement dated October 15, 2012, that is for a term of 10 years and provides for monthly cash option payments of Mexican Pesos 15,000. In the event MPO establishes mineral production on this mining concession, the monthly cash option payment increases to Mexican Pesos 20,000.

Prior to being acquired by the Company MPO did not carry on any business, other than being a party to the MPO Agreements, which entitled it to earn 100 % interest in the Claims.

In accounting for the LGH Transaction, LGH was not considered a business for accounting purposes and therefore, the transaction was considered to be an asset transaction.

The Company issued 11,000,000 shares to the shareholders of LGH for which it included an amount of \$2,860,000 in share capital and acquisition cost for the La Lajita Property.

Notes to the Interim Unaudited Condensed Consolidated Financial Statements
 For the periods ended September 30, 2013 and September 30, 2012

5 Acquisition of Lunar Gold Holdings Incorporated (continued)

The following table summarizes the acquisition cost for the La Lajita Property:

	\$
Share issuance	2,860,000
Transaction costs	62,750
Net working capital acquired	<u>1,065</u>
Resource property acquisition cost recorded	<u>2,923,815</u>

6 Resource properties

	Lac Mégantic \$	La Lajita \$	Total \$
As at March 31, 2012	657,438	–	657,438
Acquisition costs incurred	19,230	2,923,815	2,943,045
Exploration costs incurred	239,533	–	<u>239,533</u>
Balance at March 31, 2013	916,201	2,923,815	3,840,016
Acquisition costs incurred	–	293,136	293,136
Exploration costs incurred	–	834,250	<u>834,250</u>
Balance at September 30, 2013	<u>916,201</u>	<u>4,051,201</u>	<u>4,967,402</u>

During the six month period ended September 30, 2013 \$50,000 of stock-based compensation was capitalized to resource properties.

7 Accounts payable and accrued liabilities

	September 30, 2013 \$	March 31, 2013 \$
Accounts payable	181,942	60,611
Accrued liabilities	27,562	187,694
Employee withholding payable	<u>–</u>	<u>287</u>
	<u>209,504</u>	<u>248,592</u>

As at September 30, 2013, \$80,829 (March 31, 2013 - \$133,206) of accounts payable and accrued liabilities is due to related parties.

Notes to the Interim Unaudited Condensed Consolidated Financial Statements
 For the periods ended September 30, 2013 and September 30, 2012

8 Related party transactions

All transactions with related parties are in the normal course of business.

Legal services were provided during the period by a firm of which an officer of the Company is the sole lawyer practitioner. The cost of these legal services during the six month period ended September 30, 2013 was \$49,595 which was recorded to professional fees expense. The cost of these legal services for the six months ended September 30, 2012 was \$33,960 of which \$24,195 was recorded to professional fees expense and \$9,765 to share issue costs.

A company controlled by a non-executive director of the Company provided consulting services aggregating \$54,000 during the six month period ended September 30, 2013 (six months ended September 30, 2012 - \$3,750) which was recorded to resource property exploration expenditures.

The Company incurred office rent expenses of \$1,800 during the six month period ended September 30, 2013 (six months ended September 30, 2012 - \$1,800) relating to the rental of an office from a non-executive director of the Company.

9 Income taxes

a) Losses

The Company has non-capital tax losses, which include certain deductions for share issue costs, of approximately \$1,532,000 available for carry-forward to reduce future years' taxable income. These non-capital tax losses expire as follows:

	\$
Year ending 2031	88,000
2032	648,000
2033	796,000

b) For the six months ended September 30, 2013 and 2012, the Company's effective income tax rate differs from the amount that would be computed from applying the federal and provincial statutory rate of 31% (2012 - 31%) to the pre-tax net loss for the period. The reasons for the difference are as follows:

	Sept 30, 2013 \$	Sept 30, 2012 \$
Loss before income taxes	(483,134)	(298,319)
Income tax recovery based on statutory rates	150,000	92,500
Non-deductible stock option expense	(56,000)	(27,300)
Unutilized losses	(94,000)	(65,200)
Pro-rata reduction of flow-through premium liability	-	35,600
Recovery of income taxes	-	35,600

Notes to the Interim Unaudited Condensed Consolidated Financial Statements
 For the periods ended September 30, 2013 and September 30, 2012

9 Income taxes (continued)

c) Flow through premium liability

	September 30, 2013 \$	March 31, 2013 \$
Opening balance	–	41,000
Flow-through share premium liability recorded on issuance of flow-through shares	–	–
Pro-rata reduction of flow-through premium liability	–	(41,000)
	–	–

10 Compensation of key management

Key management includes the Company's Directors, President and Chief Executive Officer and Chief Financial Officer. Compensation awarded to key management is summarized as follows:

	Sept 30, 2013 \$	Sept 30, 2012 \$
Cash and accrued compensation and other benefits	159,001	102,485
Stock-based compensation	164,000	84,615
	323,001	187,100

Cash compensation and other benefits are included in wages and benefits for \$105,001 (2012 - \$94,985), \$54,000 (2012 - \$nil) is recorded to resource property exploration expenditures and \$nil (2012 - \$7,500) is expensed to property investigation costs.

11 Shareholders' equity

i) **Capital stock**

Authorized

Unlimited number of common shares, without nominal or par value

	Number of shares	Amount \$
Balance – March 31, 2012	14,425,000	1,478,690
Shares issued for cash, net of issue costs (a)	9,472,927	2,310,680
Shares issued pursuant to the exercise of stock options	500,000	97,923
Shares issued pursuant to resource property acquisition (note 5)	11,000,000	2,860,000
Balance – March 31, 2013	35,397,927	6,747,293
Shares issued for cash, net of issue costs (a)	311,676	81,036
Balance – September 30, 2013	35,709,603	6,828,329

As at September 30, 2013 there are 3,150,000 shares subject to an escrow agreement.

Notes to the Interim Unaudited Condensed Consolidated Financial Statements
For the periods ended September 30, 2013 and September 30, 2012

11 Shareholders' equity (continued)

i) Capital stock (continued)

a) Private placements

During the year ended March 31, 2013 the Company issued 1,000,000 common shares at \$0.25 per share for gross proceeds of \$250,000. The capital stock value of these shares is net of share issue costs of \$12,051.

During the year ended March 31, 2013 the Company issued 8,846,141 common shares at \$0.26 per share for gross proceeds of \$2.3 million. The closing date of the private placement was March 13, 2013 and as at March 31, 2013 the transfer of subscription proceeds aggregating \$97,036 from subscribers' registered brokerage accounts remained outstanding. The 373,214 common shares relating to these subscriptions were held in trust as at March 31, 2013 and for accounting purposes were excluded from the issued number of shares. The capital stock value of the 9,472,927 issued as at March 31, 2013 is net of share issue costs of \$104,230.

During the six month period ended September 30, 2013, the Company received outstanding subscription proceeds of \$81,036 and 311,676 common shares were released from trust. The remaining outstanding subscription proceeds of \$16,000 were received subsequent to September 30, 2013.

b) Flow-through shares

During the year ended March 31, 2012, the Company issued 1,250,000 flow-through shares for gross proceeds of \$500,000. The Company agreed to incur \$500,000 of qualified Canadian mineral exploration expenditures, as defined by Canadian income tax legislation. As at March 31, 2013 the Company had incurred \$500,000 of these expenditures. The Company attributed a total of \$87,500 to the associated tax deduction.

ii) Stock options and other

The Company has a common share purchase option plan (the "Plan") for directors, officers, employees and consultants. The total number of options issued and outstanding at any time cannot exceed 10% of the issued and outstanding common shares of the Company unless shareholder and regulatory approvals are obtained. Options granted under the Plan have a ten-year term. Options are granted at a price no lower than the market price of the common shares less any discounts allowed by the TSX Venture Exchange at the time of the grant.

In determining the stock-based compensation expense, the fair value of options issued is estimated using the Black-Scholes option pricing model. Option pricing models require the input of highly subjective assumptions, including the expected volatility. Changes in the assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options.

Notes to the Interim Unaudited Condensed Consolidated Financial Statements
 For the periods ended September 30, 2013 and September 30, 2012

11 Shareholders' equity (continued)

ii) Stock options and other (continued)

The following weighted average assumptions were used in the Black-Scholes option pricing model for the periods ended September 30, 2013 and 2012:

	2013	2012
Risk-free interest rate	1.5%	2%
Expected volatility	150%	100%
Expected dividend yield	—	—
Expected life	5 years	7.8 years

The following table summarizes the changes in the Company's stock options and agent options for the period ended September 30, 2013:

	Weighted average exercise price \$	Number of Options	Weighted average remaining life (years)	Expiry date
Balance – March 31, 2012	0.10	1,400,000	7.2	December 13, 2012 and December 13, 2020
Exercised during the year	0.10	(500,000)	—	
Granted during the year	0.20	<u>520,000</u>	8.6	May 18, 2022
Balance – March 31, 2013	0.14	1,420,000		
Granted during the period	0.20	<u>1,270,000</u>	9.6	May 16, 2023
Balance – September 30, 2013	0.16	<u>2,690,000</u>	8.6	

As at September 30, 2013, 887,114 options remained available for future grants under the Plan. Options vested and exercisable at September 30, 2013 totaled 2,690,000 with an average exercise price of \$0.16 per share. The Agent options are not considered part of the Plan. The weighted average grant-date fair value per option was \$0.15 for the stock options and \$0.05 for the Agent options.

Notes to the Interim Unaudited Condensed Consolidated Financial Statements
 For the periods ended September 30, 2013 and September 30, 2012

11 Shareholders' equity (continued)

iii) Contributed surplus and other

	\$
Balance – March 31, 2012	110,500
Exercise of options and agent options	(37,923)
Stock-based compensation	<u>88,000</u>
Balance – March 31, 2013	160,577
Exercise of options	–
Stock-based compensation	<u>231,000</u>
Balance – September 30, 2013	<u>391,577</u>

The Company recorded total stock-based compensation of \$231,000 during the six month period ended September 30, 2013 of which \$50,000 was capitalized to resource properties and \$181,000 was expensed to stock-based compensation. During the six month period ended September 30, 2012, the Company recorded total stock-based compensation of \$88,000 of which \$nil was capitalized to resource properties.

iv) Warrants

The following table summarizes the changes in the Company's warrants for the six month period ended September 30, 2013:

	Expiry date	Exercise price \$	Number	Ascribed value \$
Balance – March 31, 2012	–	–	–	–
Warrants issued pursuant to March 2013 private placement financing	March 11, 2014	0.30	<u>176,245</u>	<u>26,000</u>
Balance – March 31, 2013 and September 30, 2013			<u>176,245</u>	<u>26,000</u>

The fair value of warrants recognized has been estimated at the grant date using the Black-Scholes option pricing model. The weighted average assumptions used in the pricing model for warrants issued are as follows:

Risk-free interest rate	2.0%
Expected volatility	100%
Expected dividend yield	\$nil
Expected life	1 year

**Notes to the Interim Unaudited Condensed Consolidated Financial Statements
 For the periods ended September 30, 2013 and September 30, 2012**

12 Financial instruments

Credit risk

The Company manages credit risk by holding its cash with high quality financial institutions in Canada, where management believes the risk of loss to be low.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company’s approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. The Company does not have sufficient working capital to carry out all budgeted programs in 2013 and must finance during 2013 to avoid disruption in planned expenditures (see note 1).

Market Risk:

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk

The Company has no interest-bearing debt and is not exposed to any significant interest rate risk.

b) Foreign currency risk

The Company operates in Mexico, giving rise to foreign currency risk. To limit the Company’s exposure to this risk, cash is primarily held with high quality financial institutions in Canada. In the future, based on the timing of the Company’s exploration programs, foreign currencies may be purchased in advance of expenditures to lock in favourable rates in line with the Company’s budgets, otherwise the Company does not use any form of hedging against fluctuations in foreign exchange.

As at September 30, 2013, the Company held the following financial instruments in foreign currencies:

	September 30, 2013	
	US\$	Pesos
Cash	10,672	21,563
Sales tax recoverable	–	1,738,620
Accounts payable and accrued liabilities	–	441,898

c) Price risk

The Company is not exposed to any direct price risk other than that associated with commodities and how fluctuations impact companies in the mineral exploration and mining industries as the Company has no significant revenues.

Notes to the Interim Unaudited Condensed Consolidated Financial Statements
For the periods ended September 30, 2013 and September 30, 2012

13 Supplemental cash flow information

During the period ended September 30, 2013, the Company incurred expenditures on resource properties of \$129,477 which were recorded as accounts payable at the end of the period. These items are non-cash transactions and have been excluded from the statements of cash flows.

14 Subsequent event

Subsequent to September 30, 2013 the board of directors granted stock options to directors, officers, employees and consultants in respect of an aggregate of 795,000 common shares. The exercise price of the stock options is \$0.25 per share. The stock options were granted under Oceanus's 2010 stock option plan and expire 10 years from the date of grant.

