Kombat Copper Inc.

Condensed Consolidated
Interim Financial Statements

For the three months ended June 30, 2014 and 2013

(Expressed in Canadian Dollars)

NOTICE OF NO REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), 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 unaudited condensed consolidated 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 standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Kombat Copper Inc.
Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian dollars)

	Notes		June 30, 2014		March 31, 2014
ASSETS					
Current assets					
Cash and cash equivalents		$	790,764	$	1,539,965
Amounts receivable	4		82,524		189,170
Prepaid expenses			14,787		31,512
Total current assets			**888,075**		**1,760,647**
Non-current Assets					
Property and equipment	5		4,312,167		4,344,229
Total Assets		**$**	**5,200,242**	**$**	**6,104,876**
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	7	$	654,392	$	765,033
Total liabilities			**654,392**		**765,033**
EQUITY					
Equity attributable to shareholders of Kombat Copper Inc.:					
Share capital	10		29,646,357		29,646,357
Warrants	11		9,565,569		9,565,569
Contributed surplus	11		1,489,488		1,457,488
Deficit			(37,003,759)		(36,183,383)
Total equity attributable to shareholders of Kombat Copper Inc.			3,697,655		4,486,031
Non-controlling Interest			848,195		853,812
Total Equity			4,545,850		5,339,843
Total Liabilities and Equity		**$**	**5,200,242**	**$**	**6,104,876**

Going concern (note 1)
Commitments and contingencies (note 13)

Approved by the Board of Directors on August 26, 2014:

"James Xiang"	**"Justin Reid"**
James Xiang	**Justin Reid**
Director	Director

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

Kombat Copper Inc.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

	Notes	For the three months ended June 30, 2014	June 30, 2013
			(Note 3)
Expenses			
Consulting fees	12	$ 127,032	$ 261,734
Depreciation		32,062	31,986
Professional fees		10,400	58,657
Share-based payments	11	32,000	-
Travel and related costs		57,649	28,598
Investor relations		65,392	5,208
Exploration and evaluation expenditures	6	492,147	872,785
Foreign exchange (gain)/loss		(15,452)	25,546
General and administrative costs		24,763	22,746
Net loss before income tax		**$ (825,993)**	**$ (1,307,260)**
Net loss and comprehensive loss		**$ (825,993)**	**$ (1,307,260)**
Net loss and comprehensive loss attributable to:			
Shareholders of the Company		$ (820,376)	$ (1,296,930)
Non-controlling interest		(5,617)	(10,330)
		$ (825,993)	**$ (1,307,260)**
Loss per share			
Basic and diluted		(0.01)	(0.02)
Weighted average number of common shares			
Basic and diluted		114,782,047	82,295,047

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

Kombat Copper Inc.
Condensed Consolidated Interim Statements of Changes in Equity
For the three months ended June 30, 2014 and 2013
(Expressed in Canadian dollars)

		Attributable to equity owners of Kombat Copper Inc.							
	Notes	**Number of common shares**	**Share Capital**	**Contributed surplus**	**Warrants**	**Deficit**	**Total shareholders' equity**	**Non-Controlling Interest**	**Total equity**
Balance as at March 31, 2013	3	**82,295,047**	**$ 27,862,692**	**$ 2,518,717**	**$ 10,770,611**	**$ (37,271,688)**	**$ 3,880,332**	**$ 895,131**	**$ 4,775,463**
Net loss for the period	3	-	-	-	-	(1,296,930)	(1,296,930)	(10,330)	(1,307,260)
Balance as at June 30, 2013		**82,295,047**	**$ 27,862,692**	**$ 2,518,717**	**$ 10,770,611**	**$ (38,568,618)**	**$ 2,583,402**	**$ 884,801**	**$ 3,468,203**
Balance as at March 31, 2014	3	114,782,047	$ 29,646,357	$ 1,457,488	$ 9,565,569	$ (36,183,383)	$ 4,486,031	$ 853,812	$ 5,339,843
Net loss for the period	3	-	-	-	-	(820,376)	(820,376)	(5,617)	(825,993)
Share-based payments				32,000			32,000		32,000
Balance as at June 30, 2014		**114,782,047**	**$ 29,646,357**	**$ 1,489,488**	**$ 9,565,569**	**$ (37,003,759)**	**$ 3,697,655**	**$ 848,195**	**$ 4,545,850**

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

Kombat Copper Inc.
Condensed Consolidated Interim Statements of Cash Flows
(Expressed in Canadian dollars)

		For the three months ended	
	Notes	**June 30, 2014**	**June 30, 2013**
			(Note 3)
Cash and cash equivalents provided by (used for):			
Operating activities			
Net loss for the year		$ (825,993)	$ (1,307,260)
Adjustments for items not affecting cash:			
Share-based payments		32,000	-
Depreciation		32,062	31,986
Net cash from operating activities before changes in working capital		(761,931)	(1,275,274)
Net changes in non-cash working capital		12,730	646,805
Net cash flows used in operating activities		**(749,201)**	**(628,469)**
Increase/(decrease) in cash and cash equivalents during the period		(749,201)	(628,469)
Cash and cash equivalents - Beginning of period		1,539,965	1,012,326
Cash and cash equivalents - End of period		**$ 790,764**	**$ 383,857**
Cash and cash equivalents consists of:			
Cash		790,764	383,857
Cash equivalents		-	
		$ 790,764	$ 383,857

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Kombat Copper Inc. (the "Company" or "Kombat") was incorporated under the Business Corporations Act of Canada on April 1, 2005. The Company changed its name from Pan Terra Industries Inc. to Kombat Copper Inc. on April 27, 2012 and its stock symbol from "PNT" to "KBT." Effective November 5, 2013, the Company's head office is located at 65 Queen Street West, Suite 805, Toronto, Ontario, M5H 2M5.

These condensed consolidated interim financial statements were reviewed, approved and authorized for issue by the Board of Directors on August 26, 2014.

The principal business activities of the Kombat and its subsidiaries (the "Company") are the acquisition, maintenance, exploration and development of mines and mineral properties in the African Country of Namibia. The Company's exploration and evaluation properties are at the exploration and evaluation stage and currently do not have a National Instrument 43-101 compliant resource or reserve. The business of exploring for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Major expenses may be required to establish ore reserves, to develop metallurgical processes, to acquire construction and operating permits and to construct mining and processing facilities. The amounts shown as exploration and evaluation property costs represent acquisition, holding and deferred exploration costs and do not necessarily represent present or future recoverable values. The recoverability of the amounts shown for exploration and evaluation property costs is dependent upon the Company obtaining the necessary financing to complete the exploration and evaluation properties, the discovery of economically recoverable reserves and future profitable operations.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of operations of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, indigenous claims, and non-compliance with regulatory and environmental requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, political uncertainty and currency exchange fluctuations and restrictions.

These condensed consolidated interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management intends to finance operating costs over the next twelve months with current cash on hand, potential proceeds from exercise of warrants/stock options, and further private placements, if available. If additional financing is not available to the Company, there is significant uncertainty about the Company's ability to continue as a going concern.

These condensed consolidated interim financial statements do not reflect adjustments to the carrying value of assets and liabilities that would be necessary should the Company be unable to continue operations. Such adjustments could be material.

2. BASIS OF PRESENTATION

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by International Accounting Standards Board ("IASB"), applicable to the preparation of consolidated financial statements and in accordance with accounting policies based on IFRS standards and International Financial Reporting Interpretations Committee ("IFRIC") interpretations. The Company has consistently applied the accounting policies used in the preparation of its IFRS statement of financial position throughout all periods presented, as if these policies had always been in effect.

(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (Continued)

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IFRS, as issued by International Accounting Standards Board (IASB), applicable to the preparation of interim financial statements, including IAS 34 – Interim Financial Reporting. The condensed consolidated interim financial statements should be read in conjunction with the audited annual consolidated financial statements for the year ended March 31, 2014, which has been prepared in accordance with IFRS as issued by the IASB.

Basis of consolidation

These condensed consolidated interim financial statements have been prepared on a historical cost basis using the accrual basis of accounting except for cash flow information These condensed consolidated interim financial statements incorporate the accounts of Kombat Copper Inc. and its subsidiaries, PNT Financeco Corp. (Barbados) 100%, Sinco Investments Twenty Nine (Pty) Limited, Kombat Mine (Pty) Ltd. (Namibia) 100%, Congo Namibia Trading (Pty) Ltd. (Namibia) 80%, Grove Mining (Pty) Ltd. (“Grove”) (Namibia) 80%, Manila Investment (Pty) Ltd. (“Manila”) (Namibia) 80%. All intercompany transactions, balances, income and expenses are eliminated on consolidation. The 20% of Grove and Manila not owned by the Company is owned by the Government of Namibia and local Namibian partners.

3. CHANGE IN ACCOUNTING POLICY

During the year ended March 31, 2014, the Company changed its accounting policy of capitalizing exploration and evaluation expenditures. The Company believes that expensing such costs as incurred provides more reliable and relevant financial information. Cost of exploration properties, including the cost of acquiring prospective properties and exploration rights, and exploration and evaluation costs are expensed until it has been established that a mineral property is commercially viable. Previously, the Company capitalized these amounts. The condensed consolidated interim financial statements for the three months ended June 30, 2013 have been restated to reflect adjustments made as a result of this change in accounting policy. The accumulated effect of the change has also been reflected in the opening deficit of the condensed consolidated interim financial statements as at June 30, 2013.

The following is a reconciliation of the Company’s condensed consolidated interim financial statements for the three months ended June 30, 2013.

Consolidated Statement of Loss and Comprehensive Loss	For the three months ended June 30, 2013		
	As previously reported	Adjustment	Restated
Depreciation	$ 31,986	$ -	$ 31,986
Share based payments	-	-	-
Other general and administrative costs	1,103,147	-	1,103,147
Net loss before other items	**$ (1,135,133)**	**$ -**	**$ (1,135,133)**
Other items			
E&E Expenses	-	(172,127)	(172,127)
Net loss and comprehensive loss for the year	**$ (1,135,133)**	**$ (172,127)**	**$ (1,307,260)**
Net loss and comprehensive loss attributable to:			
Shareholders of the Company	$ (1,110,967)	$ (137,631)	$ (1,317,590)
Non-controlling interest	(24,166)	(34,496)	10,330
	$ (1,135,133)	**$ (172,127)**	**$ (1,307,260)**

(Expressed in Canadian dollars)

3. CHANGE IN ACCOUNTING POLICY (Continued)

Consolidated Statement of Cash Flow	For the three months ended June 30, 2013		
	As previously reported	Adjustment	Restated
Cash and cash equivalents provided by (used for):			
Operating activities			
Net loss for the year	(1,135,133)	(172,127)	(1,307,260)
Adjustments for items not affecting cash:			-
Depreciation	31,986	-	31,986
Net cash from operating activities before changes in working capital	(1,103,147)	(172,127)	(1,275,274)
Net changes in non-cash working capital	368,927	277,878	646,805
Net cash flows used in operating activities	**(734,220)**	**105,751**	**(628,469)**
Investing activities			
Exploration and evaluation expenditures	(22,155)	22,155	-
Net cash flows used in investing activities	**(22,155)**	**22,155**	**-**
Increase/(decrease) in cash and cash equivalents during the year	(756,375)	127,906	(628,469)
Effect of exchange rates changes on cash and cash equivalents	127,906	(127,906)	-
Cash and cash equivalents - Beginning of year	1,012,326	-	1,012,326
Cash and cash equivalents - End of year	**$ 383,857**	**$ -**	**$ 383,857**

4. SIGNIFICANT ACCOUNTING POLICIES

These unaudited condensed consolidated interim financial statements were prepared using the same accounting policies and methods as those used in the Company’s audited consolidated financial statements for the year ended March 31, 2014, except for the adoption of the following new standards and interpretations issued by the IASB that were effective from fiscal years beginning on or after April 1, 2014.

Changes in accounting policies

The Company has adopted the following new standards, along with any consequential amendments, effective April 1, 2014. These changes were made in accordance with the applicable transitional provisions.

IAS 32 - Financial Instruments: Presentation ("IAS 32") was amended by the IASB in December 2011 to clarify certain aspects of the requirements on offsetting. The amendments focus on the criterion that an entity currently has a legally enforceable right to set off the recognized amounts and the criterion that an entity intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. At April 1, 2014, the Company adopted this pronouncement and there was no material impact on the Company’s consolidated financial statements.

IFRIC 21, Levies - In May 2013, the IASB issued IFRIC 21, Levies. This IFRIC is effective for annual periods commencing on or after January 1, 2014 and is to be applied retrospectively. The IFRIC provides guidance on accounting for levies in accordance with the requirements of IAS 37, Provisions, Contingent Liabilities and Contingent Assets. The interpretation defines a levy as an outflow from an entity imposed by a government in accordance with legislation. It also notes that levies do not arise from executor contracts or other contractual arrangements. The interpretation also confirms that an entity recognizes a liability for a levy only when the triggering event specified in the legislation occurs. . At April 1, 2014, the Company adopted this pronouncement and there was no material impact on the Company’s consolidated financial statements.

New accounting standards and interpretations

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2014 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine the impact on the Company.

IFRS 9 - Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39").

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

New accounting standards and interpretations (continued)

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.

Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

Critical accounting estimates and management judgments

The preparation of consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The significant areas of estimation and uncertainties considered by management in preparing the consolidated financial statements include:

Critical judgement in applying accounting policies:

- Determination of functional currency

  Based on the primary indicators in IAS 21 – The Effects of Change in Foreign Exchange Rates – Canadian dollar has been determined as the functional currency of the Company and all subsidiaries as the Canadian dollar is the currency in which funds from financing activities (i.e., issuing debt and equity instruments) are generated and because the activities of the foreign operation are carried out as an extension of the reporting entity, rather than being carried out with a significant degree of autonomy.

  Effects of changes in foreign exchange rates are recorded as foreign exchange gain (loss) on the statement of loss.

  If the functional currency of the Namibian entities had been Namibian dollar, the effect of changes in foreign exchange rates would have been reflected as other comprehensive income and carried as cumulative translation adjustment within accumulated other comprehensive income in the equity section of the statement of financial position.

- Assets' carrying values and impairment charges

  In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

Key sources of estimation uncertainty:

- Depreciation rates

  All property, plant and equipment, with the exception of leasehold improvements, are depreciated on a straight-line basis over three to five years, which the Company believes is the best approximation of the asset utility to the Company. If the estimated life had been longer by than management's estimate, the carrying amount of the asset would have been higher.

(Expressed in Canadian dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Critical accounting estimates and management judgments (continued)

- Mineral reserve estimates

  The figures for mineral reserves and mineral resources are determined in accordance with National Instrument 43-101, “Standards of Disclosure for Mineral Projects”, issued by the Canadian Securities Administrators. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources, including many factors beyond the Company’s control.

  Such estimation is a subjective process, and the accuracy of any mineral reserve or mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Differences between management’s assumptions including economic assumptions such as metal prices and market conditions could have a material effect in the future on the Company’s financial position and results of operation.

- Share-based payment transactions

  The Company records share-based compensation at fair value over the vesting period. The fair value of the grant is determined using the Black-Scholes options pricing model and management assumptions regarding expected dividend yield, expected volatility, forfeiture rate, risk free rate and expected life. Should the underlying assumptions change, it will impact the fair value of the share-based compensation. Similar calculations are made in order to value warrants. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

- Taxes, income taxes and deferred taxes

  The Company is subject to income and other taxes in various jurisdictions. Significant judgment is required in determining the Company’s provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company’s income and other tax liabilities requires interpretation of complex laws and regulations often involving multiple jurisdictions. The Company’s interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax filings are subject to audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made. Any estimates for value added and withholding taxes have been included in accounts payable and accrued liabilities.

- Contingencies

  Refer to Note 13.

4. AMOUNTS RECEIVABLE

	June 30, 2014	March 31, 2014
Sales tax receivable	77,780	189,170
Other	4,744	-
	82,524	189,170

(Expressed in Canadian dollars)

5. PROPERTY AND EQUIPMENT

Property and equipment is located in Namibia and is owned through the Company's 80% owned subsidiaries.

Property and equipment are carried at cost less accumulated depreciation and consists of the following:

	June 30, 2014			March 31, 2014		
	Cost	**Accumulated Depreciation**	**Net book value**	**Cost**	**Accumulated Depreciation**	**Net book value**
Furniture	$ 6,300	$ 2,678	$ 3,622	$ 6,300	$ 2,678	$ 3,622
Vehicles	104,590	37,018	67,572	104,590	33,042	71,548
Land & Buildings	4,493,746	252,773	4,240,973	4,493,746	224,687	4,269,059
	$ 4,604,636	**$ 292,469**	**$ 4,312,167**	**$ 4,604,636**	**$ 260,407**	**$ 4,344,229**

Reconciliation of the carrying amount for the year ended March 31, 2014 and three months ended June 30, 2014 follows:

	Furniture	**Vehicles**	**Land & Buildings**	**Total**
Cost at March 31, 2014	6,300	104,590	4,493,746	4,604,636
Cost as at June 30, 2014	6,300	104,590	4,493,746	4,604,636
Accumulated depreciation, depletion and impairment as at March 31, 2014	(2,678)	(33,042)	(224,687)	(260,407)
Change for the period	-	(3,976)	(28,086)	(32,062)
Depreciation, depletion and impairment as at June 30, 2014	(2,678)	(37,018)	(252,773)	(292,469)
Net book value as at March 31, 2014	**3,622**	**71,548**	**4,269,059**	**4,344,229**
Net book value as at June 30, 2014	**3,622**	**67,572**	**4,240,973**	**4,312,167**

Pending Land Transfer

The Company's land in Namibia held under title deeds T1794/05 and T6941/05 is still registered in the name of Ongolopo Mining Limited, but is ceded to the Company under a binding sale agreement. Certain closing conditions have not been completed and this has prevented the transfer of titles to the Company. On final closing, the Company will be required to pay approximately N$5.3 million ($528,297 at June 30, 2014 exchange rates) in land transfer tax to the Namibian government. This liability has been accrued in these consolidated financial statements.

6. EXPLORATION AND EVALUATION EXPENDITURES

	For the three months ended	
	June 30, 2014	**June 30, 2013**
Drilling	**$ -**	$ 108,096
Geological studies and reports	97,851	48,023
Field expenses	30,622	16,008
PEA	96,233	-
Labour	39,687	62,534
Site maintenance and administration (security, power, office, other)	101,429	591,234
Consulting	105,378	46,890
Travel	20,947	-
Total exploration and evaluation costs for the year	**$ 492,147**	**$ 872,785**

The Kombat Copper Project located in Northern Namibia consists of the historically producing Kombat Mine and related assets, including all mining surface infrastructure and equipment (Note 5) and mining licenses related thereto. Mining licenses expire in March 2019.

Some of the exclusive prospecting licenses expire in August and December 2014, with the remaining expiring in June 2015. The Company expects to seek renewal/extensions to licenses as they expire.

(Expressed in Canadian dollars)

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2014	March 31, 2014
Trade payables	70,046	162,067
Accruals	56,049	51,016
Land transfer tax	528,297	551,950
	654,392	765,033

8. FINANCIAL INSTRUMENTS

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

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

The Company's financial instruments consist of cash, restricted cash, accounts receivable, and accounts payable and accrued liabilities. The fair value of these financial instruments approximates their carrying values due to the short-term nature of these instruments. The Company has no financial instruments recorded at fair value.

Financial assets and financial liabilities as at June 30, 2014 and March 31, 2014 were as follows:

At June 30, 2014	Loans and receivables	Other liabilities	TOTAL
Financial assets:			
Cash and cash equivalents	790,764	-	790,764
Financial liabilities:			
Accounts payable and accrued liabilities	-	126,095	126,095

At March 31, 2014	Loans and receivables	Other liabilities	TOTAL
Financial assets:			
Cash and cash equivalents	1,539,965	-	1,539,965
Financial liabilities:			
Accounts payable and accrued liabilities	-	213,083	213,083

9. CAPITAL MANAGEMENT AND FINANCIAL RISK FACTORS

The Company considers its capital structure to include the components of shareholders' equity and loans. Management's objective is to ensure that there is sufficient capital to minimize liquidity risk and to continue as a going concern. As the Company's properties are in the exploration and evaluation stage, the Company is currently unable to self-finance its operations. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future, or that the terms of such financings will be favourable. The Company's share capital is not subject to any external restrictions.

Risk management is carried out by the management team under policies approved by the Board of Directors. The Board of Directors also provides reward guidance for overall risk management. There have been no changes in the risk, objectives, policies and procedures during 2014 and 2013.

9. CAPITAL MANAGEMENT AND FINANCIAL RISK FACTORS (Continued)

FINANCIAL RISKS

The Company's financial instruments comprise cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities. The main purpose of these financial instruments is to raise financing to fund operations. The main risks that could adversely affect the Company's financial assets, liabilities or future cash flows are credit risk, liquidity risk and market risk. The Company has no interest rate risk as there are no outstanding bank borrowings and no interest rate exposure, as the Company finances its operations primarily through share offerings.

Management reviews and agrees policies for managing each of these risks. The Company is exposed to a variety of financial risks by virtue of its activities including but not limited to those summarized below.

The following discussion also includes a sensitivity analysis that is intended to illustrate the sensitivity to changes in market variables on the Company's financial instruments and show the impact on income or loss and shareholders' equity, where applicable.

The sensitivity analysis has been prepared for the three months ended June 30, 2014 using the amounts of other financial assets and liabilities held as at the consolidated statement of financial position date.

Credit risk

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets. With respect to credit risk arising from financial assets of the Company, which comprise cash and cash equivalents and minimal receivables, the Company's exposure to credit risk arises from default of counterparty, with a maximum exposure equal to the carrying amount of these instruments. Cash and cash equivalents balances are held with high credit quality financial institutions. The credit risk of the Company is considered minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. The Company's ability to continue as a going concern is dependent on management's ability to raise the required capital through future equity or debt issuances.

The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning, and approval of significant expenditures and commitments.

The Company's approach to managing liquidity risk is to ensure it will have sufficient liquidity to meet liabilities when due. As at June 30, 2014, the Company had a cash and cash equivalents balance of 790,764 (March 31, 2014 – $1,539,965). The Company's financial liabilities consisted of accounts payable and accrued liabilities of $654,392 (March 31, 2014 - $765,033) based on contractual undiscounted payments, all due in less then one year.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to limited interest rate risk as it only holds cash and does not have any interest bearing debt.

Market and foreign currency risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rate and equity prices will affect the Company's income or the value of its holdings of financial instruments.

The ability of the Company to explore and evaluate its exploration and evaluation properties and the future profitability of the Company are directly related to the price of copper. The Company monitors copper prices to determine the appropriate course of action to be taken.

Foreign currency risk is created by fluctuations in the fair value or cash flows of financial instruments due to changes in foreign exchange rates and exposure as a result of investment in its subsidiaries.

9. CAPITAL MANAGEMENT AND FINANCIAL RISK FACTORS (Continued)

Market and foreign currency risk (continued)

The Company is exposed to currency risk by incurring certain expenditures in US dollars, Namibian dollars and South African Rand for its operations in Namibia. The Company has sought to minimize this risk by keeping its cash reserves in Canadian dollars and only purchasing US and Namibian dollars as needed.

Sensitivity analysis

The carrying amount of accounts receivable equals fair market value. The effect of changes in foreign exchange rates on net loss is deemed to insignificant as number and amount of foreign-currency transactions are relatively small. Had the foreign exchange rates been higher (lower) by 10%, the foreign exchange in the statement of loss would have been lower (higher) by approximately $31,000.

10. SHARE CAPITAL

(a) Authorized:
Unlimited number of voting common shares
Unlimited number of non-voting preferred shares, issuable in series

(b) Issued:

Reconciliation of the number and value of common shares for the three months ended June 30, 2014 and 2013 follows. All issued shares are fully paid.

	Number of shares		Issued Capital
Balance, March 31, 2013	**82,295,047**	**$**	**27,862,692**
Balance, June 30, 2013	**82,295,047**	**$**	**27,862,692**
Balance, March 31, 2014	**114,782,047**	**$**	**29,646,357**
Balance, June 30, 2014	**114,782,047**	**$**	**29,646,357**

11. EQUITY RESERVES

Contributed surplus

		June 30, 2014		**March 31, 2014**
Balance - Beginning of year	$	1,457,488	$	2,518,717
Expired options		-		(1,488,888)
Share based compensation		32,000		427,659
Balance - End of year	**$**	**1,489,488**	**$**	**1,457,488**

Under the Company's stock option plan, the Company may grant options to its directors, officers, employees and consultants for up 10% of the outstanding common stock. Under the plan, the exercise price of each option must not be less than the market price of the Company's stock on the date of grant, less any allowable discount. The maximum term of a stock option is five years.

On January 2, 2014, the Company granted 3,772,500 to the directors, officers and consultants of the Company. 3,722,500 options vested immediately, with the other 50,000 options to be vested in four installments over the year from the date of the grant. The fair value of these options estimated on the date of the grant using the Black-Scholes option pricing model was $339,534 with the following assumptions: expected volatility of 137%, expected dividend yield of 0%, risk-free interest rate of 1.93% and expected life of 5 years.

On March 13, 2014, the Company granted 625,000 to a director and consultants of the Company. Options vested immediately on the date of the grant. The fair value of these options estimated on the date of the grant using the Black-Scholes option pricing model was $88,125 with the following assumptions: expected volatility of 137%, expected dividend yield of 0%, risk-free interest rate of 1.59% and expected life of 5 years.

(Expressed in Canadian dollars)

11. EQUITY RESERVES (Continued)

Contributed surplus (continued)

On April 7, 2014, the Company granted 250,000 stock options to a director of the Company at an exercise price of $0.145. The options vested immediately on the date of the grant and will expire in five years from the date of the grant. The fair value of these options estimated on the date of the grant using the Black-Scholes option pricing model was $32,000 with the following assumptions: expected volatility of 137%, expected dividend yield of 0%, risk-free interest rate of 1.73% and expected life of 5 years.

Reconciliation of the number of options at the beginning and end of the three months ended June 30, 2014 and year ended March 31, 2014 follows:

	June 30, 2014			March 31, 2014		
	Stock Options		**Weighted average exercise price**	**Stock Options**		**Weighted average exercise price**
Balance - Beginning of year	7,147,500	$	**0.39**	4,050,000	$	0.39
Granted	250,000		**0.145**	4,397,500		0.13
Expired	-		**-**	(1,300,000)		0.36
Outstanding, End of year	**7,397,500**	**$**	**0.38**	**7,147,500**	**$**	**0.39**
Exercisable, End of year	**7,360,000**	**$**	**0.38**	**7,097,500**	**$**	**0.39**

As at June 30, 2014 the Company had stock options outstanding and exercisable as follows:

Option Summary						Black-Scholes Assumptions				
Grant date	**Expiry date**	**Number outstanding**	**Number exercisable**	**Exercise price**	**Grant date fair value**	**Dividend yield (%)**	**Expected volatility (%)**	**Expected life (years)**	**Risk free rate (%)**	**Forfeiture rate**
26-Apr-11	25-Apr-16	300,000	300,000	0.20	$ 55,800	0	161	5	2.29	0
21-Jun-11	20-Jun-16	450,000	450,000	0.53	209,000	0	161	5	2.03	0
24-Oct-11	23-Oct-16	900,000	900,000	0.35	296,429	0	168	5	1.48	0
8-Feb-12	7-Feb-17	300,000	300,000	0.57	183,600	0	166	5	1.29	0
24-Apr-12	23-Apr-17	500,000	500,000	0.52	230,000	0	167	5	1.48	0
25-Jan-13	24-Jan-18	300,000	300,000	0.25	55,000	0	134	5	1.39	0
2-Jan-14	2-Jan-19	3,772,500	3,735,000	0.13	339,534	0	137	5	1.93	0
13-Mar-14	13-Mar-19	625,000	625,000	0.16	88,125	0	137	5	1.59	0
7-Apr-14	7-Apr-19	250,000	250,000	0.15	32,000	0	137	5	1.73	0
		7,147,500	**7,110,000**		**$ 1,489,488**					

Warrants

Share purchase warrant transactions are summarized as follows:

	June 30, 2014			March 31, 2014	
	Number of Warrants		**Amount**	**Number of Warrants**	**Amount**
Outstanding, Beginning of year	52,367,300	$	9,565,569	36,031,352	$ 10,770,611
Issued pursuant to private placement, net Nov 4, 2013	-		-	29,510,300	1,221,566
Issued pursuant to private placement, net Feb 20, 2014	-		-	2,700,000	111,176
Expired	-		-	(15,874,352)	(2,537,784)
Outstanding, End of year	**52,367,300**	**$**	**9,565,569**	**52,367,300**	**$ 9,565,569**

As at June 30, 2014 the Company had share purchase warrants outstanding as follows:

Grant date	**Expiry date**	**Number outstanding**	**Exercise price, $**		**FMV at grant date**
20-Apr-12	20-Apr-15	13,157,000	0.75	$	5,376,827
20-Apr-12	20-Apr-15	7,000,000	0.75		2,856,000
4-Nov-13	4-Nov-16	29,287,000	0.20		1,205,935
4-Nov-13	4-Nov-16	223,300	0.20		15,631
24-Feb-14	24-Feb-17	2,700,000	0.20		111,176
		52,367,300		$	9,565,569

(Expressed in Canadian dollars)

12. RELATED PARTY TRANSACTIONS

The Company rented office space from Network Exploration Ltd. for $1,500 per month (2015: $Nil, 2014: $4,500). Mr. Alexander Helmel, a former director of the Company, is a director of Network Exploration Ltd.

Compensation of Key Management

Key management includes the Company's directors and officers. Compensation awarded to key management included:

	Three months ended			
		June 30, 2014		**June 30, 2013**
Consulting fees	$	103,500	$	126,000
Share-based payments		32,000		-
	$	**135,500**	**$**	**126,000**

13. COMMITMENTS AND CONTINGENCIES

Environmental

The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and are generally becoming more restrictive. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

Congo Namibia Trading (Pty) Ltd. – Property obligations

On January 23, 2012, the Company acquired 80% of the shares of Congo Namibia Trading (Pty) Ltd. whose assets include a 100% interest in five (5) Exclusive Prospecting Licenses covering northern Namibia. Licenses are granted for a two-to-three-year period and renewed if they are in good standing.

To maintain the licenses in good standing, the Company is required to pay annually between $250 and $750/license in stamp duties in addition to the following amounts for exploration activities:

Year		Amount
2015	$	343,777
2016	$	57,750

Manila Investments (Pty) Ltd. – Property obligations

On April 23, 2012, the Company purchased through the acquisition of Manila, 80% of the mining assets commonly known as the Kombat mine whose assets include a 100% interest in five (5) Mining Licenses covering northern Namibia. As at June 30, 2014, the Company has expended sufficient capital to ensure they remain in good standing. For the coming years, there are no further requirements to keep the properties in good standing. Licenses are expiring in March 2019.

Management Contracts

The Company is party to certain management contracts and severance obligations. These contracts contain clauses requiring additional payments to the officers of the Company of up to $336,000 be made upon the occurrence of certain events such as a change of control. As the triggering effect has not taken place, the contingent payments have not been reflected in these condensed consolidated interim financial statements. Additional minimum management contractual commitments remaining under the agreements are approximately $306,000, all due within one year.

14. PRIOR PERIOD COMPARATIVES

Certain figures related to foreign exchange in the prior period have been reclassified to conform to the current period presentation.