LEVON RESOURCES LTD.

(An Exploration Stage Company)

Condensed Consolidated Interim Financial Statements

For the three and nine months ended December 31, 2013
(Expressed in Canadian Dollars)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The condensed interim financial statements of Levon Resources Ltd. (an exploration stage company) are the responsibility of the Company's management. These condensed financial statements are prepared in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board and reflect management's best estimates and judgment based on information currently available.

Management has developed and is maintaining a system of internal controls to ensure that the Company's assets are safeguarded, transactions are authorized and properly recorded and financial information is reliable.

The Board of Directors is responsible for ensuring management fulfills its responsibilities. The Audit Committee reviews the results of the condensed interim financial statements prior to their submission to the Board of Directors for approval.

The condensed interim financial statements have not been audited.

"Ron Tremblay"	*"Annie Chan"*
Ron Tremblay CEO	Annie Chan, CA CFO

Vancouver, British Columbia
February 13, 2014

LEVON RESOURCES LTD.
(An Exploration Stage Company)
Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian Dollars)

	December 31, 2013	March 31, 2013
ASSETS		
Current		
Cash and cash equivalents	$ 43,516,009	$ 49,311,914
Amounts receivable	28,405	46,705
Prepaid expenses	146,395	51,474
Investments (Note 4)	2,896	3,977
	43,693,705	49,414,070
Non-current assets		
Due from related parties (Note 11)	-	5,564
Reclamation deposits (Note 5)	32,629	32,629
Amounts receivable (Note 6)	2,751,150	2,492,845
Exploration and evaluation assets (Note 7)	128,748,552	126,601,959
Property and equipment (Note 8)	115,078	134,429
Total Assets	$ 175,341,114	$ 178,681,496
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	$ 101,989	$ 162,686
Due to related parties (Note 11)	68,728	81,540
Total Liabilities	170,717	244,226
SHAREHOLDERS' EQUITY		
Share capital (Note 9)	230,664,826	230,664,826
Reserves	15,926,656	16,243,081
Accumulated other comprehensive loss	(26,577)	(25,496)
Deficit	(71,394,508)	(68,445,141)
Total Equity	175,170,397	178,437,270
Total Liabilities and Shareholders' Equity	$ 175,341,114	$ 178,681,496

Approved on behalf of the Board:

"Gary Robertson"
…... Director
Gary Robertson

"Ron Tremblay"
…... Director
Ron Tremblay

LEVON RESOURCES LTD.
(An Exploration Stage Company)
Condensed Consolidated Interim Statements of Operations and Comprehensive Loss
(Expressed in Canadian Dollars)

	Note	Three months ended December 31, 2013	Three months ended December 31, 2012	Nine months ended December 31, 2013	Nine months ended December 31, 2012
Operating and Administrative Expenses					
Consulting and management fees		$ 182,248	$ 172,650	$ 522,657	$ 516,750
Depreciation		5,198	4,307	15,594	29,234
Exploration expenditures	7	1,749,985	832,690	2,620,316	4,039,180
Independent director fees		22,500	18,000	75,000	78,000
Listing and filing fees		3,707	2,117	70,279	55,962
Office, occupancy & miscellaneous		26,701	11,122	123,252	112,161
Professional fees		5,697	108,707	123,386	67,857
Salaries and benefits		76,880	45,647	175,314	169,544
Share-based compensation	10	-	71,803	35,594	1,200,522
Shareholder relations and promotion		47,989	46,809	161,102	151,536
Travel		24,451	56,219	47,714	226,470
Loss Before Other Items		(2,145,356)	(1,370,071)	(3,970,208)	(6,647,216)
Other Income					
Interest income		152,988	121,470	419,242	349,327
Unrealized foreign exchange gain (loss)		298,768	185,628	249,580	(5,771)
Net Loss for Period		(1,693,600)	(1,062,973)	(3,301,386)	(6,303,660)
Other Comprehensive Loss					
Unrealized loss on available-for-sale securities		(276)	(106)	(1,081)	(3,182)
Total Comprehensive Loss for Period		$ (1,693,876)	$ (1,063,079)	$ (3,302,467)	$ (6,306,842)
Loss Per Share, Basic and Diluted		$ (0.01)	$ (0.01)	$ (0.02)	$ (0.03)
Weighted Average Number of Common Shares Outstanding		199,854,423	199,854,423	199,854,423	199,796,605

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

LEVON RESOURCES LTD.
(An Exploration Stage Company)
Condensed Consolidated Interim Statements of Cash Flows
(Expressed in Canadian Dollars)

	Note	Nine months ended December, 2013	2012
CASH PROVIDED BY (USED IN):			
OPERATING ACTIVITIES			
Net loss		$ (3,301,386)	$ (6,303,660)
Adjustments for non-cash items:			
Depreciation		15,594	29,234
Share-based compensation		35,594	1,200,522
		(3,250,198)	(5,073,904)
Changes in non-cash working capital items:			
Amounts receivable and prepaid expenses		(334,926)	101,787
Accounts payable and accrued liabilities		(51,485)	(122,063)
Due from (to) related parties		(7,248)	(273,222)
		(3,643,857)	(5,367,402)
INVESTING ACTIVITIES			
Investment in exploration and evaluation assets		(2,146,593)	-
Purchase of equipment		(5,455)	(11,848)
		(2,152,048)	(11,848)
FINANCING ACTIVITIES			
Issue of share capital for cash, net of issuance costs		-	27,758
Net decrease in cash		(5,795,905)	(5,351,492)
Cash and cash equivalents, beginning of the period		49,311,914	58,051,989
Cash and cash equivalents, end of the period		$ 43,516,009	$ 52,700,497

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

LEVON RESOURCES LTD.
(An Exploration Stage Company)
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

			Equity Reserves					
	Shares	**Share Capital**	**Reserve for options**	**Reserve for warrants**	**Total**	**Accumulated Other Comprehensive Loss**	**Accumulated Deficit**	**Total Shareholders' Equity**
Balance, March 31, 2012	**199,754,423**	**$ 230,608,666**	**$ 15,513,249**	**$ 950,766**	**$ 16,464,015**	**$ (21,763)**	**$ (62,899,323)**	**$ 184,151,595**
Share issuance costs	-	(7,242)	-	-	-	-	-	(7,242)
Exercise of options	100,000	35,000	-	-	-	-	-	35,000
Fair value of options exercised	-	21,160	(21,160)	-	(21,160)	-	-	-
Transfer of expired options	-	-	(218,781)	(950,766)	(1,169,547)	-	1,169,547	-
Share-based compensation	-	-	1,200,522	-	1,200,522	-	-	1,200,522
Net loss for the period	-	-	-	-	-	-	(6,303,660)	(6,303,660)
Unrealized loss on available for sale securities	-	-	-	-	-	(3,182)	-	(3,182)
Balance, December 31, 2012	**199,854,423**	**$ 230,657,584**	**$ 16,473,830**	**$ -**	**$ 16,473,830**	**$ (24,945)**	**$ (68,033,436)**	**$ 179,073,033**

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

LEVON RESOURCES LTD.
(An Exploration Stage Company)
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

			Equity Reserves					
	Shares	**Share Capital**	**Reserve for options**	**Reserve for warrants**	**Total**	**Accumulated Other Comprehensive Loss**	**Accumulated Deficit**	**Total Shareholders' Equity**
Balance, March 31, 2013	**199,854,423**	**$ 230,664,826**	**$ 16,243,081**	**$ -**	**$16,243,081**	**$ (25,496)**	**$ (68,445,141)**	**$ 178,437,270**
Transfer of expired options	-	-	(352,019)	-	(352,019)	-	352,019	-
Share-based compensation	-	-	35,594	-	35,594	-	-	35,594
Net loss for the period	-	-	-	-	-	-	(3,301,386)	(3,301,386)
Unrealized loss on available for sale securities	-	-	-	-	-	(1,081)	-	(1,081)
Balance, December 31, 2013	**199,854,423**	**$ 230,664,826**	**$ 15,926,656**	**$ -**	**$ 15,926,656**	**$ (26,577)**	**$ (71,394,508)**	**$ 175,170,397**

1. NATURE OF OPERATIONS

Levon Resources Ltd. (the “Company”) was incorporated under the laws of British Columbia on April 9, 1965. The Company is an exploration stage public company whose principal business activities are the exploration for and development of exploration and evaluation properties in Mexico. There have been no significant revenues generated from these activities to date. The address of the Company’s registered office is Suite 900 – 570 Granville Street, Vancouver, British Columbia V6C 3P1.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration and evaluation assets and the Company's ability to continue as a going concern is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations or the ability of the Company to raise alternative financing.

2. BASIS OF PRESENTATION AND FIRST TIME ADOPTION OF IFRS

Statement of compliance and conversion to International Financial Reporting Standards

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”) 34 Interim Financial Reporting.

These condensed consolidated interim financial statements follow the same accounting policies and methods of application as the Company’s most recent annual financial statements. Accordingly, these condensed consolidated interim financial statements should be read in conjunction with the Company’s annual financial statements for the year ended March 31, 2012, which were prepared in accordance with IFRS as issued by the IASB.

Basis of presentation

These financial statements are expressed in Canadian dollars, the Company’s functional currency, and have been prepared on a historical cost basis except for financial instruments that have been classified as fair value through profit and loss (“FVTPL”), which are stated at their fair values. In addition, these financial statements have been prepared using the accrual basis of accounting, with the exception of cash flow information. The accounting policies set out in Note 3 of the Company’s audited financial statements as at and for the year ended March 31, 2012 have been applied in preparing these condensed interim financial statements

Approval of the condensed consolidated interim financial statements

These condensed consolidated interim financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on February 12, 2014.

2. BASIS OF PRESENTATION AND FIRST TIME ADOPTION OF IFRS (Continued)

Foreign currency transactions

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the condensed consolidated interim statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Significant accounting judgements and estimates

The preparation of these condensed consolidated interim financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates under different assumptions and conditions.

Significant assumptions about the future and other sources of estimated uncertainty that management has made at the condensed consolidated interim statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- the recoverability of amounts receivable;
- the carrying value and recoverable amount of exploration and evaluation assets;
- the recoverability and estimated useful lives of property and equipment;
- the recognition and measurement of deferred tax assets and liabilities;
- the provisions including the estimated reclamation provisions and environmental obligations;
- the determination of the assumptions used in the calculation of share-based payments; and
- the allocation of proceeds for unit offerings between share capital and warrants.

Basis of consolidation

The condensed consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiaries.

	Jurisdiction	Nature of Operations
Valley High Ventures Ltd. ("VHV")	British Columbia; Canada	Holding Company
Citrine Investment Holdings Limited	British Virgin Islands	Holding Company
Minera Titan S.A. de C.V	Mexico	Exploration Company
Aphrodite Asset Holdings Ltd	British Virgin Islands	Holding Company
Turney Assets Limited	British Virgin Islands	Holding Company
Mineral El Camino S.A. de C.V.	Mexico	Holding Company
Administracion de Projectos Levon en Mexico S.A. de C.V.	Mexico	Mexican operations administration

Intercompany balances and transactions, including unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the condensed consolidated interim financial statements.

3. RECENT ACCOUNTING PRONOUNCEMENTS

New accounting standards effective April 1, 2013

IFRS 10 *Consolidated Financial Statements* – IFRS 10 requires a parent to present consolidated financial statements as those of a single economic entity, replacing the requirements previously contained in IAS 27 *Consolidated and Separate Financial Statements* and SIC-12 *Consolidation - Special Purpose Entities*.

The standard identifies the principles of control, determines how to identify whether an investor controls an investee, and therefore, must consolidate the investee, and sets out the principles for the preparation of consolidated financial statements.

The standard introduces a single consolidation model for all entities based on control, irrespective of the nature of the investee (i.e., whether an entity is controlled through voting rights of investors or through other contractual arrangements as is common in "special purpose entities"). Under IFRS 10, control is based on whether an investor has power over the investee, exposure, or rights, to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of the returns.

IFRS 11 *Joint Arrangements* – IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly Controlled Entities - Non-monetary Contributions by Venturers*.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

New accounting standards and interpretations not yet adopted (Continued)

IFRS 12 *Disclosure of Interests in Other Entities* – IFRS 12 requires the extensive disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

In high-level terms, the required disclosures are grouped into the following broad categories:

- **Significant judgments and assumptions** – such as how control, joint control, significant influence has been determined
- **Interests in subsidiaries** – including details of the structure of the group, risks associated with structured entities, changes in control, and so on
- **Interests in joint arrangements and associates** – the nature, extent and financial effects of interests in joint arrangements and associates (including names, details and summarized financial information)
- **Interests in unconsolidated structured entities** – information to allow an understanding of the nature and extent of interests in unconsolidated structured entities and to evaluate the nature of, and changes in, the risks associated with its interests in unconsolidated structured entities

IFRS 12 lists specific examples and additional disclosures which further expand upon each of these disclosure objectives, and includes other guidance on the extensive disclosures required.
Applicable to annual periods beginning on or after January 1, 2013. If early-adopted, must be adopted together with IFRS 10, IFRS 11, IAS 27 (2011) and IAS 28 (2011).

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

Amendments to IAS 1 *Presentation of Financial Statements* – The IASB has amended IAS 1 to require entities to separate items presented in other comprehensive income ("OCI") into two groups, based on whether or not items may be reclassified into profit or loss in the future. Entities that choose to present OCI items before tax will be required to show the amount of tax related to the two groups separately.

IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine* – IFRIC 20 addresses the accounting for overburden waste removal (stripping) costs in the production phase of a surface mine. Stripping activity may result in two types of benefits: i) inventory produced and ii) improved access to ore that will be mined in the future. Stripping costs associated with inventory production should be accounted for as a current production cost in accordance with IAS 2 *Inventories*, and those associated with improved access to ore should be accounted for as an addition to, or enhancement of, an existing asset.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

New accounting standards effective April 1, 2013 (Continued)

Amendments to other standards – In addition, there have been other amendments to existing standards, including IAS 27 *Separate Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*. IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 to IFRS 13.

Each of the new standards, IFRS 10 to 13, IFRIC 20 and the amendments to other standards, is effective for the Company beginning on April 1, 2013 with early adoption permitted. The Company is assessing the impact that the new standards will have on its consolidated financial statements.

New accounting standards effective April 1, 2015

IFRS 9 *Financial Instruments* – IFRS 9 was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and FVTPL. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at the FVTPL or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent that they do not clearly representing a return of investment; however, others gains and losses (including impairments) associated with such instruments remain in accumulated other comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39 *Financial Instruments – Recognition and Measurement*, except that fair value changes due to credit risk for liabilities designated at FVTPL would generally be recorded in OCI.

IFRS 9 is effective for the Company beginning on April 1, 2015 with early adoption permitted. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its consolidated financial statements or whether to early-adopt any of the new requirements.

(Expressed in Canadian Dollars)

4. INVESTMENTS

At December 31, 2013, the Company held investments as follows:

	Quantity		Cost		Accumulated Unrealized Gains (Losses)		Fair Value
Available-for-sale							
Great Thunder Gold Corp. *	11,632	$	27,918	$	(27,685)	$	233
Avino Silver & Gold Mines Ltd.	2,200		1,554		1,108		2,663
		$	29,473	$	(26,577)	$	2,896

At March 31, 2013, the Company held investments as follows:

	Quantity		Cost		Accumulated Unrealized Gains (Losses)		Fair Value
Available-for-sale							
Mill Bay Ventures Inc. *	34,897	$	27,918	$	(27,221)	$	697
Avino Silver & Gold Mines Ltd.	2,200		1,554		1,725		3,280
		$	29,473	$	(25,496)	$	3,977

* During the nine months ended December 31, 2013, Mill Bay Ventures Inc. changed its name to Great Thunder Gold Corp. and had a 1 for 3 share consolidation.

5. RECLAMATION DEPOSITS

The Company has pledged specified term deposits as security for reclamation permits, as required by certain government agencies. The Company has a varying number of deposits on hand ranging from $1,000 to $6,000 with maturity dates ranging from September 18, 2014 to January 15, 2015 and interest rates at 1.00%.

(Expressed in Canadian Dollars)

6. AMOUNTS RECEIVABLE

The balance in amounts receivable includes value added taxes to be recovered in Mexico. At each financial position reporting date, the carrying amounts of the Company's amounts receivable are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

The Company is corresponding with the Mexican government to recover the Mexican value added tax. At December 31, 2013, there are no indications that suggest that the Company's Mexican value added tax are not recoverable.

7. EXPLORATION AND EVALUATION ASSETS

The Company has capitlized the following acquisition expenditures:

		Cordero Sanson
Balance, March 31, 2013	**$**	**126,601,959**
Additions during the year *		2,146,593
Balance, December 31, 2013 and March 31, 2013	**$**	**128,748,552**

* During the nine months ended December 31, 2013, the Company entered into an agreement to purchase a 100% interest in the Aida mining claim, located in a central part of the Cordero Project claim block for $2,000,000 USD. Acquisition of the Aida claim consolidates Levon's 100% ownership of all mining claims in the Cordero mining district. This amount has been capitalized as exploration and evaluation assets.

The Company incurred the following exploration expenditures with the Cordero Sanson property, which were expensed in the condensed consolidated interim statement of operations for the three and nine months ended December 31, 2013 and 2012

	Cordero Sanson	
	Three months ended December 31, 2013	Nine months ended December, 2013
	(Note 7(c))	(Note 7(c))
Assays	$ 183,874	$ 280,048
Drilling and exploration	1,104,450	1,121,334
General supplies and services	130,060	215,508
Geological and management services	321,563	839,974
Professional fees **	10,038	115,620
Mining Rights **	-	47,832
	$ 1,749,985	**$ 2,620,316**

****** Mining rights and professional fees were previously recorded as part of geological and management services.

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS (Continued)

	Cordero Sanson	
	Three months ended December 31, 2012	Nine months ended December, 2012
	(Note 7(c))	(Note 7(c))
Assays	$ 13,301	$ 238,125
Drilling and exploration	30,277	1,093,966
General supplies and services	89,164	125,294
Geological and management services	699,948	2,581,795
	$ 832,690	**$ 4,039,180**

(a) Congress claims

The Company owns a 50% leasehold interest in 45 claims in the Lillooet Mining Division, British Columbia.

The Congress claims are subject to a Joint Venture Agreement dated February 25, 1983 between the Company and Veronex Resources Ltd. (“Veronex”). Veronex has earned a 50% net interest in the claims, net of a 5% net smelter royalty (“NSR”) held by the Company, by expending $1,000,000 in a prior year. All subsequent expenditures are to be contributed equally by the Company and Veronex. The Company is looking to reacquire Veronex’s interest in the claims, as Veronex had transferred its interest to another company against the terms of the original agreement and had not complied with other terms of agreement.

(b) Gold Bridge claims (BRX Project)

The Company owns a 50% interest in 74 mineral claims in the Gold Bridge area, Lillooet Mining Division, British Columbia. The claims remain in good standing until December 2014.

(c) Cordero Sanson

The Cordero Sanson Property (“Cordero”) is located near Hidalgo Del Parral, Chihuahua, Mexico. The Cordero mining claims are comprised of claims wholly-owned by VHV by agreement with long-standing ranch families and small local mining companies, and certain other claims that were staked by the Company.

During the year ended March 31, 2011, the Company acquired 100% ownership of the property by way of the acquisition of VHV.

(d) Other claims include the Eagle Ruf and Norma Sass and Wayside as described below:

(i) Eagle claims

The Company holds a 50% interest in 26 lode mining claims located in Lander County, Nevada. The claims are subject to a 3% NSR.

7. EXPLORATION AND EVALUATION ASSETS (Continued)

(ii) Ruf and Norma Sass properties

In 2003, the Company acquired from Coral Resource Inc. ("Coral"), a public company with common directors and management, an undivided one-third interest in 54 mineral claims known as the Ruf and Norma Sass properties located in Lander County, Nevada.

A third party holds a 3% NSR on the production from certain of the claims, up to a limit of US$1,250,000.

(iii) Wayside claims

The Company owns 24 mineral claims in the Lillooet Mining Division, British Columbia.

Realization of assets

The investment in and expenditures on exploration and evaluation assets comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal.

Mineral exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore.

Title to exploration and evaluation assets

Although the Company has taken steps to verify title to exploration and evaluation assets in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by an undetected defect.

Environmental

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the mineral properties, the potential for production on the property may be diminished or negated.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

(Expressed in Canadian Dollars)

8. PROPERTY AND EQUIPMENT

	Computer equipment	Furniture and equipment	Vehicles	Machinery equipment	TOTAL
	$	$	$	$	$
COST					
Balance at March 31, 2013	11,493	33,950	54,976	101,948	202,367
Additions	-	-	-	5,455	5,455
Balance at December 31, 2013	**11,493**	**33,950**	**54,976**	**107,403**	**207,822**
ACCUMULATED DEPRECIATION					
Balance at March 31, 2013	4,859	13,524	13,676	35,879	67,938
Depreciation	1,959	10,978	9,658	2,211	24,806
Balance at December 31, 2013	**6,818**	**24,502**	**23,334**	**38,090**	**92,744**
CARRYING AMOUNTS					
At March 31, 2013	6,634	20,426	41,300	66,069	134,429
At December 31, 2013	**4,675**	**9,448**	**31,642**	**69,313**	**115,078**

Of the $24,806 depreciation recognized during the nine months ended December 31, 2013, $15,594 was recognized as depreciation expense and $9,212 was recorded as part of exploration expense.

9. SHARE CAPITAL

Authorized

Unlimited number of common shares without par value

Issued

There was no share capital transactions during the nine months ended December 31, 2013.

During the nine months ended December 31, 2012, 100,000 stock options were exercised for gross proceeds of $35,000. The Company reallocated the fair value of these options previously recorded in the amount of $21,160 from reserves to capital stock.

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (Continued)

Share purchase warrants

A summary of share purchase warrants transactions during the nine month ended December 31, 2013 and 2012 is as follows:

	Underlying Shares	Weighted Average Exercise Price
Balance, March 31, 2012	**1,030,000**	**$1.95**
Expired	**(1,030,000)**	**$1.95**
Balance, December 31, 2013 and 2012	**-**	**-**

Stock options

The Company established a stock option plan in 2004 under which it may grant stock options totaling in aggregate up to 10% of the Company's total number of shares issued and outstanding on a non-diluted basis. The stock option plan provides for the granting of stock options to employees and persons providing investor relations or consulting services up to a limit of 5% and 2%, respectively, of the Company's total number of issued and outstanding shares per year. The option price must be greater than or equal to the discounted market price on the grant date and the option expiry date cannot exceed five years from the grant date.

For the nine months ended December 31, 2013 and 2012, stock option activity is summarized as follows:

	Underlying Shares	Weighted Average Exercised Price
Stock options outstanding, March 31, 2013	14,880,000	$ 0.84
Granted	100,000	$0.75
Expired/cancelled/forfeited	(1,275,000)	$1.13
Stock options outstanding, December 31, 2013	**13,705,000**	**$0.83**

	Underlying Shares	Weighted Average Exercised Price
Stock options outstanding, March 31, 2012	13,965,000	$ 0.82
Granted	1,350,000	$1.02
Exercised	(100,000)	$0.35
Expired/cancelled/forfeited	(125,000)	$1.39
Stock options outstanding, December 31, 2012	**15,090,000**	**$0.84**

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (Continued)

A summary of stock options outstanding and exercisable as at December 31, 2012 and 2011 is as follows:

		Stock Options Outstanding		Stock Options Exercisable	
Expiry Date	**Exercise Price**	**December 31, 2013**	**December 31, 2012**	**December 31, 2013**	**December 31, 2012**
June 14, 2013	$ 0.85	-	100,000	-	100,000
June 14, 2013	$ 1.25	-	100,000	-	100,000
November 15, 2013 ***	$ 0.75	-	500,000	-	500,000
November 21, 2013	$ 1.50	-	250,000	-	250,000
April 28, 2014	$ 0.25	225,000	325,000	225,000	325,000
January 28, 2015	$ 0.70	200,000	200,000	200,000	200,000
July 20, 2015	$ 0.65	400,000	400,000	400,000	400,000
September 3, 2015	$ 1.00	3,285,000	3,400,000	3,285,000	3,400,000
March 25, 2016 ***	$ 0.75	7,920,000	8,040,000	7,920,000	8,040,000
October 3, 2016	$ 1.50	25,000	225,000	25,000	225,000
October 3, 2016 ***	$ 0.75	200,000	200,000	200,000	200,000
May 15, 2017	$ 1.00	750,000	750,000	750,000	375,000
June 7, 2017	$ 1.00	100,000	100,000	100,000	50,000
November 26, 2015	$ 0.75	100,000	100,000	50,000	-
November 26, 2015	$ 1.00	200,000	200,000	100,000	-
November 26, 2015	$ 1.25	200,000	200,000	100,000	-
July 15, 2015	$0.75	100,000	-	12,500	-
		13,705,000	**15,090,000**	**13,367,500**	**14,165,000**

*** On September 21, 2012, the Company modified the exercise price of options with an expiry date of November 15, 2013, March 25, 2016 and October 3, 2016 with an original exercise price of $1.25, $1.65 and $1.50, respectively, to $0.75 each.

(Expressed in Canadian Dollars)

10. SHARE-BASED PAYMENTS

During the nine months ended December 31, 2013, the Company granted 100,000 stock options exercisable at $0.75 for two years to a consultant of the Company.

During the nine months ended December 31, 2012, the Company granted 850,000 stock options exercisable at $1.00 for five years to a director, officer, and employees of the Company.

During the nine months ended December 31, 2012, the Company granted 500,000 stock options exercisable between $0.75 to $1.50 for three years to an employee of the Company.

On September 21, 2012, the Company modified the following stock options:

- 200,000 stock options granted on October 3, 2011 were modified from an exercise price of $1.50 to $0.75;
- 500,000 stock options granted on November 15, 2010 were modified from an exercise price of $1.25 to $0.75;
- 8,040,000 stock options granted on March 25, 2011 were modified from an exercise price of $1.65 to $0.75.

The Company recorded total share-based payments of $35,594 (2012 - $1,200,522) on options issued, which vested during the nine months ended, and options modified during the period.

Option pricing requires the use of highly subjective estimates and assumptions including the expected stock price volatility. Changes in the underlying assumptions can materially affect the fair value estimates. The fair value of the options re-valued and granted to officers, directors, consultants and employees was calculated using the Black-Scholes model with following weighted average assumptions:

	Nine months ended December 31, 2013	**Nine months ended December 31, 2012**
Weighted average assumptions:		
Fair value at grant date	$ 0.05	$ 0.42
Risk-free interest rate	1.13%	1.27%
Expected dividend yield	-	-
Expected option life (years)	2.00	3.18
Expected share price volatility	92.52%	104.35%

(Expressed in Canadian Dollars)

11. RELATED PARTY TRANSACTIONS

During the nine months ended December 31, 2013:

(a) $281,399 (2012 - $261,492) was charged to the Company for office, occupancy and miscellaneous costs; shareholder relations and promotion; travel; salaries and benefits; and administrative services paid on behalf of the Company by Oniva International Services Corp. ("Oniva"), a private company owned by the Company and five other reporting issuers having common directors.

(b) $75,000 (2012 - $78,000) was paid for director fees during the period.

The Company takes part in a cost-sharing arrangement to reimburse Oniva for a variable percentage of its overhead expenses, to reimburse 100% of its out-of-pocket expenses incurred on behalf of the Company, and to pay a percentage fee based on the total overhead and corporate expenses. The agreement may be terminated with one month's notice by either party.

Due to related parties consists of the following:

	December 31, 2013	March 31, 2013
Chevillon Exploration. (ii)	$ 3,435	$ 3,480
Coral Gold Resources Ltd. (iii)	34,008	33,347
Oniva (i)	30,497	44,713
Great Thunder Gold Corp. (iii)	788	-
	$ 68,728	$ 81,540

(i) Oniva and ABC Drilling are private companies related by way of common management and directors.

(ii) Chevillon Exploration is a private company controlled by a director and officer of the Company.

(iii) Coral Gold Resources Ltd. is a public company related by way of common directors.

Accounts payable includes $Nil (2013 - $19,354) owed to a public company related by way of common directors and $Nil (2013 - $30,673) owed to a private company related by way of common management and directors.

Due from related parties includes $Nil (2013 - $5,564) due from a private company related by way of common directors management and directors.

Related party transactions are measured at the estimated fair values of the services provided or goods received.

(Expressed in Canadian Dollars)

11. RELATED PARTY TRANSACTIONS (Continued)

Management transactions

The Company has identified its directors and certain senior officers as its key management personnel. The compensation costs for key management personnel for the nine months ended December 31, 2013 and 2012 are as follows:

	December 31, 2013	December 31 , 2012
Salaries and benefits	$ 72,295	$ 61,968
Consulting and management fees (i)	515,190	509,567
Share-based payments (ii)	-	1,200,522
	$ 587,485	$ 1,772,057

(i) Consulting and management fees include management fees paid to a company controlled by a director and officer of the company and has been included as part of exploration expense.

(ii) Share-based payments include the modification of the exercise price of stock options granted to certain officers and directors to $0.75. See note 10.

12. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being the acquisition, exploration and development of mineral properties.

The Company has non-current assets, excluding financial instruments, in the following geographic locations:

	December 31, 2013	March 31, 2013
Canada		
Reclamation deposit	$ 32,629	$ 32,629
Property and equipment	115,078	134,429
Total Canada	147,707	167,058
Mexico		
Exploration and evaluation assets	128,748,552	126,601,959
Total Mexico	128,748,552	126,601,959
	$ 128,896,259	$ 126,769,017

(Expressed in Canadian Dollars)

13. COMMITMENTS

The Company has entered into consulting agreements expiring in 2014. The Company's commitment for future minimum payments in respect of these agreements is as follows:

	December 31, 2013	March 31, 2013
Not later than one year	$ 123,662	$ 494,647
Later than one year and no later than five years	15,868	15,868
	$ 139,530	$ 510,515

14. FINANCIAL INSTRUMENTS

The carrying amounts of amounts receivable (excluding HST and IVA, being Mexican value added tax) and accounts payable are a reasonable estimate of their fair values due to their short term to maturity. Cash equivalents comprise short-term investments that are readily converted to known amounts of cash with original maturities of three months or less. Investment securities are accounted for at fair value based on quoted market prices. The carrying amount of reclamation deposits approximate their fair value as the stated rates approximates the market rate of interest.

The Company's financial instruments are exposed to certain financial risks: credit risk, liquidity risk and market risk.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash is exposed to credit risk.

The Company manages credit risk, in respect of cash, by maintaining the majority of cash and cash equivalents at high credit rated Canadian financial institutions. Concentration of credit risk exists with respect to the Company's cash and reclamation deposits as the majority of the amounts are held with a Canadian and a Mexican financial institution. The Company's concentration of credit risk, and maximum exposure thereto, is as follows:

	December 31, 2013	March 31, 2013
Cash and cash equivalents held at major financial institutions		
Canada	$ 43,181,105	$ 49,253,522
Mexico	334,904	58,392
	43,516,009	49,311,914
Reclamation deposits held at a major financial institution		
Canada	32,629	32,629
Total	$ 43,548,638	$ 49,344,543

14. FINANCIAL INSTRUMENTS (Continued)

(a) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due.

The Company manages its liquidity risk by forecasting cash flows required by operations and anticipated investing and financing activities. The Company has cash and cash equivalents at December 31, 2013 in the amount of $43,516,009 (2013 - $49,311,914) in order to meet short-term business requirements. At December 31, 2013, the Company had current liabilities of $170,717 (March 31, 2013 - $244,226). Accounts payable have contractual maturities of less than 30 days and are subject to normal trade terms. Advances payable to related parties are without interest or stated terms of repayment.

(b) Market risk

Market risk consists of interest rate risk and foreign currency risk. The Company is exposed to interest rate risk and foreign currency risk.

Interest rate risk

Interest rate risk consists of two components:

(i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
(ii) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company's cash and cash equivalents consist of cash held in bank accounts and fixed income investments that earn interest at variable interest rates. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of December 31, 2013. Future cash flows from interest income on cash will be affected by interest rate fluctuations. The Company manages interest rate risk by maintaining an investment policy that focuses primarily on preservation of capital and liquidity.

14. FINANCIAL INSTRUMENTS (Continued)

(c) Market risk (continued)

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities are denominated in foreign currency.

The Company is exposed to foreign currency fluctuation related to its exploration and evaluation assets thereon, and accounts payable in US dollar balances and Mexican pesos (“MXN”). A significant change in the exchange rate between the Canadian dollar relative to the US dollar or Mexican peso could have an effect on the Company’s financial position, results of operations and cash flows, as follows:

	December 31, 2013		**March 31, 2013**	
	MXN Pesos	**USD**	**MXN Pesos**	**USD**
Cash and cash equivalents	$ 4,075,674	$ 57,160	$ 661,140	$ 4,980,789
Amounts receivable	61,891,534	-	41,045,323	-
Accounts payable and accrued liabilities	(19,092,703)	-	(2,653,360)	-
Amounts due to related parties	-	(33,132)	-	(13,778)
Net exposure	$ 46,874,505	$ 24,028	$ 39,053,103	$ 4,967,011
Canadian dollar equivalent	$ 3,805,741	$ 25,556	$ 3,212,899	$ 5,044,497

Based on the net US dollar denominated asset and liability exposures as at September 30, 2013, a 6% (March 31, 2013 - 6%) fluctuation in the Canadian/US exchange rates will impact the Company’s earnings by approximately $1,500 (March 31, 2013 - $302,000).

Based on the net Mexican peso denominated asset and liability exposures as at September 30, 2013, a 8% (March 31, 2013 - 8%) fluctuation in the Canadian/MXN exchange rates will impact the Company’s earnings by approximately $304,000 (March 31, 2013 - $65,000).

(b) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is exposed to other price risk with respect to its investment securities as they are carried at fair value based on quoted market prices, which is immaterial.

The Company’s ability to raise capital to fund mineral resource exploration is subject to risks associated with fluctuations in mineral resource prices. Management closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

14. FINANCIAL INSTRUMENTS (Continued)

(e) Classification of financial instruments
IFRS 7 *Financial Instruments: Disclosures* establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

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

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy as at December 31, 2012.

	Level 1	Level 2	Level 3
Cash and cash equivalents	$43,516,009	$ -	$ -
Investments	$2,896	$ -	$ -

15. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of its properties and to maintain a flexible capital structure for its projects for the benefit of its stakeholders. In the management of capital, the Company includes the components of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or reduce expenditures. Management reviews the capital structure on a regular basis to ensure that objectives are met.

There have been no changes to the Company's approach to capital management during the period ended December 31, 2013. The Company is not subject to external restrictions on its capital.

The following discussion and analysis of the results of operations and financial position of Levon Resources Ltd. (the "Company" or "Levon") for the nine months ended December 31, 2013 should be read in conjunction with the December 31, 2013 Unaudited Condensed Consolidated Interim Financial Statements ("the Financial Statements") and the notes thereto.

This Management Discussion and Analysis ("MD&A") is dated February 13, 2014 and discloses specified information up to that date. Levon is classified as a "TSX issuer" for the purposes of National Instrument 51-102. The Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Throughout this report we refer to "Levon", the "Company", "we", "us", "our" or "its". All these terms are used in respect of Levon Resources Ltd. ***We recommend that readers consult the "Cautionary Statement" on the last page of this report.*** Additional information relating to the Company is available on SEDAR at www.sedar.com and the Company's website at www.levon.com.

Vic Chevillon, MA, CPG, Vice President of Exploration and Director for Levon is a "qualified person" as such term is defined in National Instrument 43-101 and has reviewed and approved the scientific and technical disclosure contained in this Management Discussion and Analysis.

NON-GAAP MEASURES

In this document "Loss before other items per Share, and basic and diluted" are non-GAAP measures, as they do not have any standardized meanings as prescribed by IFRS. They are used to assist management in measuring the Company's ability to finance operations and meet financial obligations. Non-GAAP measures should not be considered in isolation or construed as alternatives to their most directly comparable measure calculated in accordance with IFRS, or other measures of financial performance calculated in accordance with IFRS. The non-GAAP measures are unlikely to be comparable to similar measures presented by other issuers.

BUSINESS DESCRIPTION

Levon is an exploration stage public company listed on the Toronto Stock Exchange ("the TSX") under the symbol LVN and on the Frankfurt Stock Exchange under the symbol L09. Levon commenced trading on the TSX on February 13, 2012, and concurrently de-listed its shares from the TSX Venture Exchange, where its common shares were formerly listed. The Company is a reporting issuer in each of the Provinces of Canada, except Quebec. The Company's principal business activities are the exploration and development of exploration and evaluation assets.

At this time, the Company has no operating revenues, and does not anticipate any operating revenues until the Company is able to find, acquire, place in production and operate a mine. Historically, the Company has raised funds to fund its operations through equity financing and the exercise of options and warrants.

On March 25, 2011, the Company acquired all of the shares of Valley High Ventures Ltd. ("VHV") pursuant to a court-approved plan of arrangement (the "Arrangement"). Prior to the Arrangement, VHV was a Canadian based precious and base metal exploration company with projects located in Mexico, British Columbia and Yukon. Prior to the Arrangement, VHV owned 49% of the Cordero Project (as hereinafter defined) and the Company held the remaining 51% interest. As consideration for the Company's acquisition of VHV's 49% interest in the Cordero Project, together with VHV's cash assets, VHV shareholders received one Common Share of the Company and 0.125 of a share of a new exploration company, Bearing Resources Ltd. ("Bearing"). In connection with the Arrangement, all of VHV's exploration assets other than the Cordero Project and the Perla property were transferred to Bearing, as well as $1,800,000 in cash. Upon the Arrangement becoming effective, former VHV shareholders were issued an aggregate of 73,322,636 Common Shares, representing approximately 43% of the issued and outstanding Common Shares of the Company on a fully-diluted basis, and 100% of the shares of Bearing. The acquisition consolidated Levon's ownership of the Cordero Project to 100% through their wholly owned Mexico subsidiary company Minera Titan. Levon also formed an operating company Administración de Proyectos Levon en México, S.A. de C.V., which is under contract to Minera Titan to complete the Cordero Project exploration program.

BUSINESS DESCRIPTION (Continued)

The Company's wholly-owned subsidiary VHV is incorporated under the laws of British Columbia, Canada, and the Company has three wholly-owned subsidiaries incorporated under the laws of Mexico, namely Administración de Proyectos Levon en México, S.A. de C.V., Minera Titan S.A. de C.V. and Minera El Camino, S.A. de C.V. Levon also has three wholly-owned subsidiaries incorporated under the laws of British Virgin Islands, namely Aphrodite Asset Holdings Ltd, Turney Assets Limited and Citrine Investment Holdings Ltd.

OVERALL PERFORMANCE

Cordero Silver, Gold, Zinc, Lead Project, Mexico

The Company's wholly owned Cordero-Sanson Project ("the Cordero Project") is located 35 km northeast of the town of Hidalgo Del Parral, in the southern part of the state of Chihuahua in north central Mexico. In February of 2009, the Company commenced field work on the Cordero Project exploring for large scale, bulk tonnage, porphyry type Ag, Au, Zn, Pb deposits, a number of which have been recently discovered in similar geologic settings in north central Mexico (Penasquito, Pitarrilla, Camino Rojo and others).

The Cordero project mining claims are all unpatented federal lode mining claims under Mexican law, which provide mineral exploration and mining rights. The annual assessment on the mining claims are all owned and administered and maintained by Minera Titan.

The total area of the Levon claim holdings at its Cordero project is approximately 19,884.3 hectares.

The Company's exploration has focused mainly within the Cordero Project Porphyry Belt in a southern tier of the main claim block. The Cordero Porphyry Belt is defined through 15 km of strike with widths from 3-5 km, by six mineralized porphyry and diatreme intrusive centers. Three bulk tonnage Ag, Au, Zn, Pb discoveries have been made and grid drilled in the central part of the Belt. The grid drilling confirms that the Pozo de Plata Diatreme, the Josefina Mine Zone and the Cordero Project Porphyry Zone discoveries merge into a single large scale bulk tonnage, open pit mineral resource (news release of June 19, 2012). Initial outlying exploration drilling has also been completed in the Cordero Porphyry Belt, the Porfido Norte Belt 10 km to the north and the Perla volcanic center 5 km to the south. The outlying exploration drilling encountered mineralization and warrants future exploration follow up.

Because of the Cordero Project successes, Levon has recently launched reconnaissance to identify other areas and properties with large scale, near term discovery potential to identify additional key Levon assets in Mexico, the United States and South America.

Cordero project exploration has progressed from the 2009 discovery made by Phase 1 drilling (news release November 3, 2009) through 2014 resource definition and expansion drilling which continues (October 1, 2013 news release). Levon core drilling totals124,175 m in 270 holes to date. Most of the drilling has been on a 50 metre to 200 metre drill grid to define and expand a mineral resource at Cordero. An initial NI 43-101 was published June 21, 2011 (news release of June 12, 2011) with an updated resources announced on June 19, 2012 (NI 43-101 report filed on July 31, 2012 and then amended May 8, 2013) (news release of May 15, 2013) as Phase 4 drilling continued.

A favorable Preliminary Economic Assessment (PEA) was published January 30, 2012 on the then current exploration results as drilling continued. Since the resource has yet to be delineated and remains open to expansion the PEA is an interim document to be updated in the future with a more realistic assessment of the economic modeling at Cordero including the expanded resource of May 2013 and incorporating subsequent grid drilling results. At the time of the PEA Levon had yet to consolidate ownership of all claims in the resource area and the PEA was directed toward mining around the lands not owned within the resource area.

The PEA was a collaboration between M3 and IMC and *authored and approved by Herbert E. Welhener, MMSA-QPM, SME Registered Member #3434330RM, of IMC who is the independent Qualified Person for purposes of this Preliminary Economic Assessment and the associated updated resource calculation. The PEA was announced* January 30, 2012, published on *March 12, 2012, amended on May 8, 2013. The PEA* was derived by considering the uppermost 30% portion of the first resource outside a central claim that was not owned by the Company. The PEA considers mining through the Stage 4 open pits. The PEA projects a pre-tax Internal Rate of Return (IRR) of 19.5 % and an after-tax IRR of 14.8% (at a silver price of $25.15/oz., gold price of $1,384.77/oz., zinc price of $0.91 per pound, and lead price of $0.96 per pound) over a projected 15 years to complete the first four stages of open pit mining. The potential metal production over the 15 years of mining is 131,156,000 ounces of silver, 190,000 ounces

OVERALL PERFORMANCE (Continued)

Cordero Silver, Gold, Zinc, Lead Project, Mexico (Continued)

of gold, 1,373,359,000 pounds of zinc, and 1,033,407,000 pounds of lead. Mill feed production rates are estimated at 40.0 thousand tonnes per day (Tpd) or 14.6 million tonnes per year. The capital cost of the project is estimated to be $646,800,000, with operating costs (mine, mill, process plant, operating, general administration, treatment, and transportation charges) estimated at $13.82 per tonne

A PEA should not be considered to be a prefeasibility or feasibility study, as the economics and technical viability of the Project have not been demonstrated at this time. For example the Cordero resource has not been completely delineated by drilling and the resource is open to expansion on strike and at depth and within the newly acquired claim in the center of the resource. Also modeled waste (non-mineralized rock) in the PEA open pits is mostly surrounding the resources in areas that have yet to be drilled. The undrilled areas within the modeled open pits are considered proximal resource targets with potential of adding to the resource once they are drilled. The preliminary economic assessment is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. Closer spaced drilling is required to try and convert the posted resource (all categories) to mineral reserves. Furthermore, there is no certainty that the preliminary economic assessment will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

Cordero grid drilling has generally continued as the resource was initially calculated, the PEA derived and subsequent resource updates modeled.

The first Cordero Project mineral resource estimate of June 12, 2011 included early Phase 3 grid drilling results through hole C11-160 (160 total core holes) which was calculated by IMC , Tucson, Arizona and published June 21, 2011. Cordero grid drilling continued and an updated mineral resource estimate was announced June 19, 2012 and the related technical report titled: Cordero Project June 2012 Mineral Resource Update as dated July 31, 2012, was filed August 2, 2012. This report was subsequently amended then refilled on May 10, 2013 (2013 resource).

The 2013 resource is tabulated within an open pit geometry using an inverse distance estimation block model. The indicated and inferred mineral resource is based on 97,769 meters (m) of drilling in 203 core holes to April, 2012. The 2013 resource was calculated on an addition of 33,380 m of drilling in 41 core holes over the drill information used for the June 2011 indicated and inferred mineral resource estimate.

The assay intervals are composited into 10m bench height lengths for silver, gold, zinc and lead, which are estimated into a block model by inverse distance to the sixth power weighting. A net smelter return (NSR) value is calculated for each model block based on the metal grades and estimates of process recovery, concentrate terms and the metal prices of $25.00/oz silver, $1.00/lb for both zinc and lead.

Gold was not included in the 2013 NSR value in calculating the resource to be consistent with previous mineral resource calculations because of the grade of Au relative to the NSR metal recovery requirements applied to the global tonnage of the entire resource. The inputs to the NSR calculation are the same as were used for the June 2011 mineral resource estimate for continuity. There are however areas within the 2013 resource, which have higher gold grades and though Au is not included in the NSR calculations, assay Au modeled geometry in the ground has been included in the tabulations of in-situ resource to quantify it's global presence and earmark Au geometry and mining studies that will be required in the future.

The 2013 resource remains largely open to expansion through step out delineation and infill drilling around and beneath the modeled open pit.

The 2013 resource is summarized in Table 1 at the $6.00/t NSR cutoff along with higher cutoffs and shows the distribution of the mineral resource (indicated & inferred).

OVERALL PERFORMANCE (Continued)

Cordero Silver, Gold, Zinc, Lead Project, Mexico (Continued)

Table 1: Cordero Project June 2012 Mineral Resource (Indicated & Inferred) Tabulated at Various NSR Cutoff Grades

		Combined Areas (above cutoff)					Contained Metal			
NSR Cutoff $/t	Resource Class	Million Tonnes	Ag g/t	Au g/t	Pb %	Zn %	Silver oz's (millions)	Gold oz's (millions)	Lead lbs (billions)	Zinc lbs (billions)
$6.00	Indicated	547.70	20.67	0.054	0.27	0.51	363.9	0.945	3.3	6.1
	Inferred	134.33	21.12	0.035	0.23	0.41	91.2	0.152	0.7	1.2
$10.00	Indicated	337.37	27.39	0.066	0.37	0.66	297.1	0.714	2.7	4.9
	Inferred	75.76	29.71	0.042	0.31	0.52	72.4	0.101	0.5	0.9
$15.00	Indicated	198.74	35.79	0.080	0.48	0.82	228.7	0.512	2.1	3.6
	Inferred	42.16	40.83	0.047	0.39	0.64	55.3	0.064	0.4	0.6
$20.00	Indicated	123.05	44.46	0.095	0.59	0.98	175.9	0.375	1.6	2.7
	Inferred	27.53	50.55	0.049	0.45	0.71	44.7	0.043	0.3	0.4

		Pozo de Plata Area (above cutoff)					Porphyry Zone (above cutoff)				
NSR Cutoff $/t	Resource Class	Million Tonnes	Ag, g/t	Au g/t	Pb %	Zn %	Million Tonnes	Ag g/t	Au g/t	Pb %	Zn %
$6.00	Indicated	276.3	21.94	0.074	0.29	0.49	271.4	19.37	0.033	0.26	0.53
	Inferred	15.87	17.36	0.051	0.19	0.38	118.46	21.62	0.033	0.24	0.41
$10.00	Indicated	176.86	28.73	0.092	0.38	0.62	160.51	25.91	0.037	0.36	0.70
	Inferred	9.92	21.78	0.059	0.23	0.45	65.84	30.30	0.039	0.32	0.53
$15.00	Indicated	109.74	36.65	0.112	0.48	0.76	89.00	34.72	0.041	0.48	0.91
	Inferred	4.29	28.28	0.073	0.29	0.55	37.87	42.25	0.044	0.40	0.65
$20.00	Indicated	70.56	44.36	0.132	0.59	0.90	52.49	44.60	0.045	0.59	1.09
	Inferred	1.84	34.45	0.079	0.38	0.70	25.69	51.70	0.047	0.45	0.72

Resource tabulated on Levon mineral claims within a floating cone open pit geometry which went off the Levon mineral claims for waste stripping within the cone geometry. The floating cone geometry was defined using the following metal prices and mill recoveries to produce lead and zinc concentrates.

Metal	Price	Mill Recovery	
		Pb Conc	Zn Conc
Silver	25.00 / oz	60%	15%
Lead	1.00 / lb	70%	N/A
Zinc	1.00 / lb	N/A	70%
Gold	1,200 / oz	No recovery included to date	

Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues. The quantity and grade of reported Inferred resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred resources as an Indicated or Measured mineral resource and it is uncertain if further exploration will result in upgrading them to the Indicated or Measured mineral resource category.

OVERALL PERFORMANCE (Continued)
Cordero Silver, Gold, Zinc, Lead Project, Mexico (Continued)

In 2013 the Company exercised two optioned claim group parcels which contain most of the current (May, 2013) resource and completed the purchase of an unexplored claim in the center of the resource (news release of July 10, 2013). These claim transactions consolidate the Company's 100% claim ownership of the entire Cordero project and lead to the Phase 4 drilling currently underway to try and expand the resource (news release of July 10, 2013). The latest grid drilling is on the unexplored claim in the center of the resource and designed to initially explore the claim and determine if the present resource can be expanded across the claim to improve the modeled economics of the project, particularly the early mining stages of the modeled open pit (starter pit).

Earlier Phase 4 drilling in 2012 also included initial exploration drill holes in eight outlying exploration targets away from the Cordero resource. The drill holes returned mineralized intercepts in each target, but not of the caliber that warrants immediate offset grid drilling, which was the Company's exploration goal. Future additional follow up exploration drilling is warranted in the target zones.

Future Exploration

Phase 4 drilling currently underway is on the resource drill grid covering the recently purchased 16 hectare claim in the center of the Cordero 2013 resource. Since September 31, 2013, 21 core holes (10,200 m) have been completed with additional holes planned to wrap up the program in February, 2014. The goal of the current drilling is to explore the claim and determine if the surrounding resource extends across the claim. If the resource does extend across the claim the geometry and economic projections of the early modeled open pits will change and have a significant impact on the modeled mine design and early stage mining economics of the project. Once the current drilling is completed and all assays are received, the data will be forwarded to IMC to update the Cordero resource. Our present goal is to forward the project data to IMC in early March. We then expect the updated resource to be completed and announced in Q2, 2014.

Second round metallurgical studies have been concurrent with Phase 4 drilling and include prefeasibility scale studies to better characterize reagents in the standard floatation process of the PEA in order to optimize metal recoveries and further optimize the mill design for economic modeling. From the geology of the current drilling we have determined that additional metallurgical sampling will be required from the current Phase 4 core to include more representative grade material near surface and properly model the startup pits.

Tailings studies are also being completed to optimize tailings dam construction modeling, which in turn will provide improved capital cost projections to use in economic modeling of the project. The metallurgical studies are being designed and coordinated by M3 utilizing ALS Metallurgy, Vancouver. Tailings characterization studies are being designed and coordinated by Golder Associates, Tucson, Arizona and SGS, Kelowna, British Columbia.

Exploration Potential

Cordero Project geology, metal assemblages and scale of the porphyry controlled mineralized centers recognized by Levon appear to be most analogous with the Penasquito mine of GoldCorp. The Company believes Cordero Project geology, mineralization and exploration results to date support and extend this geologic analogy. The initial Levon Cordero Project discovery was (hole C09-5) centered on a diatreme breccia (news release of November 3, 2009) directly analogous with the Penasquito open pit deposits. Levon recognition of porphyry controlled Ag, Au, Zn, Pb mineralization 1 km to the northeast (hole C09-8) lead to the application of porphyry exploration model, well known around the world, to guide Cordero Project exploration. The discovery holes and subsequent exploration and grid drilling established that the discovery holes have penetrated a single large scale bulk tonnage body of mineralization contained within portions of three intrusive centers of the Cordero Project Porphyry Belt: The Pozo de Plata Diatreme, the Cordero Felsic Dome Complex and the Cordero Porphyry Zone respectively with about 3 km of strike length. The mineralization is largely open to expansion on strike and at depth.

Potentially economic drill intercepts that require immediate offset grid drilling were not encountered in outlying exploration targets of the Cordero Project Porphyry Belt, Porphido Norte Belt and the Perla volcanic center tested by initial Phase 4 drill holes. The holes did cut mineralization locally in the eight outlying target zones that, in the context of porphyry exploration guides warrant future exploration follow up and drilling. For further details and maps of the Cordero Project, please see our website: www.levon.com. For information on other non-material properties held by the Company, refer to the Company's AIF, which is available on SEDAR at www.sedar.com.

OVERALL PERFORMANCE (Continued)

Risks

Exploration and development involve a high degree of risk and few properties are ultimately developed into producing mines. There is no assurance that the Company's future exploration and development activities will result in any discoveries of commercial bodies of ore. Whether an ore body will be commercially viable depends on a number of factors including the particular attributes of the deposit such as size, grade and proximity to infrastructure, as well as mineral prices and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in a mineral deposit being unprofitable.

The Company's projections are estimates only based on management's assessment of facts at the time of the projections. Management believes these projections to be reasonable but actual results may differ.

For more information on risks and uncertainties facing the Company, refer to the section below named Risk Factors.

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The Company's projections are estimates only based on management's assessment of facts at the time of the projections. Management believes these projections to be reasonable but actual results may differ.

For more information on risks and uncertainties facing the Company, refer to the section below named Risk Factors.

RESULTS OF OPERATIONS

Three months ended December 31 2013 compared with the three months ended December 31, 2012

	2013	2012
Expenses		
Consulting and management fees	$ 182,248	$ 172,650
Depreciation	5,198	4,307
Exploration expenditures	1,749,985	832,690
Independent directors' fees	22,500	18,000
Listing and filing fees	3,707	2,117
Office, occupancy and miscellaneous	26,701	11,122
Professional fees	5,697	108,707
Salaries and benefits	76,880	45,647
Share-based compensation	-	71,803
Shareholder relations and promotion	47,989	46,809
Travel	24,451	56,219
Loss before other items	(2,145,356)	(1,370,071)
Other items		
Interest income	152,988	121,470
Unrealized foreign exchange loss	298,768	185,628
Net Loss for Year	(1,693,600)	(1,062,973)
Other Comprehensive Loss		
Unrealized loss on investments	(276)	(106)
Total Comprehensive Loss for Year	$ (1,693,876)	$ (1,063,079)

Three months ended December 31, 2013 compared with the three months ended December 31, 2012 (Continued)

During the three months ended December 31, 2013, the Company's net loss decreased by $630,627 from a net loss of $1,062,973 for the three months ended December 31, 2012 to a net loss of $1,693,600 for the three months ended December 31, 2013. The overall decrease in the net loss as compared to the prior year was due to the factors discussed below:

Exploration expenditures

Exploration expenditures increased by $917,295 during the period from $832,690 for the three months ended December 31, 2012 to $1,749,985 for the three months ended December 31, 2013. The increase is mainly attributed by increased drilling activities during the period. During the three months ended December 31, 2013, the Company planned a drilling program of 14,000 meters and drilling commenced on October 1, 2013. During the three months ended December 31, 2013, the Company incurred drilling and exploration expenditures of $1,104,450.

RESULTS OF OPERATIONS (Continued)

Professional fees

Professional fees decreased by $103,010 from $108,707 the three months ended December 31, 2012 to $5,697 for the three months ended December 31, 2013. Prior year's higher balance is attributed to payment of audit fees of $76,500.

Salaries and benefits

Salaries and benefits increased by $31,233 from $45,647 during the three months ended December 31, 2012 to $76,880 during the three months ended December 31, 2013. The increase is mostly attributed to increased corporate secretary services incurred by the Company as it intends to improve corporate governance to continue to comply with TSX standards.

Share-based payments

Share-based payments decreased by $71,803 from $71,803 for the three months ended December 31, 2012 to $Nil for the three months ended December 31, 2013. Prior period's higher balance is attributed to more stock options granted and vested. 500,000 stock options were granted during the three months ended December 31, 2012 compared to Nil stock options granted during the three months ended December 31, 2013

Travel

Travel expense decreased by $31,768 from $56,219 during the three months ended December 31, 2012 to $24,451 during the three months ended December 31, 2013. The decrease is attributed to the reclassification of travel expenditure related to travelling to the Cordero Property to exploration expenditures

RESULTS OF OPERATIONS (Continued)

Nine months ended December 31, 2013 compared with the nine months ended December 31, 2012

	2013	2012
Expenses		
Consulting and management fees	$ 522,657	$ 516,750
Depreciation	15,594	29,234
Exploration expenditures	2,620,316	4,039,180
Independent directors' fees	75,000	78,000
Listing and filing fees	70,279	55,962
Office, occupancy and miscellaneous	123,252	112,161
Professional fees	123,386	67,857
Salaries and benefits	175,314	169,544
Share-based compensation	35,594	1,200,522
Shareholder relations and promotion	161,102	151,536
Travel	47,714	226,470
Loss before other items	(3,970,208)	(6,647,216)
Other items		
Interest income	419,242	349,327
Unrealized foreign exchange loss	249,580	(5,771)
Net Loss for Year	(3,301,386)	(6,303,660)
Other Comprehensive Loss		
Unrealized loss on investments	(1,081)	(3,182)
Total Comprehensive Loss for Year	$ (3,302,467)	$ (6,306,842)

During the nine months ended December 31, the Company's net loss decreased by $3,002,274 from a net loss of $6,303,660 for the nine months ended December 31, 2012 to a net loss of $3,301,386 for the nine months ended December 31, 2013. The overall decrease in the net loss as compared to the prior year was due to the factors discussed below:

RESULTS OF OPERATIONS (Continued)

Nine months ended December 31, 2013 compared with the nine months ended December 31, 2012 (Continued)

Exploration expenditures

Exploration expenditures decreased by $1,418,864 during the period from $4,039,180 for the nine months ended December 31, 2012 to $2,620,316 for the nine months ended December 31, 2013. The decrease is mainly attributed to overall reduced drilling activities during the first six months of the period. Drilling resumed on October 1, 2013 when the Company planned a drilling program of 14,000 meters.

Professional fees

Professional fees increased by $55,529 from $67,857 the nine months ended December 31, 2012 to $123,386 for the nine months ended December 31, 2013. The lower balance in the nine months ended December 31, 2012 is attributed to the reversal of legal fees of $77,350.

Share-based payments

Share-based payments decreased by $1,164,928 from $1,200,522 for the nine months ended December 31, 2012 to $35,594 for the nine months ended December 31, 2013. Prior period's higher balance is attributed to more stock options granted and vested. 1,350,000 stock options were granted during the nine months ended December 31, 2012 compared to 100,000 stock options granted during the nine months ended December 31, 2013.

Travel

Travel expense decreased by $178,756 from $226,470 during the nine months ended December 31, 2012 to $47,714 during the nine months ended December 31, 2013. The lower balance for the nine months ended December 31, 2013 is attributed to the reclassification of travel expenditure related to travelling to the Cordero Property to exploration expenditures

Foreign exchange loss

Foreign exchange gain increased by $255,351 from a loss position of $5,771 during the nine months ended December 31, 2012 to a gain position of $249,580 during the nine months ended December 31, 2013. Foreign exchange gain is attributed to the strengthening of the USD on US denominated deposits held during the period.

SUMMARY OF QUARTERLY RESULTS

Period ended	Dec 31 2013 Q3	Sep 30 2013 Q2	Jun 30 2013 Q1	Mar 31 2013 Q4	Dec 31 2012 Q3	Sept 30 2012 Q2	June 30 2012 Q1	Mar 31 2012 Q4
Loss before other items	(2,145,356)	(1,043,846)	(781,006)	(595,817)	(1,370,071)	(2,959,438)	(2,317,707)	(3,405,064)
Net Loss	(1,693,600)	(1,122,346)	(485,440)	(465,847)	(1,062,973)	(3,378,269)	(1,862,418)	(3,008,469)
Basic Loss per Share	(0.01)	(0.01)	(0.00)	(0.00)	(0.01)	(0.02)	(0.02)	(0.02)

All of the information above is presented in accordance with IFRS.

Quarterly results often fluctuate with changes in exploration and expenses and non-cash items such as share-based payments. The decrease in losses from Q3 December 31, 2012 to Q3 December 31, 2013 is attributed to the overall decrease in exploration expenditures incurred.

LIQUIDITY AND CAPITAL RESOURCES

The Company has financed its operations to date through the issuance of common shares. Currently, the Company has sufficient capital to conduct further exploration on its existing properties. The consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company's ability to continue as a going concern is dependent upon the continue support from its shareholders, the discovery of economically recoverable reserves, the ability of the Company to obtain the financing necessary to complete development and achieve profitable operations in the future. The outcome of these matters cannot be predicted at this time.

As at December 31, 2013 the Company had working capital $43,522,988 compared to working capital of $49,169,844 at March 31, 2013.

Year Ended	December 31, 2013	March 31, 2013
Working Capital	43,522,988	49,169,844
Deficit	71,394,508	68,445,141

Working capital decreased by $5,646,856 from $49,169,844 as at March 31, 2013 to $43,522,988 as at December 31 2013. The decrease is mainly attributed to a reduction in the cash balance of $5,795,905. Of the decrease of $5,795,905 in cash, $2,146,593 was used in investing activities on the acquisition of the Aida claim. During the nine months ended December 31, 2013, the Company entered into an agreement to purchase a 100% interest in the Aida mining claim, located in a central part of the Cordero Project claim block for $2,000,000 USD. Acquisition of the Aida claim consolidates Levon's 100% ownership of all mining claims in the Cordero mining district.

CASH FLOW

	December 31, 2013	December 31, 2012
Cash used in operating activities	$(3,643,857)	$(5,367,402)
Cash used in investing activities	(2,152,048)	(11,848)
Cash provided by financing activities	-	27,758
Increase in cash and cash equivalents	$(5,795,905)	$(5,351,492)
Cash balance, beginning of the year	49,311,914	58,051,989
Cash balance, end of the year	$43,516,009	$52,700,497

Operating Activities:

Cash used in operating activities for the nine months ended December 31, 2013 was $3,643,857 compared to $5,367,402 for the nine months ended December 31, 2012. The decrease in cash used in operating activities is mainly attributed to an overall decrease in drilling activities during the first 6 months of fiscal 2013 resulting in lower exploration expenditures incurred. The Company resumed drilling activities in October 2013 when it acquired 100% of the Aida mining claim in July 2013. The Aida claim consolidates Levon's 100% ownership of all mining claims in the Cordero mining district.

Investing Activities:

Cash used by investing activities for the nine months ended December 31, 2013 was $2,152,048 compared to cash used in investing activities of $11,848 for the nine months ended December 31, 2012. During the nine months ended December 31, 2013, the Company entered into an agreement to purchase a 100% interest in the Aida mining claim, located in a central part of the Cordero Project claim block for $2,000,000 USD. Acquisition of the Aida claim consolidates Levon's 100% ownership of all mining claims in the Cordero mining district.

Financing Activities:

Cash provided by financing activities was $Nil for the nine months ended December 31, 2013 as no financing was raised. Cash provided by financing activities was $27,758 for the nine months ended December 31, 2013 on stock options exercised.

.**OFF-BALANCE SHEET ARRANGEMNETS**

The Company has not entered into any off-balance sheet transactions

RELATED PARTY TRANSACTIONS

Due to related parties consists of the following:

	December 31, 2013	March 31, 2013
Chevillon Exploration. (ii)	$ 3,435	$ 3,480
Coral Gold Resources Ltd. (iii)	34,008	33,347
Oniva (i)	30,497	44,713
Great Thunder Gold Corp. (iii)	788	-
	$ 68,728	$ 81,540

(i) Oniva and ABC Drilling are private companies related by way of common management and directors.

(ii) Chevillon Exploration is a private company controlled by a director and officer of the Company.

(iii) Coral Gold Resources Ltd. is a public company related by way of common directors.

Accounts payable includes $Nil (2013 - $19,354) owed to a public company related by way of common directors and $Nil (2013 - $30,673) owed to a private company related by way of common management and directors.

Related party transactions are measured at the estimated fair values of the services provided or goods received.

RELATED PARTY TRANSACTIONS (Continued)

Management transactions

The Company has identified its directors and certain senior officers as its key management personnel. The compensation costs for key management personnel for the nine months ended December 31, 2013 and 2012 are as follows:

	December 31, 2013	December 31 , 2012
Salaries and benefits	$ 72,295	$ 61,968
Consulting and management fees (i)	515,190	509,567
Share-based payments (ii)	-	1,200,522
	$ 587,485	$ 1,772,057

(i) Consulting and management fees include management fees paid to a company controlled by a director and officer of the company and has been included as part of exploration expense.

(ii) Share-based payments include the modification of the exercise price of stock options granted to certain officers and directors to $0.75. See note 10.

PROPOSED TRANSACTIONS

The Company does not have any proposed transactions.

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements requires management to make judgments, estimates, and assumptions that affect the application of policies and reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of expenses during the reporting period. In particular, significant judgments made by management in the application of IFRS during the preparation of the financial statements and estimates with a risk of material adjustment are:

(a) Realization of exploration and evaluation assets

The investment in exploration and evaluation assets on the Cordero Project comprises a significant portion of the Company's assets. Realization of the Company's investment in the exploration and evaluation assets is dependent upon the Company obtaining permits, the satisfaction of local governmental requirements, the attainment of successful production from the properties, or from the proceeds upon disposal of the Company's properties. Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines.

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

(b) Environmental

Environmental legislation is becoming increasingly stringent and the costs of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development of the Cordero Project, the potential for production on the property may be diminished or negated.

The Company is subject to laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation.

Future obligations to retire an asset, including dismantling, remediation and ongoing treatment and monitoring of the site related to normal operations, are initially recognized and recorded as a liability based on estimated future cash flows discounted at a credit adjusted risk free rate.

At September 30, 2013, the Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

(c) Impairment assessment

At each financial position reporting date, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

At September 30, 2013, there are no indications that suggest that the Company's assets are impaired.

(d) Recoverability of amounts receivable

The balance in amounts receivable includes value added taxes to be recovered in Mexico. At each financial position reporting date, the carrying amounts of the Company's amounts receivable are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

The Company is corresponding with the Mexican government to recover the Mexican value added tax. At September 30, 2013, there are no indications that suggest that the Company's Mexican value added tax are not recoverable.

(e) Valuation of share-based payments

The Company uses the Black-Scholes option pricing model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

(f) Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

(g) Deprecation for equipment

Depreciation expense is allocated based on assumed asset lives. Should the asset life or depreciation rates differ from the initial estimate, any adjustment would be made in the consolidated statements of operations and comprehensive loss.

(h) Contingencies

By their nature, contingencies will only be resolved when one or more uncertain future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

(i) Fair value hierarchy

Where the fair value of financial assets and financial liabilities recorded in the statements of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including discounted cash flow models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

While management believes that these judgments and estimates are reasonable, actual results could differ from those estimates and could impact future results of comprehensive income and cash flows. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods. There were no significant changes in estimates during the second quarter of the year ended September, 2013.

RISK FACTORS

In addition to the other information presented in this MD&A, the following should be considered carefully in evaluating the Company and its business. This MD&A contains forward-looking statements that involve risk and uncertainties. The Company's actual results may differ materially from the results discussed in the forward-looking statements. Factors that might cause such a difference include, but are not limited to, those discussed below and elsewhere in this MD&A.

We will be required to raise additional capital to mine our properties. The Company is currently in the exploration stage of its properties. If the Company determines based on its most recent information that it is feasible to begin operations on its properties, the Company will be required to raise additional capital in order to develop and bring the properties into production. Our ability to raise funds will depend on several factors, including, but not limited to, current economic conditions, our properties, our prospects, metal prices, businesses competing for financing an our financial condition. There can be no assurance that we will be able to raise funds, or to raise funds on commercially reasonable terms.

The commercial quantities of ore cannot be accurately predicted. Whether an ore body will be commercially viable depends on a number of factors including the particular attributes of the deposit, such as size, grade and proximity to infrastructure, as well as mineral prices and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in a mineral deposit being unprofitable.

The mining industry is highly speculative and involves substantial risks. The Company is engaged in mineral exploration and development activities which, by their nature, are speculative due to the high risk nature of the business. Any investment in the common shares of the Company should be considered a highly speculative investment due to the nature of the Company's business. Such risk factors could materially affect the Company's future financial results and could cause actual results and events to differ materially from those described in forward looking statements and forward looking information.

The Company's properties are all at the exploration stage and have no proven reserves. All of the Company's properties are in the exploration stage only and are without a known body of ore. If the Company does not discover a body of ore in its properties, the Company will search for other properties where they can continue similar work.

The Company's mineral exploration efforts may be unsuccessful. Despite exploration work on its mineral claims, no known bodies of commercial ore or economic deposits have been established on any of the Company's properties. In addition, the Company is at the exploration stage on all of its properties and substantial additional work will be required in order to determine if any economic deposits occur on the Company's properties. Even in the event commercial quantities of minerals are discovered, the exploration properties might not be brought into a state of commercial production. Finding mineral deposits is dependent on a number of factors, including the technical skill of exploration personnel involved. The commercial viability of a mineral deposit once discovered is also dependent on a number of factors, some of which are particular attributes of the deposit, such as size, grade and proximity to infrastructure, as well as metal prices. Most of these factors are beyond the control of the entity conducting such mineral exploration. The Company is an exploration stage company with no history of pre-tax profit and no income from its operations

Competition for mineral land. There is a limited supply of desirable mineral lands available for acquisition, claim staking or leasing in the areas where the Company contemplates expanding its operations and conducting exploration activities. Many participants are engaged in the mining business, including large, established mining companies. Accordingly, there can be no assurance that the Company will be able to compete successfully for new mining properties

RISK FACTORS (Continued)

Competition for recruitment and retention of qualified personnel. We complete with other exploration companies, many of which have greater financial resources than us or are further in their development, for the recruitment and retention of qualified employees and other personnel. Competition for exploration resources at all levels is currently very intense, particularly affecting the availability of manpower, drill rigs and supplies. If we require and are unsuccessful in acquiring additional personnel or other exploration resources, we will not be able to grow at the rate we desire or at all.

Uncertainty of exploration and development programs. The Company's profitability is significantly affected by the costs and results of its exploration and development programs. As mines have limited lives based on proven and probable mineral reserves, the Company actively seeks to expand its mineral reserves, primarily through exploration, development, and strategic acquisitions. Exploration for minerals is highly speculative in nature, involves many risks and is frequently unsuccessful. Among the many uncertainties inherent in any gold or silver exploration and development program are the location of economic ore bodies, the development of appropriate metallurgical processes, the receipt of necessary governmental permits and the construction of mining and processing facilities. Assuming the discovery of an economic deposit, depending on the type of mining operation involved, several years may elapse from the initial phases of drilling until commercial operations are commenced and, during such time, the economic feasibility of production may change. Accordingly, the Company's exploration and development programs may not result in any new economically viable mining operations or yield new mineral reserves to expand current mineral reserves.

Licenses and permits. The operations of the Company require licenses and permits from various governmental authorities. The Company believes that it holds all necessary licenses and permits under applicable laws and regulations and believes that it is presently complying in all material respects with the terms of such licenses and permits. However, such licenses and permits are subject to change in various circumstances. There can be no guarantee that the Company will be able to obtain or maintain all necessary licenses and permits as are required to explore and develop its properties, commence construction or operation of mining facilities and properties under exploration or development or to maintain continued operations that economically justify the cost.

Litigation. Although the Company is not currently subject to litigation, it may become involved in disputes with other parties in the future, which may result in litigation. Any litigation could be costly and time consuming and could divert our management from our business operations. In addition, if the Company is unable to resolve any litigation favorably, it may have a material adverse impact on the Company's financial performance, cash flow and results of operations.

Acquisitions. The Company undertakes evaluations of opportunities to acquire additional mining properties. Any resultant acquisitions may be significant in size, may change the scale of the Company's business, and may expose the Company to new geographic, political, operating, financial and geological risks. The Company's success in its acquisition activities depends on its ability to identify suitable acquisition candidates, acquire them on acceptable terms, and integrate their operations successfully. Any acquisitions would be accompanied by risks, such as a significant decline in the price of gold or silver, the ore body proving to be below expectations, the difficulty of assimilating the operations and personnel of any acquired companies, the potential disruption of the Company's ongoing business, the inability of management to maximize the financial and strategic position of the Company through the successful integration of acquired assets and businesses, the maintenance of uniform standards, controls, procedures and policies, the impairment of relationships with customers and contractors as a result of any integration of new management personnel and the potential unknown liabilities associated with acquired mining properties. In addition, the Company may need additional capital to finance an acquisition. Historically, the Company has raised funds through equity financing and the exercise of options and warrants. However, the market prices for natural resources are highly speculative and volatile. Accordingly, instability in prices may affect interest in resource properties and the development of and production from such properties that may adversely affect the Company's ability to raise capital to acquire and explore resource properties. There can be no assurance that the Company would be successful in overcoming these risks or any other problems encountered in connection with such acquisitions.

RISK FACTORS (Continued)

Conflict of interest. Certain directors and officers of the Company are officers and/or directors of, or are associated with, other natural resource companies that acquire interest in mineral properties. Such associations may give rise to conflicts of interest from time to time. The directors are required by law, however, to act honestly and in good faith with a view to the best interests of the Company and its shareholders and to disclose any personal interest which they may have in any material transaction which is proposed to be entered into with the Company and to abstain from voting as a director for the approval of such transaction.

Dependence on management. We are dependent on the services of key executives including our President and Chief Executive Officer and other highly skilled and experienced executives and personnel focused on advancing our corporate objectives as well as the identification of new opportunities for growth and funding. Due to our relatively small size, the loss of these persons of our inability to attract and retain additional highly skilled employees required for our activities may have a material adverse effect on our business and financial condition.

Uncertainty of continuity as a going concern. The continuation of the Company depends upon its ability to attain profitable operations and generate cash flow from operations and/or to raise equity capital through the sale of its securities. As a result, there is uncertainty about the Company's ability to continue as a going concern. The Company's financial statements do not include the adjustments that would be necessary if the Company were unable to continue as a going concern.

Limited and volatile trading volume. Although the Company's common shares are listed on the TSX, the United States Over the Counter Bulletin Board, referred to as the "OTCBB", and the Frankfurt Stock Exchange, referred to as the "FSE", the volume of trading has been limited and volatile in the past and is likely to continue to be so in the future, reducing the liquidity of an investment in the Company's common shares and making it difficult for investors to readily sell their shares in the open market. Without a liquid market for the Company's common shares, investors may be unable to sell their shares at favorable times and prices and may be required to hold their shares in declining markets or to sell them at unfavorable prices.

Volatility of share price. In recent years, securities markets in Canada have experienced a high level of price volatility. The market price of many resource companies, particularly those, like the Company, that are considered speculative exploration companies, have experienced wide fluctuations in price, resulting in substantial losses to investors who have sold their shares at a low price point. These fluctuations are based only in part on the level of progress of exploration, and can reflect general economic and market trends, world events or investor sentiment, and may sometimes bear no apparent relation to any objective factors or criteria.

Market price is highly speculative. The market price of metals is highly speculative and volatile. Instability in metal prices may affect the interest in mining properties and the exploration, development and product ion of such properties. If gold and silver prices substantially decline, this may adversely affect the Company's ability to raise capital to explore for existing and new mineral properties.

The Company is subject to foreign currency fluctuations. The Company operates in more than one country and the Company's functional currency is the Canadian Dollar. The Company's officers are located in Canada, and certain of its mining exploration properties are located in Mexico and the United States. The Company's financial results are reported in Canadian Dollars. Any appreciation in the currency of the United States, Mexico or other countries where we may carryout exploration activities against the Canadian or US Dollar will increase our costs of carrying out operations in such countries. Fluctuations in and among the various currencies in which the Company operates could have a material effect on the Company's operations and its financial results.

RISK FACTORS (Continued)

Political or economic instability or unexpected regulatory change. Certain of our properties are located in countries, provinces and states more likely to be subject to political and economic instability, or unexpected legislative change, than is usually the case in certain other countries, provinces and states. Our mineral exploration activities could be adversely effected by:

- political instability and violence;
- war and civil disturbances;
- expropriation or nationalization;
- changing fiscal regimes;
- fluctuations in currency exchange rates;
- high rates of inflation;
- underdeveloped industrial and economic infrastructure;
- changes in the regulatory environment governing mineral properties; and
- unenforceability of contractual rights

FINANCIAL INSTRUMENTS AND RISKS

The Company's financial instruments consist of amounts receivable, reclamation deposits, accounts payable and due from/to related parties. The carrying amounts of amounts receivable (excluding IVA and HST), reclamation deposits, and accounts payable are a reasonable estimate of their fair values due to their short term to maturity. All cash equivalents comprise of cash, bank deposits, cashable guaranteed investment certificates and short-term investments that are readily convertible to known amounts of cash with original maturities of three months or less.

The Company's financial instruments are exposed to certain financial risks, credit risk, liquidity risk and market risk.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash is exposed to credit risk.

The Company manages credit risk, in respect of cash, by maintaining the majority of cash at high credit rated Canadian financial institutions. Concentration of credit risk exists with respect to the Company's cash and reclamation deposits as the majority of the amounts are held with a Canadian and a Mexican financial institution.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due.

The Company manages its liquidity risk by forecasting cash flows required by operations and anticipated investing and financing activities. The Company has cash and cash equivalents at December 31, 2013 in the amount of $43,516,009 (March 31, 2013 - $49,311,914) in order to meet short-term business requirements. At December 31, 2013, the Company had current liabilities of $170,717 (March 31, 2013- $244,226). Accounts payable have contractual maturities of less than 30 days and are subject to normal trade terms. Advances payable to related parties are without interest or stated terms of repayment.

FINANCIAL INSTRUMENTS AND RISKS (Continued)

Interest Rate Risk

The Company's cash and cash equivalents consist of cash held in bank accounts, fixed income investments and guaranteed investment certificates that earn interest at variable interest rates. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of December 31, 2013. Future cash flows from interest income on cash will be affected by interest rate fluctuations. The Company manages interest rate risk by maintaining an investment policy that focuses primarily on preservation of capital and liquidity.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities are denominated in foreign currency.

The Company is exposed to foreign currency fluctuation related to its exploration and evaluation assets thereon, and accounts payable in US dollar balances and Mexican pesos ("MXN"). A significant change in the exchange rate between the Canadian dollar relative to the US dollar or Mexican pesos could have an effect on the Company's financial position, results of operations and cash flows.

NEW ACCOUNTING STANDARDS

New accounting standards effective April 1, 2013

IFRS 10 Consolidated Financial Statements - IFRS 10 requires a parent to present consolidated financial statements as those of a single economic entity, replacing the requirements previously contained in IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation - Special Purpose Entities.

The standard identifies the principles of control, determines how to identify whether an investor controls an investee and, therefore, must consolidate the investee, and sets out the principles for the preparation of consolidated financial statements.

The standard introduces a single consolidation model for all entities based on control, irrespective of the nature of the investee (i.e., whether an entity is controlled through voting rights of investors or through other contractual arrangements as is common in "special purpose entities"). Under IFRS 10, control is based on whether an investor has power over the investee, exposure, or rights, to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of the returns.

IFRS 11 Joint Arrangements - IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities - Non-monetary Contributions by Venturers.

IFRS 12 Disclosure of Interests in Other Entities - IFRS 12 requires the extensive disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

NEW ACCOUNTING STANDARDS (Continued)

In high-level terms, the required disclosures are grouped into the following broad categories:

- **Significant judgments and assumptions** - such as how control, joint control, significant influence has been determined
- **Interests in subsidiaries** - including details of the structure of the group, risks associated with structured entities, changes in control, and so on
- **Interests in joint arrangements and associates** - the nature, extent and financial effects of interests in joint arrangements and associates (including names, details and summarized financial information)
- **Interests in unconsolidated structured entities** - information to allow an understanding of the nature and extent of interests in unconsolidated structured entities and to evaluate the nature of, and changes in, the risks associated with its interests in unconsolidated structured entities

IFRS 12 lists specific examples and additional disclosures which further expand upon each of these disclosure objectives, and includes other guidance on the extensive disclosures required.

Applicable to annual periods beginning on or after January 1, 2013. If early-adopted, must be adopted together with IFRS 10, IFRS 11, IAS 27 (2011) and IAS 28 (2011).

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

Amendments to IAS 1 Presentation of Financial Statements - The IASB has amended IAS 1 to require entities to separate items presented in other comprehensive income (“OCI”) into two groups, based on whether or not items may be reclassified into profit or loss in the future. Entities that choose to present OCI items before tax will be required to show the amount of tax related to the two groups separately.

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine - IFRIC 20 addresses the accounting for overburden waste removal (stripping) costs in the production phase of a surface mine. Stripping activity may result in two types of benefits: i) inventory produced and ii) improved access to ore that will be mined in the future. Stripping costs associated with inventory production should be accounted for as a current production cost in accordance with IAS 2 Inventories, and those associated with improved access to ore should be accounted for as an addition to, or enhancement of, an existing asset.

Amendments to other standards - In addition, there have been other amendments to existing standards, including IAS 27 Separate Financial Statements and IAS 28 Investments in Associates and Joint Ventures. IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 to IFRS 13.

Each of the new standards, IFRS 10 to 13, IFRIC 20 and the amendments to other standards, is effective for the Company beginning on April 1, 2013 with early adoption permitted. The Company is assessing the impact that the new standards will have on its consolidated financial statements.

New accounting standards effective April 1, 2015

IFRS 9 Financial Instruments - IFRS 9 was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and FVTPL. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at the FVTPL or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent that they do not clearly representing a return of investment; however, others gains and losses (including impairments) associated with such instruments remain in accumulated other comprehensive income indefinitely.

NEW ACCOUNTING STANDARDS (Continued)

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39 Financial Instruments – Recognition and Measurement, except that fair value changes due to credit risk for liabilities designated at FVTPL would generally be recorded in OCI.

IFRS 9 is effective for the Company beginning on April 1, 2015 with early adoption permitted. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its consolidated financial statements or whether to early-adopt any of the new requirements.

OUTSTANDING SHARE DATA

The following is the Company's outstanding share data as of December 31, 2013 and February 13, 2014

Common Shares: 199,854,423 as of December 31, 2013 and 199,854,423 as of February 13, 2014

Stock Options:

Expiry Date	Exercise Price Per Share	Number of Shares Remaining Subject to Options (Dec 31/13)	Number of Shares Remaining Subject to Options (Feb 13/14)
April 28, 2014	$0.25	225,000	225,000
January 28, 2015	$0.70	200,000	200,000
July 20, 2015	$0.65	400,000	400,000
September 3, 2015	$1.00	3,285,000	3,285,000
March 25, 2016 ***	$0.75	7,920,000	7,920,000
October 3, 2016***	$0.75	200,000	200,000
October 3, 2016	$1.50	25,000	25,000
May 15, 2017	$1.00	750,000	750,000
June 7, 2017	$1.00	100,000	100,000
November 26, 2015	$0.75	100,000	100,000
November 26, 2015	$1.00	200,000	200,000
November 26, 2015	$1.25	200,000	200,000
July 15, 2015	$0.75	100,000	100,000
TOTAL:		**13,705,000**	**13,705,000**

******* On September 21, 2012, the Company modified the exercise price of options with an expiry date of March 25, 2016 and October 3, 2016 with an original exercise price of $1.65 and $1.50, respectively, to $0.75.