PROPHECY PLATINUM CORP.
(AN EXPLORATION STAGE COMPANY)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2013

(Expressed in Canadian Dollars)

CONTENTS

1. INTRODUCTION

This Management's Discussion and Analysis ("**MD&A**") of Prophecy Platinum Corp. and its subsidiaries (collectively referred to as "**Prophecy Platinum**", the "**Company**", "we", "us" or "our") provides analysis of the Company's financial results for the year ended March 31, 2013. The following information should be read in conjunction with the accompanying March 31, 2013 audited annual consolidated financial statements and the notes to those financial statements, prepared in accordance with International Financial Reporting Standards ("**IFRS**"), as issued by the International Accounting Standards Board, and the Company's Annual Information Form for the year ended March 31, 2013, all of which are available on the SEDAR website at www.sedar.com. Financial information is expressed in Canadian dollars, unless stated otherwise. This MD&A is current as of July 29, 2013. This discussion is intended to supplement and complement Prophecy Platinum's audited annual consolidated financial statements for the year ended March 31, 2013 and the notes thereto. Readers are cautioned that this MD&A contains "forward-looking statements" and that actual events may vary from management's expectations. Readers are encouraged to read the cautionary note contained herein regarding such forward-looking statements. This MD&A was reviewed, approved and authorized for issue by the Company's Audit Committee and Board of Directors on July 16, 2013 and July 25, 2013, respectively.

Description of Business

Prophecy Platinum, incorporated in British Columbia, is a public company listed on the TSX Venture Exchange ("**TSX-V**") and its common shares trade under the symbol "NKL". The Company maintains its head office at 342 Water Street, 2nd Floor, Vancouver, British Columbia, Canada, V6B 1B6.

The principal business of the Company is the exploration and development of mineral projects with significant platinum group metals in North America. The Company's largest resource is located in the Yukon Territory, Canada, where the Company holds a 100% interest in the Wellgreen property and a 100% interest in the Burwash property.

In Ontario, the Company holds a 100% interest in the Shakespeare property, an 80% joint venture interest with Xstrata on surrounding property to the Shakespeare property, and a 100% interest in certain PGM, nickel and copper exploration properties, including the Stumpy Bay, Porter Baldwin, Shining Tree, and Fox Mountain properties.

In Manitoba, the Company is in the process of earning a 100% interest in the Lynn Lake Property, which is currently 100% owned by Victory Nickel Inc. ("**Victory**").

In Uruguay, the Company incorporated a wholly-owned subsidiary, Pacific Nickel Sudamerica SA., to hold five prospecting licenses which are currently being assessed by the Company.

At March 31, 2013 and July 29, 2013, the Company had respectively: (i) 68,774,692 and 77,160,956 common shares issued and outstanding; (ii) 10,165,333 and 10,105,333 options to acquire common shares outstanding; and (iii) 3,783,604 and 12,169,868 share purchase warrants to acquire common shares outstanding.

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Share Information
The Company's common shares are listed for trading on: (i) the TSX-V under the symbol "NKL"; (ii) the OTC-QX under the symbol "PNIKF"; and (iii) on the Frankfurt Stock Exchange under the symbol "P94P".

Investor Information
Financial reports, news releases and corporate information can be accessed on our website at www.prophecyplatinum.com

Registered Office	Transfer Agents and Registrars	Contact Information
2200 HSBC Building 885 West Georgia Street Vancouver, BC V6C 3E8	Computershare Investor Services Inc. 3rd Floor, 510 Burrard Street Vancouver, BC Canada V6C 3B9 Tel: +1-604-661-9400	Investors: Chris Ackerman Media requests and queries: Tel: +1-604-569-3690 cackerman@prophecyplatinum.com

As at the date of this MD&A, the Company's directors and officers are as follows:

Directors	**Officers**
Harald Batista	Greg Johnson, President and Chief Executive Officer
Greg Hall	Jeffrey Mason, Chief Financial Officer
Wesley J. Hall	John Sagman, Senior VP and Chief Operating Officer
Greg Johnson	Robert Bruggeman, VP Corporate Development
John Lee	Samir Patel, Corporate Counsel and Corporate Secretary
Myron Manternach	
Mike Sylvestre	

Audit Committee	***Compensation Committee***	***Corporate Governance and Nominating Committee***
Greg Hall (Chair)	Michael Sylvestre (Chair)	Wesley J. Hall (Chair)
Harald Batista	Harald Batista	Michael Sylvestre
Myron Manternach	Myron Manternach	Harald Batista
		Myron Manternach

Qualified Person

Mr. John Sagman, P.Eng. is the qualified person as defined under NI 43-101 who has reviewed and approved the technical and scientific disclosure regarding the mineral properties of Prophecy Platinum Corp. contained in this MD&A.

2. FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A constitute "forward-looking statements" within the meaning of Canadian securities legislation. These forward-looking statements are made as of the date of this MD&A and the Company does not undertake to update any forward-looking statement that may be made from time to time by the Company or on its behalf, except in accordance with applicable securities laws.

Forward-looking statements relate to future events or future performance and reflect management's expectations or beliefs regarding future events and include, but are not limited to, statements with respect to the estimation of mineral reserves and resources, the realization of mineral resource and mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, success of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage.

Except for statements of historical fact relating to the Company, certain information contained herein constitutes forward-looking statements. This MD&A contains forward-looking statements which reflect management's expectations regarding Prophecy Platinum's future growth for the ensuing year, our medium and long term goals, and strategies to achieve those objectives and goals, as well as statements with respect to our belief, plans, objectives, expectations, anticipations, estimates and intentions. The words "may", "could", "should", "would", "suspect", "outlook", "believes", "plan", "anticipates", "estimate", "expects", "intends" and words and expressions of similar import are intended to identify forward-looking statements. In particular, statements regarding the

Company's future operations, future exploration and development activities or other development plans and estimated future financing requirements contain forward-looking statements.

Forward-looking statements include, without limitation, the information concerning possible or assumed future results of the Company's operations. These statements are not historical facts but instead represent only the Company's current beliefs as well as assumptions made by and information currently available to the Company concerning anticipated financial performance, business prospects, strategies, regulatory developments, development plans, exploration and development activities and commitments and future opportunities. Although management considers those assumptions to be reasonable based on information currently available to them, they may prove to be incorrect.

These statements are not guarantees of future performance and involve assumptions and risks and uncertainties that are difficult to predict. Therefore, actual results may differ materially from what is expressed, implied or forecasted in such forward-looking statements.

By their very nature, forward looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, and readers are advised to consider such forward-looking statements in light of the risks set forth below and as detailed under the section in this MD&A entitled "RISK AND UNCERTAINTIES".

These factors include, but are not limited to, developments in world financial and commodity markets, changes in exploration plans due to exploration results and changing budget priorities of the Company or its joint venture partners, changes in project parameters as plans continue to be refined; possible variations in resources and reserves, grade or recovery rates; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing, the effects of competition in the markets in which the Company operates, the impact of changes in the laws and regulations regulating mining exploration and development, judicial or regulatory judgments and legal proceedings, operational and infrastructure risks and the Company's anticipation of and success in managing the foregoing risks. The Company cautions that the foregoing list of factors that may affect future results is not exhaustive. When relying on our forward-looking statements to make decisions with respect to the Company, investors and others should carefully consider the foregoing factors and other uncertainties and potential events.

3. YEAR-END HIGHLIGHTS AND SIGNIFICANT EVENTS

- On April 16, 2012, the Company and the Company's wholly-owned private subsidiary, URSA Major Minerals Inc. ("**URSA**") signed a definitive acquisition agreement whereby the Company would acquire all of the outstanding common shares of URSA by issuing one common share of the Company for every 25 common shares of URSA held.

- On June 18, 2012, the Company announced the results of an National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("**NI 43-101**") compliant preliminary economic assessment ("**PEA**") report, prepared by Tetra Tech Wardrop ("**Tetra Tech**") for the Company's Wellgreen project.

- On July 10, 2012, Mr. Harald Batista and Mr. Myron Manternach were appointed as directors of the Company.

- On July 16, 2012, the Company completed its acquisition of URSA. The Company issued a total of 3,186,916 common shares to acquire all of the outstanding shares in URSA using a share exchange ratio of one common share of Prophecy Platinum for every 25 common shares of URSA. As a result of the acquisition, the URSA security holders become security holders of the Company, URSA become a wholly-owned subsidiary of Prophecy Platinum and URSA's common shares were delisted from the Toronto Stock Exchange. The balance of shares of URSA that were held by the Company as at March 31, 2012 were cancelled pursuant to the terms of the acquisition.

- Prophecy Platinum announced results from its PEA on June 18, 2012 with additional information including base cash metals pricing assumptions reported on July 25, 2012. The independent PEA (effective date August 1, 2012), prepared by Tetra Tech was supervised by Todd McCracken, P.Geo., Andrew Carter, C.Eng., Pacifico Corpuz, P.Eng., Philip Bridson, P.Eng and Wayne Stoyko, P.Eng who are Qualified Persons, as defined under NI 43-101.

- On July 31, 2012, the Company closed a non-brokered private placement of units and flow through shares totaling $7.25 million. 5,067,208 units were issued at a price of $1.20 per unit to generate gross proceeds of approximately $6,080,650. Each unit comprised one common share and a half share purchase warrant exercisable until July 31, 2014. Each whole warrant entitled the holder thereof to acquire one additional common share at a price of $1.50 per share in the first year and $2.00 per share in the second year. The warrants are subject to 30 day accelerated conversion if the closing price of the Company's shares on the TSX-V is $2.80 or above for a period of 10 consecutive days. 807,655 flow through shares were issued at a price of $1.45 per share to generate gross proceeds of approximately $1,171,100. Proceeds of the placement will be applied to the Wellgreen project and the Company's other properties, in addition to general working capital.

- On August 2, 2012, the Company concluded cooperation and benefits agreement with Kluane First Nation ("**KFN**") to support the Company's exploration program and environmental studies for the development of its Wellgreen project in Southwestern Yukon. On September 13, 2012, 83,333 common shares of Prophecy Platinum were issued to the KFN at an ascribed value equal to the market price of $1.55 per share.

- On August 7, 2012, Mr. Wesley J. Hall was appointed as a director of the Company, Mr. Donald Gee and Mr. David Patterson resigned as directors of the Company, and Mr. Patrick Langlois resigned as Vice President of Corporate Development.

- On August 9, 2012, the Company filed an Amended and Restated Wellgreen Project PEA and announced the results of ongoing metallurgical testing for the Wellgreen project.

- Metallurgical tests completed at SGS Laboratories under the direction of metallurgist Mr. Mike Ounpuu indicated that separate nickel-PGE-cobalt concentrates grading up to 12.9% nickel and copper-PGE-gold concentrates grading up to 23.2% copper could be produced from Wellgreen's disseminated PGE-Ni-Cu mineralization.

- On August 16, 2012, the Company announced the appointment of Mr. Rob Bruggeman as Vice President Corporate Development.

- On August 30, 2012, the Company closed a non-brokered private placement of 2.5 million units at a price of $1.20 per unit for total gross proceeds of $3 million. Each unit comprised of one common share and one-half of one share purchase warrant. Each whole warrant entitles the holder thereof to acquire one additional common share at a price of $2.00 per share for a period of two years. The warrants are subject to 30 day accelerated conversion if the closing price of the Company's shares on the TSX-V is $2.80 or above for a period of 10 consecutive days. Proceeds of the placement will be applied to the Wellgreen project and the Company's other properties, in addition to general working capital.

- On September 12, 2012, the Company announced an updated mineral resource estimate report for the Shakespeare PGM-Ni-Cu deposit that it had acquired through the acquisition of URSA.

- On October 15, 2012, the Company entered into a contract with EBA Engineering Consultants Ltd. ("**EBA**"), a Tetra Tech Company, to initiate environmental baseline studies on the Wellgreen project.

- On October 31, 2012, Prophecy Platinum made a severance payment of $125,000 to Mr. Joseph Li (50% of such payment was paid to JWL Investments Corp., a private company controlled by Mr. Li) in connection with the termination of a consulting agreement between Prophecy Platinum and JWL.

- On November 1, 2012, the Company terminated its option agreement with Marifil Mines Ltd. on the Las

Aguilas property in Argentina and wrote off its investment of $460,844.

- On November 1, 2012, the Company announced the appointment of Mr. John Sagman, P.Eng. PMP, as Senior Vice President and Chief Operating Officer.

- On November 5, 2012, the Company announced the appointment of Mr. Greg Johnson, P.Geo., as President and Chief Executive Officer.

- On November 5, 2012, Prophecy Platinum terminated the consulting agreement that it had with Mau Capital Management LLC, a company controlled by former CEO Mr. John Lee, and as a result of the termination, Prophecy Platinum made a severance payment of $240,000 to Linx Partners Ltd, a company controlled by Mr. Lee.

- On November 6, 2012, the Company announced the appointment of Mr. Jeffrey Mason, CA as Chief Financial Officer and Mr. Samir Patel, LL.B., as Corporate Secretary.

- On December 27, 2012, the Company closed a non-brokered private placement of 1,135,635 common shares of the Company, issued on a "flow-through" basis (each a "**FT Share**") at a price of $1.10 per FT Share, for gross proceeds totalling approximately $1.24 million. The gross proceeds of the private placement will be applied primarily to the continuing exploration of the Wellgreen property, and also for exploration on the balance of the Canadian projects in the Company's property portfolio.

- On February 4, 2013, the Company announced the final results of its 11,000 metre 2012 exploration drill program at the Company's 100%-owned Wellgreen project. Fourteen of fifteen drill holes, from across approximately two kilometres of the existing mineral resource area, intercepted significant mineralized widths, including two of the best intercepts drilled at the Wellgreen project to date.

- On February 27, 2013, Prophecy Platinum entered into an Amending Option Agreement with Victory pursuant to which Prophecy Platinum may complete its earn-in of a 100% interest in the Lynn Lake property by making option payments to Victory totalling $1.125 million, (as substitution for the March 1, 2013 $1 million option payment), commencing with $125,000 on February 28, 2013, (paid) followed by six payments scheduled over the next year and a half, ending on August 29, 2014. Prophecy Platinum has the right to accelerate its 100% earn-in by completing a one-time option payment of $500,000 to Victory on February 28, 2014, in full satisfaction of the remaining three scheduled option payments for 2014 totalling $550,000.

Subsequent to period end:

- On June 20, 2013, the Company closed a non-brokered private placement (the "**Private Placement**") involved the issuance of 8,386,264 units of the Company ("**Units**"), at a price of $0.70 per Unit, with each Unit comprised of one "flow-through" common share (the "**FT Shares**") and one common share purchase warrant (the "**Warrants**"). Each Warrant is exercisable for one common share for a period of 24 months following the closing of the Private Placement at a price of $0.90. The Company paid finders' fees of $197,200 in connection with the Private Placement. Proceeds of the placement will be applied to the Wellgreen and the Shakespeare projects, in addition to general working capital.

  The securities issued pursuant to the Private Placement are subject to hold periods expiring on October 21, 2013, in accordance with applicable securities laws and the rules and policies of the TSX Venture Exchange.

  In connection with the Private Placement, in order to assist Prophecy Platinum's management to build direct equity ownership in the Company and further align the interests of shareholders and management, the Company advanced short-term loans (the "**Loans**") in the aggregate amount of $892,500 to members of the Company's senior management team to allow them to participate at in the Private Placement as follows:

Individual	Amount ($)
Greg Johnson	280,000
Jeffrey Mason	227,500
John Sagman	227,500
Rob Bruggeman	70,000
Samir Patel	52,500

The full amount of each Loan was used by each recipient to subscribe for Units under the Private Placement on the same premium to market terms as other investors. The Loans bear interest at a rate prescribed by the Canada Revenue Agency, and are repayable in full (together with any accrued interest) on March 31, 2014 (each Loan recipient may prepay his Loan, in whole or in part, at any time prior to this date). The Loans were advanced under amended and restated unit purchase loan agreements, each dated June 20, 2013 (copies of which are available under our SEDAR profile at www.sedar.com). As general and continuing security for the payment and performance of the obligations owed by each recipient under his loan agreement, each Loan recipient has granted a securities pledge agreement in favour of Prophecy Platinum constituting a first priority encumbrance over all units which the recipient purchased under the Private Placement.

For further information, please refer to www.prophecyplatinum.com.

4. PROPERTY SUMMARY

Wellgreen Property, Yukon, Canada

The Wellgreen property, a nickel-copper and platinum group metals project located in southwestern Yukon, Canada, approximately 35 kilometres northwest of Burwash Landing in the Yukon and about 400 kilometres from Alaska's deep sea port at Haines, was acquired on June 13, 2011 pursuant to the Arrangement, and in respect of which 45,000,000 common shares of the Company were provided to Prophecy Coal Corp. as consideration for the transaction. Based on the ascribed market value of the Company's shares amounting to $49,134,454, the purchase price allocation to the acquisition cost of a 100% interest in the Wellgreen mineral property amounted to $14,783,596 and the option to acquire a 100% interest in the Lynn Lake property amounted to $32,350,858 (refer to Note 5 to the annual audited consolidated financial statements).

An independent NI 43-101 compliant resource calculation was issued by Wardrop Engineering, a Tetra Tech Company, ("Technical Report and Resource Estimate on the Wellgreen Platinum-Palladium-Nickel-Copper Project, Yukon, Canada") on July 21, 2011.

In January 2012, Prophecy Platinum announced the commencement of a combined surface and underground HQ core size drilling program. The drilling was targeted at providing infill information to the existing resource as released in July 2011. Drilling at site was completed late November 2012 and included 5,417 metres of underground and 5,567 metres of surface drilling totaling 10,984 metres of drilling in 2012. The final drill assays and interpretation thereof were reported by Prophecy Platinum on February 4, 2013.

Prophecy Platinum announced results from its PEA on June 18, 2012 with additional information reported on July 25, 2012. The independent PEA (effective date August 1, 2012), prepared by Tetra Tech was supervised by Todd McCracken, P.Geo., Andrew Carter, C.Eng., Pacifico Corpuz, P.Eng., Philip Bridson, P.Eng and Wayne Stoyko, P.Eng who are Qualified Persons, as defined under NI 43-101.

A PEA should not be considered to be a pre-feasibility or feasibility study, as the economics and technical viability of the project has not been demonstrated at this time. The PEA is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied that would enable these mineral resources to be categorized as mineral reserves.

Furthermore, there is no certainty that the PEA results will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability. Prophecy Platinum advises that investors should continually refer to correspondence issued by the Company on an as-required basis. Results based on EMCF pricing assumptions are provided as a sensitivity analysis. Further sensitivity analyses may be found in the PEA executive summary included in the written report filed on SEDAR at www.sedar.com.

On August 1, 2012, Prophecy Platinum concluded an exploration cooperation and benefits agreement with the Kluane First Nation ("**KFN**") to support the Company's exploration program and environmental studies for the development of the Wellgreen project. The cooperation and benefits agreement, which is comprehensive in nature, includes provisions for employment and training opportunities for KFN citizens, contracting opportunities for KFN businesses and citizens, funding for the meaningful implementation of the cooperation and benefits agreement, and an equity position in Prophecy Platinum for KFN and its citizens. Acting reasonably and in good faith, KFN may participate fully and without limitation in all regulatory process concerning the exploration activities. Other highlights include environmental protection through the cooperative design and implementation of environmental management and monitoring programs, and a framework and mutual commitment to develop a comprehensive cooperation and benefits agreement for the eventual development and operation of a mine. During Q4 2012, as per the exploration cooperation and benefits agreement, discussions regarding establishment of the Kluane First Nation / Prophecy Platinum advisory committee commenced.

As reported on October 15, 2012 the Company has initiated environmental baseline studies on the Wellgreen Project. Prophecy Platinum has contracted EBA Engineering Consultants Ltd. ("**EBA**"), a Tetra Tech Company, from Whitehorse to initiate the studies. The present scope of baseline work to be carried out by EBA includes collection of meteorological data, surface water flows, surface water quality, wildlife studies and analysis of previous environmental studies. The Yukon Environmental and Socio-economic Assessment Board requires approximately two years of baseline data as part of the overall mining permit application.

Work plans to be carried out in the near future by the Company on the Wellgreen project include the following:

- complete an updated geological model incorporating drill results and interpretations from 2012 program to assist in targeting for 2013 drill program and as the basis for future resource updates;
- design and implement the 2013 exploration drill program as it relates to both further resource development, converting a portion of the inferred resource to measured and indicated and expanding the resource area along strike and at depth. The drilling contract has been awarded to Boart Longyear Canada Inc;
- continue engineering work to optimize staged pit scoping level designs with the objective to enhance revenue generation during the initial production phase and decrease pre-production capital requirements;
- develop a metallurgical test program to further optimize PGM, nickel and copper recoveries as well as determine the economic contribution of rare PGM's, increase concentrate grades. SGS Lakefield has commenced with this test program;
- commence metallurgical testing associated with alternative processes that would increase recovery and decrease offsite concentrate freight, treatment and refining expenditures;
- continue review of alternative power generation processes such as Liquefied Natural Gas and micro-hydro power plants that would significantly reduce operating expenditures;
- commence with basic engineering required to finalize the location of a potential mill, camp and tailings storage facility. The surface infrastructure engineering contract has been awarded to JDS Energy and Mining Inc.;
- continue to review concentrate, supply and materials logistics plans that includes basic engineering associated with the offsite infrastructure requirements;
- continue Environmental Baseline studies and commence compilation of the Project Description; and
- continue KFN and White River First Nations consultation programs.

During the year ended March 31, 2013, Prophecy Platinum had incurred a total of $7,242,584 in exploration costs on the Wellgreen property, principally focused on drilling and resource determination followed by PEA work programs.

Shakespeare Property, Ontario, Canada

On July 16, 2012, the Company acquired all of the issued and outstanding securities of URSA pursuant to a court-approved statutory plan of arrangement under the *Business Corporations Act* (Ontario) involving Prophecy Platinum, URSA and URSA's securityholders. Pursuant to the arrangement, URSA amalgamated with a wholly-owned subsidiary of Prophecy Platinum and all of the security holders of URSA, other than option holders, exchanged their URSA securities for securities of Prophecy Platinum.

For each share of URSA held, an URSA shareholder received 0.04 of a common share of Prophecy Platinum. Each URSA warrant was exchanged for a warrant of Prophecy Platinum exercisable for that number of shares that is equal to the number of URSA shares that would otherwise have been issuable thereunder multiplied by 0.04 with the exercise price of such convertible security of the Company being adjusted to equal the exercise price of the applicable URSA warrant divided by 0.04.

As a result of the URSA acquisition, URSA, as amalgamated, is now a wholly-owned subsidiary of Prophecy Platinum and its common shares were delisted from the TSX.

Prophecy Platinum holds a 100% interest in the Shakespeare property, the Shining Tree property, the Porter Baldwin property and the Fox Mountain property, and an 80% joint venture interest with Xstrata Nickel ("**Xstrata**") on some Shakespeare surrounding claims, all located in Ontario and further described below.

The Shakespeare property, located 70 kilometres west of Sudbury, Ontario, was acquired from Xstrata in 2000. A positive feasibility study was completed in 2006 on a 4,500 t/d open pit mining operation and on-site processing plant. The Shakespeare property has a diluted probable mineral reserve of 11,828,000 tonnes grading 0.33% nickel, 0.35% copper, 0.02% cobalt, 0.33 g/t platinum, 0.36 g/t palladium and 0.18 g/t gold. Permits were received for an open-pit mine and a 4,500 t/d concentrator at the Shakespeare property.

In May 2010, commercial production began at the Shakespeare open pit property, and mineralized material was direct shipped to Xstrata's Strathcona mill for toll processing through the end of January 2012. Due to reduced base metals prices operations at the Shakespeare property were temporarily suspended in February 2012, and the project was placed on care and maintenance.

During the twelve months of production ending January 31, 2012, we delivered 151,910 (2011: 166,913) tonnes of ore to the Strathcona Mill for processing. Contained metals in the delivered ore totaled approximately 1,052,000 (2011: 1,314,000), pounds of nickel; 1,234,000 (2011: 1,499,000) pounds of copper; 64,700 (2011: 92,204) pounds of cobalt; and 1,650 (2011: 1,900) ounces of platinum; 1,840 (2011: 2,100) ounces of palladium; 960 (2011: 1,100) ounces of gold; and 10,260 (2011: 12,100) ounces of silver. The recovered and contained metals are subject to smelter recoveries and to further smelter deductions.

For the twelve production months ended January 31, 2012, the ore averaged 0.314% nickel (2011: 0.357%), 0.368% copper (2011: 0.0407%), 0.019% cobalt (2011: 0.025%), and 0.941 gram/tonne precious metals (2011: 0.989). This was approximately 84% of the average budgeted grade for 2011 that was based on the previous mined grades 0.373% nickel, 0.419% copper, 0.027% cobalt and 1.069 grams/tonne precious metals.

We currently have a 100% beneficial interest in the Shakespeare property area which contains all of the Shakespeare reserves and resources and is subject to a 1.5% net smelter royalty in favour of Xstrata. The Shakespeare property area is partially surrounded by an exploration property that is the basis of a joint venture between the Company and Xstrata with Prophecy Platinum as the project operator. We hold a 80% beneficial interest in the joint venture area.

On September 12, 2012, we announced an updated Mineral Resource estimate for the Shakespeare Underground East Zone prepared by P&E Mining Consultants Inc. ("**P&E**") of Brampton, Ontario. At a $50/tonne NSR cut-off, the Underground East Zone contains an indicated resource of 3.57 million tonnes grading 0.32% nickel, 0.39% copper, 0.02% cobalt, 0.34 g/t platinum, 0.37 g/t palladium, and 0.2 g/t gold. The East Zone also contains an inferred resource of 1.87 million tonnes grading 0.32% nickel, 0.36% copper, 0.02% cobalt, 0.34 g/t platinum, 0.36 g/t palladium, and 0.21 g/t gold. This resource update adds approximately 30% to Shakespeare's global resource.

A Probable Mineral Reserve of similar grades on the Shakespeare project was last reported in a feasibility study prepared by Micon (available on SEDAR at www.sedar.com), within the open pit shell to a maximum depth of 250 metres below surface. The feasibility study recommended the on-site mill to produce 4,500 t/d of ore mining and subsequent concentrate for sale.

In-fill and step-out drilling in the underground portion of the East Zone was carried out in 2010 and 2011, and consisted of 8,024 metres in 13 diamond drill holes which represent 35% of the drill hole database for the East Zone. The additional drilling prompted the update to the Mineral Resource estimate for the East Zone.

During the fourth quarter of 2012, exploration consisted of two additional step-out drilling holes between the East and West Zones followed by a down the hole UTEM electro-magnetic geophysics program. Drill hole 137 was completed to a depth of 597 metres and drill hole 134 to a depth of 714 metres.

Work plans to be carried out in the near future by Prophecy Platinum on the Shakespeare property include reviewing various initiatives that have the potential of decreasing operating expenditures that would facilitate a return to open pit production and establishment of sustainable economically viable operation.

Other Sudbury Mining District Properties

Shining Tree Property, Ontario, Canada

In 2005, an option was acquired to earn a 100% interest in the Shining Tree nickel-copper deposit located in Fawcett Township, 110 kilometres north of Sudbury, Ontario. During 2007, the option was exercised and now the Company holds a 100% of the project subject to a 1% net smelter royalty. The Shining Tree property consists of staked claims covering approximately 1,600 acres.

Porter Baldwin Property, Ontario, Canada

The Company's 100%-owned Porter Baldwin property comprises certain claims that cover a 15 kilometre strike length extending from the Shakespeare property towards the Sudbury intrusive complex. The majority of the property was acquired through claim staking, while a portion was acquired by an option agreement dated February 10, 2004**.** The optionor retains a 2% net smelter royalty. Advance royalty payments of $24,000 per year commenced January 15, 2007. The Company has the right to purchase one-half of the royalty at any time for $1,000,000.

Fox Mountain, Ontario, Canada

The Company's 100%-owned Fox Mountain property is located approximately 50 kilometres north of Thunder Bay, within the Mid-Continent rift of Northwestern Ontario. The property consists of certain claims covering approximately 5,600 hectares. In November 2010, airborne magnetic and EM surveys were completed on the Fox Mountain property. In early 2011, URSA completed the drilling of two (2) holes for a total of 513 metres of drilling at the Fox Mountain property.

Lynn Lake Property, Manitoba, Canada

We have an option to acquire 100% of the Lynn Lake property which is a former operating nickel-copper project located in northern Manitoba, Canada (we acquired the option from Prophecy Coal Corp. pursuant to the Arrangement, and the original October 20, 2009 option agreement (the "Option Agreement") between Prophecy Coal Corp. and Victory Nickel Inc. ("**Victory Nickel**") was assigned to us as a result) See Note 5 to the annual audited consolidated financial statements).

Pursuant to the Option Agreement, Prophecy Platinum has an option to earn a 100% interest in the Lynn Lake property by paying Victory Nickel an aggregate of $4 million, and by incurring an aggregate of $3 million in exploration expenditures on the Lynn Lake property, and by issuing 2,419,548 common shares to Victory Nickel (these were issued by Prophecy Coal Corp.). The Option Agreement also provided Victory Nickel with a right to participate in future financings or acquisitions on a pro-rata basis so that Victory Nickel may maintain its 10%

interest in the number of outstanding shares of the Company and the Company is subject to a 3% net smelter return royalty.

On August 3, 2012, Prophecy Platinum signed a Settlement Agreement with Victory which provides for a one-time cash payment of $450,000 (paid) in full settlement for the Company's obligation under the Option Agreement to incur the remaining balance of exploration expenditures of $1,188,877 on or before November 1, 2012.

On February 27, 2013, we entered into an amending agreement to the Option Agreement with Victory Nickel pursuant to which we may complete our earn-in of a 100% interest in the Lynn Lake property by making remaining option payments to Victory Nickel totaling $1.125 million, (as substitution for the March 1, 2013, $1 million final option payment), commencing with $125,000 on February 28, 2013 (paid), followed by six payments as set out in the amended agreement scheduled over the next year and a half and ending on August 29, 2014. We have the right to accelerate our 100% earn-in by completing a one-time option payment of $500,000 to Victory Nickel on February 28, 2014, in full satisfaction of the remaining three scheduled option payments for 2014 totaling $550,000.

From an updated resource estimate released in April 2011 entitled "Technical Report on the Lynn Lake Nickel Project Northern Manitoba, Canada", the Lynn Lake project has 22.9 million tonnes of measured and indicated resources grading 0.57% nickel as well as 8.1 million tonnes of inferred resources grading 0.51% nickel. In addition, the updated resource estimate stated that the resource contained measured and indicated resources grading 0.30% copper plus inferred resources grading 0.28% copper.

A 1,500 metre drill hole program was conducted in September and October of 2011 testing some existing induced polarization (IP) geophysical anomalies. Modest intercepts of mineralization were encountered including 0.3% nickel and 0.2% copper over 11.4 metres on hole NKL11-003, and 0.03% nickel and 1.3% copper for 3.7 metres on hole NKL-004, explaining the occurrence of the 'North Anomaly' which remains open with increasing chargeability with lower associated resistivities with depth.

Mintek, South Africa, issued the final report on November 11, 2011 that discussed metallurgical results related to the amenability of Lynn Lake mineralization to a bioleach process. The report was overseen by Andy Carter, Manager of Metallurgical Engineering for Tetra Tech Inc. The report concluded that there was good potential to achieve nickel extractions in excess of 95% using a moderate grind and leach temperature and that high copper recoveries would generally require finer grinding and higher temperatures.

Work plans to be carried out in the near future by Prophecy Platinum on the Lynn Lake project include the following:

- complete a review of the Capital and Operating expenditures related to the bioleach process; and
- review historical geophysics data with the objective of developing an exploration program.

Uruguay Properties

Prophecy Platinum's wholly-owned subsidiary that was incorporated in Uruguay, Pacific Nickel Sudamerica SA, owns 5 prospecting licenses for properties in Uruguay totalling approximately 28,000 hectares. Of the 28,000 hectares, 400 hectares from the Molles North license was forfeited in late September, 2011 as a result of it being in a cultivated forest area. The only work done on the 400 hectares was BRGM regional geochemical sampling and there were no anomalies noted. Prophecy Platinum has no future obligations or expenditures requirements related to the Uruguayan properties and the properties remain in the evaluation stage.

Las Aguilas Property, Argentina

On November 1, 2012, we terminated our option agreement with Marifil Mines Ltd. on the Las Aguilas property in Argentina and wrote off our investment of $460,843.

5. SELECTED ANNUAL RESULTS

The following are selected financial data derived from the audited financial statement of the Company as at March 31, 2013, March 31, 2012 and July 31, 2011 and for the fiscal years ended March 31, 2013, March 31, 2012 and July 31, 2011.

	Year ended March 31, 2013 12 Months	Year ended March 31, 2012 8 Months	Year ended July 31, 2011 12 Months
Operating expense	$ (6,950,763)	$ (5,849,968)	$ (2,070,041)
Loss Before Other Items and Deferred Income Tax Recovery	(6,950,763)	(5,849,968)	(2,070,041)
Other items	(306,817)	69,549	38,750
Loss Before Future Income Tax Recovery	(7,257,580)	(5,780,419)	(2,031,291)
Deferred income tax recovery	(129,842)	109,842	-
Net Loss for Year	(7,387,422)	(5,670,577)	(2,031,291)
Fair value gain (loss) on available-for-sale investments	(792,021)	768,896	-
Comprehensive Loss	(8,179,443)	(4,901,681)	(2,031,291)
Share Information			
Net loss per share, basic and diluted	(0.12)	(0.11)	(0.15)
Comprehensive loss per share, basic and diluted	(0.13)	(0.09)	(0.15)
Weighted average number of common shares outstanding	63,818,441	53,563,299	13,717,707
Financial Position			
Total assets	73,924,718	62,115,657	53,070,643
Non-current liabilities	-	-	-
Dividends	$ -	$ -	$ -

For the year ended March 31, 2013, net loss was $7,387,422 or $0.12 per share compared to a loss of $5,670,577 of $0.11 for the eight months ended March 31, 2012 and a loss of $2,031,291 or $0.15 per share for comparative year ended July 31, 2011.

In 2013, the net loss consisted primarily of operating costs of $6,950,763 and share-based payments of $1,832,221 compared to operating costs of $5,849,968 and share-based payments of $3,727,458 for the eight months ended March 31, 2012, and operating costs of $2,070,041 and share-based payments of $1,395,331.

2013 results of comprehensive loss of $8,179,443 include fair value loss on available for sale investments of 792,021 compared to 2012 results of comprehensive loss of $4,901,681 that include fair value gain on available for sale investments of $768,896.

6. SUMMARY OF QUARTERLY RESULTS

The quarterly results are as follows:

	31-Mar-13 3 month ended	31-Dec-12 3 month ended	30-Sep-12 3 month ended	30-Jun-12 3 month ended
Operating expense	$ (1,596,517)	$ (2,003,515)	$ (2,115,348)	$ (1,235,384)
Net Loss before other items	(1,596,517)	(2,003,515)	(2,115,348)	(1,235,384)
Net Loss per share basic and diluted	(0.02)	(0.03)	(0.03)	(0.02)
Comprehensive Loss	(1,581,579)	(2,467,189)	(2,249,740)	(1,880,935)
Net Comprehensive loss per share basic and diluted	$ (0.02)	$ (0.04)	$ (0.04)	$ (0.03)

	31-Mar-12 2 months ended	31-Jan-12 3 months ended	31-Oct-11 3 months ended	31-Jul-11 3 months ended
Operating expense	$ (1,786,015)	$ (1,446,761)	$ (2,617,193)	$ (1,237,037)
Net Loss before other items	(1,786,015)	(1,446,761)	(2,617,193)	(1,237,037)
Net Loss per share basic and diluted	(0.03)	(0.03)	(0.05)	(0.02)
Comprehensive Loss	(992,754)	(1,292,537)	(2,616,390)	(1,226,327)
Net Comprehensive loss per share basic and diluted	$ (0.02)	$ (0.02)	$ (0.05)	$ (0.02)

The Company's quarterly operating results remain relatively stable. Factors causing significant changes between the most recently completed eight quarters have primarily been items such as share-based payments expense, consulting fees, salaries, and business development and relations expense.

7. DISCUSSION OF OPERATIONS

All of the information described below is accounted for in accordance with IFRS. The reader is encouraged to refer to note 3 of the Company's annual audited consolidated financial statements for the year ended March 31, 2013 for Prophecy Platinum's IFRS accounting policies. Share-based expense was recalculated for the year ended March 31, 2012, see note 26 to the annual audited consolidated financial statements. For discussion on each project, the reader is encouraged to refer to the "Overall Performance" section of this MD&A.

Year ended March 31 2013 Compared to Eight months ended March 31, 2012 ("2013" and "2012")

For the year ended March 31, 2013, the Company recorded a net loss of $7,387,422 or $0.12 per share compared to a net loss of $5,670,577 or $0.11 per share in the prior year comparable period. The overall increase in net loss by $1,716,845 was due primarily to increase in salaries and wages, consulting fees, and business development and relations expenses expense offset by decrease in share-based payments.

	Year ended March 31, 2013	Eight months ended March 31, 2012	Discussion
Business development and relations	$1,263,152	$863,343	The increase in 2013 by $399,809 was due primarily to more extensive promotion carried out for Prophecy Platinum such as conferences, trade show attendance, publications, radio/TV interviews, and to hiring of new investor relations individuals to accommodate the increased business operations of Prophecy Platinum.

Consulting fees	$1,080,196	$292,708	Consulting and management fees include fees charged by officers of the Company. The increase was primarily due to severance payments of $365,000 in total to John Lee and Joseph Li on termination of their respective consulting agreements with the Company in October and November 2012, and also due to severance payments made in relation to the URSA acquisition.
Depreciation	$78,033	$16,284	The increase in depreciation in the year related the depreciation of a higher level of capital equipment purchased at the Wellgreen property during the year.
Foreign exchange loss (gain)	$19,486	$(9,234)	The increase in loss was due to fluctuations in the value of the Canadian dollar compared to the Uruguayan pesos and the Unites States dollar.
Insurance	$62,032	$19,186	Insurance expense increased $42,846 due to new insurance coverage to reduce the Company's legal risk and exposure.
Office	$550,773	$429,640	The increase in 2013 by $121,133 was due to the increase of shared-office costs. On August 1, 2011, the Company entered into a service agreement with Prophecy Coal Corp. for $28,000 per month for shared office costs. On January 1, 2012, the terms of the service agreement were modified whereby the monthly payment for shared office fees increased from $28,000 to $40,000. They are currently under negotiation between the companies.
Professional fees	$784,074	$376,105	Professional fees increased as a result of additional legal fees incurred related to financings and counseling on exploration cooperation agreements related to Wellgreen. Other increases were for corporate governance support and the increased level of business development activities of the Company.
Property maintenance	$128,572	$Nil	Includes care and maintenance of Shakespeare property, acquired in Ursa transaction in July 2012.
Salaries and wages	$1,073,651	$61,504	The increase by $1,012,147 was due to the hiring of additional experienced exploration and operation personnel in 2013.

Share-based payments	$1,832,221	$3,727,458	In the twelve months ended March 31, 2013, the Company granted 4,397,000 stock options to its employees, directors, officers, and consultants. The higher expense in prior year`s comparable period related to the June 20, 2011 options that were subject to accelerated vesting and become fully vested during the prior year contributing to $1,835,927 of the expense, compared to the regular vesting of options issued and outstanding for the year ended March 31, 2012. The vesting terms of options granted during the current period are: 25% of the options vesting at the end of each six month period for two years and 50% of the options vesting on the first anniversary of the grant date and the remaining 50% vesting on the second anniversary of the grant date.
Transfer agent and filing fees	$78,573	$72,974	Transfer agent and filing fees for 2013 were higher by $5,599 due to higher fees associated with the year financings.
Other Items			
Investment income	$18,805	$24,303	The decrease in investment income relates to a lower level of interest earning investment during the year compared to the prior year.
Mineral property Impairment	$460,843	$Nil	On November 1, 2012, the Company terminated its option agreement with Marifil Mines Ltd. on the Las Aguilas property and wrote off its investment.
Other income	$235,368	$Nil	The flow through premium liability of $235,368 (prior year nil) increased during the year due to the amortization of the flow through premium related to the July 2012 and December 2012 flow through placements during the year. In the prior year there was no flow through premium liability.
Realized loss on available for sale investments	$100,147	$(45,246)	The Company sold all of its Platinum and Palladium ETF investments and incurred a loss on the sale of $100,147.

8. LIQUIDITY AND CAPITAL RESOURCES

Liquidity

As an exploration company, Prophecy Platinum has no regular cash flow from operations, and the level of operations is principally a function of availability of capital resources. To date, the principal source of funding has been through equity financing.

As at March 31, 2013 the Company had approximately $0.3 million, comprised of cash and cash equivalents (March 31, 2012 - $0.6 million). For the foreseeable future as existing properties are developed and as new properties are identified the Company will continue to seek capital through the issuance of equity. Currently the Company has sufficient capital to conduct further exploration on its existing properties. On June 20, 2013, the

Company closed a non-brokered private placement which involved the issuance of 8,386,264 units of the Company at a price of $0.70 per share for gross proceeds of $5.9 million.

Major expenditures are required to locate and establish resources, ore reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. The recoverability of valuations assigned to exploration and evaluation mineral properties are dependent upon discovery of economically recoverable reserves, the ability to obtain necessary financing to complete exploration, development and future profitable production or proceeds from disposition.

Management reviews the carrying value of the Company's interest in each property and where necessary, exploration and evaluation mineral properties are written down to their estimated recoverable amount or written off. Although management has made its best estimate of these factors, it is reasonably possible that certain events could adversely affect management's estimates of recoverable amounts and the need for, as well as, the amount of provision for impairment in the carrying value of exploration properties and related assets.

Many factors influence the Company's ability to raise funds, and there is no assurance that the Company will be successful in obtaining adequate financing and at favourable terms for these or other purposes including general working capital purposes, see “Risks and Uncertainties”. Prophecy Platinum's consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business for the foreseeable future. Realization values may be substantially different from carrying values, as shown, and these consolidated financial statements do not give effect to the adjustment that would be necessary to the carrying values and classifications of assets and liabilities should Prophecy Platinum be unable to continue as a going concern.

Working Capital

As at March 31, 2013 the Company had working capital deficit of $0.6 million (March 31 2012 –surplus of $3.0 million). The decrease in working capital of $3.6 million from March 31 2012 to March 31, 2013 is primarily due to operating costs. Because of limited working capital and operating losses, the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing to reach profitable levels of operation. It is not possible to predict whether future financing efforts will be successful or available at all.

On July 31 and August 30, 2012, Prophecy Platinum closed two non-brokered private placements of units and flow through shares totaling $7.25 million and $3.0 million respectively. Proceeds of the placements were applied to the Wellgreen project and Prophecy Platinum's other properties, in addition to general working capital purposes.

On December 27, 2012, Prophecy Platinum closed a non-brokered private placement of flow through shares totalling $1.24 million. Proceeds of the placements will be applied to the Wellgreen project and Prophecy Platinum's other properties, in addition to general working capital purposes.

Subsequent to year end, the Company raised gross $5.9 million through a non-brokered private placement involving the issuance of 8,386,264 units of the Company, at a price of $0.70 per share. At the date of this MD&A, the Company has sufficient cash on hand to fund its working capital need at the current level.

Prophecy Platinum has no long-term debt and no long-term liabilities, other than provision for closure and reclamation of $625,892 relating to its Shakespeare property. The Company has no capital lease obligations, operating or any other long term obligations.

Cash Flow Highlights

	Year Ended March 31, 2013	Eight Months Ended March 31, 2012
Cash used in operating activities	$ (6,909,287)	$ (2,531,925)
Cash used in investing activities	(4,682,441)	(9,335,845)
Cash provided by financing activities	11,312,485	9,607,806
Net increase (decrease) in cash for the period	(279,243)	(2,259,966)
Cash balance, beginning of the period	582,139	2,842,105
Cash balance, end of the period	$ 302,896	$ 582,139

Cash Flows For The Year Ended March 31, 2013 and Eight Months Ended March 31, 2012 ("2013" and "2012")

Operating activities

Cash used in operating activities was $6.91 million in 2013 compared to cash used of $2.53 million in 2012. The increase in cash used in operating activities was mainly due to an overall increase in general operating expenditures, consulting, salaries, professional fees, and business development.

Investing activities

Cash used in investing activities in 2013 was $4.68 million (2012 - $9.34 million). The decreased outflow by $4.65 million primarily resulted from the fact that in 2012 the Company spent $4.01 million for purchasing exchange trade funds and $1 million for acquisition of URSA shares. In 2013, the Company incurred exploration expenditures on mineral properties of $7.81 million (2012 - $5.42 million) and purchased equipment of $0.04 million (2012 - $0.4 million). There was $0.7 million inflows related to acquisitions and exploration deposit in 2013 compared to $Nil in 2012. An additional inflow resulted from the sale of available-for-sale investments related to platinum and palladium ETF's of $2.46 million in 2013 compared to $1.49 million in 2012.

Financing activities

Cash inflow from financing activities was $11.31 million in 2013 compared to $9.61 million in 2012. The increase in cash from financing activities was mainly due to cash received from the share issuance related to private placements of $10.70 million in 2013 compared to $9.44 million in 2012, proceeds. Proceeds received from option and warrant exercises were $0.53 million in 2013 compared to $0.44 million in 2012. Due to related parties was $0.09 million in 2013 compared to a receivable from related parties of $0.3 million in 2012.

Capital Resources

At the date of this MD&A, the Company had $3.76 million in cash and cash equivalents. All of the Company's cash equivalents are on deposit with Canadian banks and brokerage houses.

Contractual Commitments

Lynn Lake Property, Manitoba, Canada

On August 3, 2012, the Company signed a settlement agreement with Victory Nickel to provide for a one-time cash payment of $450,000 (paid) in full settlement for the Company's obligation to incur the remaining balance of exploration expenditures of $1,188,877 pursuant to the Option Agreement on or before November 1, 2012. On February 27, 2013, Prophecy Platinum entered into an amended option agreement with Victory Nickel pursuant to which the Company may complete its earn-in of a 100% interest in the Lynn Lake property, by making option payments to Victory totalling $1.125 million, commencing with $125,000 on February 28, 2013 (paid), followed by six payments scheduled over the next year and a half ending on August 29, 2014. Prophecy Platinum has the right to accelerate its 100% earn-in by completing a one-time option payment of $500,000 to Victory on February 28, 2014, in full satisfaction of the remaining scheduled option payments for 2014 totalling $550,000.

Kluane First Nation Exploration Cooperation and Benefits Agreement

On August 2, 2012, the Company entered into an exploration cooperation and benefits agreement, with Kluane First Nation, and to which includes annual payments to the Kluane First Nation as part of Prophecy Platinum's responsible mineral development of the Wellgreen project.

Sagamok Anishnawbek First Nation Agreement

Under the Impact and Benefits Agreement ("**IBA**") dated August 12, 2009 between URSA and Sagamok Anishnewbek First Nation ("**Sagamok**"), the Company is committed to make an annual payment to Sagamok related to the Shakespeare property. The terms of the IBA are confidential; however, the IBA provides for job training, employment, scholarship, business relations and financial participation in community development projects.

Flow-Through Share Agreements

The Company has satisfied its obligation to spend approximately $355,000 by December 31, 2012, as part of the flow through funding agreements related to URSA's mineral properties.

In connection with the issuance of flow-through common shares in December 2012, and in June 2013, the Company has a commitment to incur $1,249,199 and $5,870,385 respectively of qualifying flow-through expenditures on its Wellgreen property and, in the Company's discretion, on its other Canadian exploration properties, by December 31, 2013 and by December 31, 2014 respectively. The Company indemnifies the subscribers of flow-through shares from any tax consequences arising from the failure of the Company to meet its commitments under the flow-through subscription agreements.

The Company's exploration activities are subject to various federal, provincial and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and are generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to continue to make in the future, filings and expenditures to comply with such laws and regulations.

Capital Risk Management

Prophecy Platinum's capital structure consists of common shares, stock options and warrants. The Company manages its capital structure and makes adjustments to it, based on the funds available to Prophecy Platinum, in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative returns on capital criteria for management.

The properties in which Prophecy Platinum currently has an interest are in the exploration stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and development and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended March 31, 2013. Neither Prophecy Platinum nor its subsidiaries are subject to externally imposed capital requirements. The Company's investment policy is to invest its surplus cash in highly liquid short-term interest-bearing investments with maturities of 90 days or less from the original date of acquisition, all held with major Canadian financial institutions.

9. TRANSACTIONS WITH RELATED PARTIES

The Company has identified its directors and certain senior officers as its key management personnel and the compensation costs for key management personnel and companies related to them were recorded at their exchange amounts as agreed upon by transacting parties as follows:

During the year ended March 31, 2013:

a) The Company incurred consulting fees of $795,953 (2012 - $220,900). This includes:

(i) $382,375 paid to Linx Partners Ltd., a private company controlled by the former CEO and Chairman of the Company, Mr. John Lee. Of the $382,375 paid to Linx Partners Ltd., $240,000 was a severance payment due in connection with the Company's termination of the consulting agreement between it and Linx Partners Ltd. on November 5. 2012.

(ii) $180,500 paid to JWL Investment Corp, a private company owned by the former Corporate Secretary of the Company, Mr. Joseph Li. On November 1, 2012, the Company paid a severance payment of $125,000 to Mr. Li in connection with Mr. Li's termination by Prophecy Platinum;

(iii) $14,000 paid to Irina Plavutska, a former interim CFO,

(iv) $64,875 paid to MaKevco Consulting Inc. a private company controlled by Greg Hall, a director of the Company;

(v) $154,203 paid to the current CEO, Mr. Greg Johnson.

b) The Company incurred director fees of $65,726 (2012 - $26,193) to various directors of the Company.

c) The Company incurred $272,512 (2012 - $Nil) salaries and wages expenses to officers of the Company.

d) The Company incurred shared office costs of $397,500 (2012 - $260,000) paid to Prophecy Coal Corp., a company with certain directors and officers in common with the Company.

A summary of the expenses by nature is as follows:

		March 31, 2013 12 months	March 31, 2012 8 months
Consulting fees	$	795,953	$ 220,900
Director fees		65,726	26,193
Salaries and wages		272,512	-
Shared office costs		397,500	260,000
	$	1,531,691	$ 507,093

As at March 31, 2013, due to related parties totaled $117,664 and was comprised of $4,867 (March 31, 2012 – $30,338) owing to directors and officers for travel expenses, $4,410 (March 31, 2012 – $15,000) for director fees and $Nil (March 31, 2012 – $Nil) for consulting fees. In addition to an amount of $108,387 payable to Prophecy Coal Corp. for shared office cost, which has common directors and officers. The amounts due to related parties are non-interest bearing and are due upon demand.

On November 5, 2012, Prophecy Platinum terminated the consulting agreement that it had with its former CEO, and as a result of the termination, Prophecy Platinum made a severance payment of $240,000 to Linx Partners Ltd. (a company controlled by the former CEO), included in consulting fees. Furthermore, in November 2012, 800,000 share options, with a 5 year term, at an exercise price of $1.14, vesting 25% at the end of each six month period for two years, were issued to the incoming CEO, who was appointed on November 5, 2012.

On October 31, 2012, Prophecy Platinum made a severance payment of $125,000 to former Corporate Secretary, included in consulting fees (payments were made to JWL Investments Corp., a private company controlled by the former Corporate Secretary) in connection with his termination with Prophecy Platinum.

10. KEY MANAGEMENT COMPENSATION

The key management of the Company comprises executives and non-executive directors and senior management. The remuneration of directors and other members of key management were as follows:

		March 31, 2013 12 months		March 31, 2012 8 months
Remuneration and short-term benefits	$	1,134,191	$	247,093
Share-based payment compensation		926,319		1,999,013
	$	2,060,510	$	2,246,106

11. FOURTH QUARTER

The following table summarizes Prophecy Platinum's results for the three months ended March 31, 2013 and the two months ended March 31, 2012.

		Three Months Ended March 31, 2013		Two Months Ended March 31, 2012 (Restated-Note 26)
EXPENSES				
Business development and relations	$	184,986	$	307,337
Consulting		121,246		81,000
Depreciation		20,682		9,630
Foreign exchange loss (gain)		636		6,971
Insurance		14,000		-
Office		22,073		79,096
Professional fees		319,085		169,990
Property maintenance		35,330		-
Salaries and wages		384,423		15,874
Share-based payments		474,803		1,093,291
Transfer agent and filing fees		19,253		22,826
Loss before other items and income taxes		(1,596,517)		(1,786,015)
OTHER ITEMS				
Investment income		4,017		7,627
Mineral property impairment write-down (Note 11)		-		-
Other income		45,295		-
Realized gain (loss) on available for sale investments		-		45,246
Loss before income taxes		(1,547,205)		(1,733,142)
Deferred income tax expense		(20,000)		92,548
Net loss	$	(1,567,205)	$	(1,640,594)

During fiscal 2012 the Company changed its year end from July 31 to March 31. The comparative period for the fourth quarter 2013 is two months ended March 31, 2012. For the three months ended March 31, 2013, the Company incurred a loss of $1,567,205 compared to a loss of $1,786,015 for the two months ended March 31, 2012. The decrease in net loss by $218,812 was mainly due to the reduction of share based payments by $712,071 offset by increase in salaries and wages, professional and consulting fees.

12. ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

a) Capitalized or expensed exploration and development costs:

   The capitalized disclosure is presented in the audited annual consolidated financial statements of financial position.

b) Expensed research and development costs:

   Not applicable.

c) Deferred development costs

   Not applicable.

d) General and administration expense:

   The required disclosure is presented in the audited annual consolidated financial statements of operations and comprehensive loss.

e) Any material costs, whether capitalized, deferred or expensed, not referred to in a) through:

   None.

Additional information relating to the Company is available on SEDAR at www.sedar.com.

13. FINANCIAL INSTRUMENTS AND RELATED RISKS

The Board of Directors, through the Audit Committee is responsible for identifying the principal risks of the company and ensuring that risk management systems are implemented. The Company manages its exposure to financial risks, including liquidity risk, foreign exchange rate risk, interest rate risk, and credit risk in accordance with its risk management framework. The Company's Board of Directors reviews the Company's policies on an ongoing basis.

Financial Instruments (refer to Note 19 to the audited consolidated financial statements)

The following table sets forth the Company's financial assets and liabilities that are measured at fair value on a recurring basis by level within the fair value hierarchy. As at March 31, 2013, those financial assets and liabilities are classified in their entirety based on the level of input that is significant to the fair value measurement.

As at March 31, 2013	Level 1	Level 2	Level 3	Total
Financial assets				
Fair value through profit or loss	$ 302,896	$ -	$ -	$ 302,896
Available for sale investments	6,250	-	-	6,250
Restricted cash equivalent	728,340	-	-	728,340
	$ 1,037,486	$ -	$ -	$ 1,037,486

As at March 31, 2012	Level 1	Level 2	Level 3	Total
Financial assets				
Fair value through profit or loss	$ 582,139	$ -	$ -	$ 582,139
Available for sale investments	4,445,744	-	-	4,445,744
	$ 5,027,883	$ -	$ -	$ 5,027,883

Related Risks

Credit Risk - The Company does not currently generate any revenues from sales to customers nor does it hold derivative type instruments that would require a counterparty to fulfill a contractual obligation. The Company does not have any asset-backed commercial instruments. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash and cash equivalents. To minimize the credit risk the Company places these instruments with a high credit quality financial institution.

Liquidity Risk - Liquidity risk is the risk that the Company cannot meet its financial obligations. The Company manages liquidity risk by maintaining sufficient cash and cash equivalent balances. Liquidity requirements are managed based on expected cash flow to ensure that there is sufficient capital in order to meet short term obligations. As at March 31, 2013, the Company has cash and cash equivalents of $302,896 and financial liabilities of $958,479 which have contractual maturities of 90 days or less.

Foreign Exchange Risk - The Company has operations in Canada and in Uruguay and undertakes transactions in various foreign currencies. The Company is therefore exposed to foreign currency risk arising from transactions denominated in a foreign currency. The Company's reporting and functional currency is Canadian dollars. Based on the above, a 5% strengthening (weakening) of the Uruguayan peso will have an insignificant impact on total assets and loss. The Company holds cash denominated in United States dollars ("**USD**"), a 5% strengthening (weakening) of the USD will have an insignificant impact on total assets and loss. The Company currently does not use any foreign exchange contracts to hedge this currency risk.

Interest Rate Risk - The Company manages its interest rate risk by obtaining the best commercial deposit interest rates available in the market by the major Canadian financial institutions on its cash and cash equivalents.

Market risk - Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The sale of the financial instruments can be affected by changes in interest rates, foreign exchange rates, and equity prices. The Company is exposed to market risk in trading its investments, and unfavorable market conditions could result in dispositions of investments at less than favourable prices. The Company's investments are accounted for at estimated fair values and are sensitive to changes in market prices, such that changes in market prices result in a proportionate change in the carrying value of the Company's investments. 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. Based on the Company's investment position at March 31, 2013, a 10% increase (decrease), net of tax of the market price of the available for sale Auriga shares held would have resulted in an increase (decrease) to comprehensive income (loss) of approximately $650.

14. RISKS AND UNCERTAINTIES

A comprehensive discussion of risk factors is included in the Company's AIF for the year ended March 31, 2013, which is available on SEDAR at www.sedar.com.

15. PROPOSED TRANSACTIONS

The Company is reviewing a number of potential property acquisitions in addition to conducting further exploration work on its properties. The search for additional properties is global in nature. As the Company conducts exploration work on its existing properties and if an acquisition is made appropriate disclosures will be made.

16. DISCLOSURE OF OUTSTANDING SHARE DATA

Common Shares

Authorized – unlimited number of common shares without par value.

At the date of this MD&A, there are a total of 77,160,956 issued and outstanding common shares in the capital of the Company with recorded value of $70,352,426.

Subsequent to March 31, 2013, the Company closed a non-brokered private placement which involved the issuance of 8,386,264 units of the Company at a price of $0.70 per share.

Stock Options

The Company has a stock option plan in place under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10,120,695 common shares of the Company. The options can be granted for a maximum term of five years and vest at the discretion of the Board of Directors.

At the Company's shareholders meeting held on November 30, 2012 approval was received to amend the limit of the maximum options issuable by the plan to 13,505,211 and the ratification of options issued in excess of the plan, prior to such approval.

There were no options granted or exercised subsequent to the year end.

As at the date of this MD&A, the outstanding options of the Company are comprised as follows:

Exercise Price	Number of Options Outstanding	Expiry Date	Exercisable	Unvested
$ 1.00	12,500	November 6, 2014	12,500	-
$ 1.40	175,000	December 13, 2015	175,000	-
$ 0.90	5,200,000	June 17, 2016	4,435,000	765,000
$ 2.25	538,333	December 12, 2016	393,333	145,000
$ 2.40	40,000	January 9, 2017	20,000	20,000
$ 3.68	170,000	February 3, 2017	85,000	85,000
$ 3.09	70,000	April 4, 2017	-	70,000
$ 2.67	50,000	May 9, 2017	-	50,000
$ 1.16	1,742,500	August 7, 2017	-	1,742,500
$ 1.14	87,000	August 16, 2017	-	87,000
$ 1.65	125,000	September 24, 2017	-	125,000
$ 1.24	500,000	October 17, 2017	-	500,000
$ 1.14	800,000	November 2, 2017	-	800,000
$ 1.25	595,000	November 5, 2017	-	595,000
	10,105,333		5,120,833	4,984,500

Share Purchase Warrants

During the year ended March 21, 2013, 3,927,701 warrants were granted at a weighted average exercise price of $2.02, 400,000 warrants were exercised at a weighted average exercise price of $0.94, and 886,097 warrants expired at a weighted average exercise price of $1.55.

Subsequent to the year end 8,386,264 warrants were granted enabling holders to acquire common shares of the Company at a price of $0.90 and the expiry date on June 21, 2015.

The following table summarizes the number of warrants outstanding as of the date of this MD&A:

Exercise Price		Outstanding	Expiry Date
$	1.50 / 2.00	2,533,604	July 31, 2013 / July 31, 2014
$	2.00	1,250,000	August 24, 2014
$	0.90	8,386,264	June 21, 2015
		12,169,868	

17. OFF-BALANCE SHEET ARRANGEMENTS

During the year ended March 31, 2013, the Company was not a party to any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations, financial condition, revenues or expenses, liquidity, capital expenditures or capital resources of the Company.

PROPHECY PLATINUM CORP.
(AN EXPLORATION STAGE COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2013
AND EIGHT MONTHS ENDED MARCH, 2012

(Expressed in Canadian Dollars)

Contents

MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements for the March 31, 2013 year end (the “Financial Statements”), the notes thereto, and other financial information contained in the accompanying Management’s Discussion and Analysis (“MD&A”) have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and are the responsibility of the management of Prophecy Platinum Corp. (the “Company”). The financial information presented elsewhere in the MD&A is consistent with the data that is contained in the Annual Financial Statements. The Annual Financial Statements, where necessary, include amounts which are based on the best estimates and judgment of management.

In order to discharge management’s responsibility for the integrity of the Financial Statements, the Company maintains a system of internal accounting controls. These controls are designed to provide reasonable assurance that the Company’s assets are safeguarded, transactions are executed and recorded in accordance with management’s authorization, proper records are maintained and relevant and reliable financial information is produced. These controls include maintaining quality standards in hiring and training of employees, policies and procedures manuals, a corporate code of conduct and ethics and ensuring that there is proper accountability for performance within appropriate and well-defined areas of responsibility. The system of internal controls is further supported by a compliance function, which is designed to ensure that the Company and its employees comply with securities legislation and conflict of interest rules.

The Board of Directors is responsible for overseeing management’s performance of its responsibilities for financial reporting and internal control. The Audit Committee, which is composed of non-executive directors, meets with management as well as the external auditors to ensure that management is properly fulfilling its financial reporting responsibilities to the Board who approve the Financial Statements. The external auditors have full and unrestricted access to the Audit Committee to discuss the scope of their audits and the adequacy of the system of internal controls, and to review financial reporting issues.

The external auditors, Manning Elliott LLP, have been appointed by the Company’s shareholders to render their opinion on the Financial Statements and their report is included herein.

“Greg Johnson”	*“Jeffery Mason”*
Greg Johnson, Director	Jeffery Mason, CFO

July 29, 2013

MANNING ELLIOTT
CHARTERED ACCOUNTANTS
11th floor, 1050 West Pender Street, Vancouver BC, Canada V6E 3S7
Phone: 604.714.3600 Fax: 604.714.3669 Web: manningelliott.com

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Prophecy Platinum Corp.

We have audited the accompanying consolidated financial statements of Prophecy Platinum Corp. which comprise the consolidated statements of financial position as at March 31, 2013 and 2012, and the consolidated statements of operations and comprehensive loss, changes in equity and cash flows for the year ended March 31, 2013 and eight months ended March 31, 2012, and the related notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Prophecy Platinum Corp. as at March 31, 2013 and 2012, and its financial performance and its cash flows for the year ended March 31, 2013 and eight months ended March 31, 2012 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 1 to these consolidated financial statements which describes the existence of a material uncertainty that may cast significant doubt about the ability of Prophecy Platinum Corp. to continue as a going concern.

Other Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 26 in the consolidated financial statements which explains that certain comparative information for the 2012 year has been restated.

CHARTERED ACCOUNTANTS

Vancouver, British Columbia
July 26, 2013

PROPHECY PLATINUM CORP. (an exploration stage company)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Note		March 31, 2013		March 31, 2012 (Restated- Note 26)
ASSETS					
Current Assets					
Cash and cash equivalents	6	**$**	**302,896**	$	582,139
Available for sale investments	7		**-**		2,611,661
Amounts receivable	8		**524,393**		242,594
Prepaid expenses	9		**153,614**		333,948
			980,903		3,770,342
Non-Current Assets					
Restricted cash equivalents	6		**57,500**		-
Reclamation deposit	13		**670,840**		-
Exploration deposits			**118,278**		118,278
Available for sale investments	7		**6,250**		1,834,083
Equipment	10		**416,963**		373,874
Exploration and evaluation mineral properties	11		**71,673,984**		56,019,080
			72,943,815		58,345,315
TOTAL ASSETS		**$**	**73,924,718**	$	62,115,657
LIABILITIES AND EQUITY					
Current Liabilities					
Accounts payable and accrued liabilities	12	**$**	**1,582,685**	$	692,956
Due to related parties	16		**117,664**		30,338
			1,700,349		723,294
Non-Current Liabilities					
Provision for mine closure and reclamation	13		**625,892**		-
TOTAL LIABILITIES			**2,326,241**		723,294
EQUITY					
Share capital	14		**81,098,206**		64,997,398
Reserves			**8,835,917**		6,551,168
Accumulated other comprehensive income (loss)			**(23,125)**		768,896
Deficit			**(18,312,521)**		(10,925,099)
TOTAL EQUITY			**71,598,477**		61,392,363
		$	**73,924,718**	$	62,115,657

Subsequent events (Note 27)

Approved on behalf of the Board on July 26, 2013:

"Greg Johnson"
Greg Johnson, Director

"Greg Hall"
Greg Hall, Director

The accompanying notes are an integral part of the Consolidated Financial Statements.

PROPHECY PLATINUM CORP. (an exploration stage company)

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(Expressed in Canadian Dollars)

		Year Ended March 31, 2013		Eight Months Ended March 31, 2012 (Restated-Note 26)
EXPENSES				
Business development and relations	**$**	**1,263,152**	$	863,343
Consulting		**1,080,196**		292,708
Depreciation		**78,033**		16,284
Foreign exchange loss (gain)		**19,486**		(9,234)
Insurance		**62,032**		19,186
Office		**550,773**		429,640
Professional fees		**784,074**		376,105
Property maintenance		**128,572**		-
Salaries and wages		**1,073,651**		61,504
Share-based payments		**1,832,221**		3,727,458
Transfer agent and filing fees		**78,573**		72,974
Loss before other items and income taxes		**(6,950,763)**		(5,849,968)
OTHER ITEMS				
Investment income		**18,805**		24,303
Mineral property impairment write-down (Note 11)		**(460,843)**		-
Other income		**235,368**		-
Realized gain (loss) on available for sale investments		**(100,147)**		45,246
Loss before income taxes		**(7,257,580)**		(5,780,419)
Deferred income tax (expense) recovery		**(129,842)**		109,842
Net loss		**(7,387,422)**		(5,670,577)
OTHER COMPREHENSIVE INCOME GAIN (LOSS)				
Unrealized gain (loss) on available for sale investments (net of tax)		**(792,021)**		768,896
COMPREHENSIVE LOSS	**$**	**(8,179,443)**	$	(4,901,681)
LOSS PER COMMON SHARE, BASIC AND DILUTED	**$**	**(0.12)**	$	(0.11)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		**63,818,441**		53,563,299

The accompanying notes are an integral part of the Consolidated Financial Statements.

PROPHECY PLATINUM CORP. (an exploration stage company)

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in Canadian Dollars)

	Year Ended March 31, 2013	Eight Months Ended March 31, 2012 (Restated-Note 26)
CASH PROVIDED BY (USED IN):		
OPERATIONS		
Net loss	$ **(7,387,422)**	$ (5,670,577)
Add (deduct) items not affecting cash:		
Deferred income tax expense	**129,842**	(109,842)
Share-based payments	**1,832,221**	3,727,458
Depreciation	**78,033**	16,284
Realized gain (loss) on available for sale investment	**100,147**	(45,246)
Flow through share income	**(244,749)**	-
Mineral property impairment write-down	**460,843**	-
	(5,031,085)	(2,081,923)
Changes in non-cash working capital balances:		
(Increase) decrease in amounts receivable	**60,054**	(150,717)
(Increase) decrease in prepaid expenses	**243,936**	(239,165)
Increase (decrease) in accounts payable	**(1,453,852)**	(60,120)
Restricted cash	**(57,500)**	-
Reclamation deposit	**(670,840)**	-
Cash Used in Operating Activities	**(6,909,287)**	(2,531,925)
INVESTING		
Exploration expenditures	**(7,813,736)**	(5,419,413)
Purchase of equipment	**(35,940)**	(394,672)
Cash received in acquisition	**703,225**	**-**
Acquisition of marketable securities	**-**	(4,008,474)
Acquisition of URSA shares	**-**	(1,000,750)
Proceeds from sale of available for sale investments	**2,464,010**	1,487,464
Cash Used in Investing Activities	**(4,682,441)**	(9,335,845)
FINANCING		
Proceeds from share issuance	**10,696,159**	9,437,320
Proceeds from exercise of options	**117,000**	301,250
Proceeds from exercise of warrants	**412,001**	142,499
Share subscriptions received	**-**	21,250
Due to (from) related parties	**87,325**	(294,513)
Cash Provided by Financing Activities	**11,312,485**	9,607,806
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(279,243)**	(2,259,966)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	**582,139**	2,842,105
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ **302,896**	$ 582,139

Supplemental cash flow information (Note 23)

The accompanying notes are an integral part of the Consolidated Financial Statements.

PROPHECY PLATINUM CORP. (an exploration stage company)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in Canadian Dollars)

	Number of Common Shares	Common Shares Amount	Reserves	Accumulated Other Comprehensive Income (Loss)	Deficit	Total Equity
As at August 1, 2011 (Restated-Note 26)	**51,284,321**	**$ 54,699,316**	**$ 2,737,102**	**$ –**	**$ (5,254,522)**	**$ 52,181,896**
Options exercised	285,000	475,919	–	–	–	475,919
Warrants exercised	167,500	289,843	_	–	–	289,843
Exercise of options and w arrants reallocation from reserves	_	_	(322,013)	–	–	(322,013)
Shares issued for mineral properties	25,000	73,750	_	–	–	73,750
Share-based payments	_	–	4,136,079	–	–	4,136,079
Private placements, net of share issue costs	3,709,489	9,437,320	–	–	–	9,437,320
Share subscriptions received		21,250	–	–	–	21,250
Shares returned to treasury	(17,767)	_	–	–	–	–
Unrealized gain (loss) on marketable securities	–	–	–	768,896	–	768,896
Net loss for the year	–	–	–	–	(5,670,577)	(5,670,577)
As at March 31, 2012 (Restated-Note 26))	**55,453,543**	**$ 64,997,398**	**$ 6,551,168**	**$ 768,896**	**$ (10,925,099)**	**$ 61,392,363**
Options exercised	130,000	191,584	–	–	–	191,584
Warrants exercised	412,000	412,000	–	–	–	412,000
Exercise of option and w arrants reallocation from reserves	_	–	(74,584)	–	–	(74,584)
Shares issued for URSA Acquisition	3,185,316	5,032,800	–	–	–	5,032,800
Private Placement - July 31, 2012 - Common Shares	5,067,208	6,080,650	–	–	–	6,080,650
Private Placement - July 31, 2012 - Flow Through Shares	807,655	1,346,795	–	–	–	1,346,795
Private Placement - August 30, 2012	2,500,000	2,622,391	–	–	–	2,622,391
Issue of shares to Kluane First Nation - September 13, 2012	83,333	129,166	–	–	–	129,166
Private Placement - December 27, 2012 - Flow Through Shares	1,135,635	1,090,210	–	–	–	1,090,210
Share Issue Costs	_	(804,788)	_	–	–	(804,788)
Share-based payments	_	_	2,359,333	–	–	2,359,333
Unrealized gain (loss) on marketable securities	_	_	_	(792,021)	_	(792,021)
Net loss for the year	–	–	–	–	(7,387,422)	(7,387,422)
As at March 31, 2013	**68,774,690**	**$ 81,098,206**	**$ 8,835,917**	**$ (23,125)**	**$ (18,312,521)**	**$ 71,598,477**

The accompanying notes are an integral part of the Consolidated Financial Statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Prophecy Platinum Corp. (the “Company” or “Prophecy Platinum”), incorporated in British Columbia, is a public company listed on the TSX Venture Exchange ("TSX-V") and trades under the symbol NKL. The Company maintains its head office at 342 Water Street, 2nd Floor, Vancouver, British Columbia, Canada, V6B 1B6.

These consolidated financial statements are for the year ended March 31, 2013 with comparative figures for the eight months ended March 31, 2012. During fiscal 2012 the Company changed its year end from July 31 to March 31.

The Company is in the exploration stage and its principal business activity is the sourcing and exploration of mineral properties in North America and South America. The Company is in the process of exploring and evaluating its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable.

At March 31, 2013, Prophecy Platinum had approximately $0.3 million in cash and cash equivalents which included $0.2 million in Guaranteed Investment Certificates. At year end the Company had a working capital deficit of approximately $0.6 million (March 31, 2012: working capital surplus of $3.0 million), net loss incurred for the year ended March 31, 2013 amounted to $7.4 million and the cumulative deficit was $18.3 million as at March 31, 2013.

The Company will require additional sources of equity or debt financing for ongoing operations and to continue to explore and develop its mineral properties. In the event that the Company is not able to obtain adequate additional funding to continue as a going concern, material adjustments would be required to both the carrying value and classification of assets and liabilities on the consolidated statement of financial position. Subsequent to year end on June 20, 2013, the Company closed a $5.9 million equity share capital financing and entered into a short term loan agreement for $1.0 million with management to facilitate their participation in the equity financing.

The Company's exploration activities are subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labour standards. In order for the Company to carry out its exploration activities, the Company is required to hold certain permits. There is no assurance that the Company's existing permits will be renewed or that new permits that have been applied for will be granted.

Major expenditures are required to locate and establish ore reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. The recoverability of valuations assigned to exploration and evaluation mineral properties are dependent upon discovery of economically recoverable reserves, the ability to obtain necessary financing to complete exploration, development and future profitable production or proceeds from the disposition thereof.

Management reviews the carrying value of the Company's interest in each property and where necessary, exploration and evaluation mineral properties are written down to their estimated recoverable amount or written off. Although management has made its best estimate of these factors, it is reasonably possible that certain events could adversely affect management's estimates of recoverable amounts and the need for, as well as, the amount of provision for impairment in the carrying value of exploration properties and related assets.

Due to a working capital deficit and operating losses, the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing to reach profitable levels of operation. It is not possible to predict whether future financing efforts will be successful or available at all.

Management believes that the Company will be able to continue as a going concern for the foreseeable future and realize its assets and discharge its liabilities and commitments in the normal course of business, and therefore, these annual audited consolidated financial statements have been prepared on a going concern basis and do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

(Expressed in Canadian Dollars)

2. BASIS OF PREPARATION

Statement of compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

Approval of the consolidated financial statements

The consolidated financial statements of the Company for the year ended March 31, 2013 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on July 26, 2013.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement basis - These consolidated financial statements are prepared on the historical cost basis except for certain financial instruments, which are measured at fair value as explained in the accounting policies set out in Note 3. All amounts are expressed in the Company's functional currency which is the Canadian dollar unless otherwise stated.

Basis of consolidation - The consolidated financial statements include the accounts of the Company and its 100% owned subsidiaries. All material intercompany balances and transactions have been eliminated. Details of the Company's subsidiaries at March 31, 2013 are as follows:

	Principal Activity	Place of incorporation and operation	Ownership interest		
			March 31, 2013	March 31, 2012	
Ursa Major Minerals Inc. ("URSA")	Exploration	Canada	100%	-	A
0905144 B.C. Ltd.	Exploration	Canada	100%	100%	
PCNC Holdings Corp.	Exploration	Canada	100%	100%	
Pacific Coast Nickel Corp., U.S.A.	Inactive	USA	100%	100%	
Pacific Nickel Sudamerica S.A.	Exploration	Uruguay	100%	100%	

A As of March 31, 2012 the Company owned 17.3% of URSA and URSA was not a subsidiary until control was acquired during the year ended March 31, 2013, refer to Note 5.

Cash and cash equivalents - The Company considers deposits with banks or highly liquid short-term interest bearing securities that are readily convertible to known amounts of cash to be cash equivalents.

Amounts receivable – Amounts receivable is comprised of Canadian harmonized sales tax, other tax credits and advances.

Exploration and evaluation assets - All expenditures related to the cost of exploration and evaluation of mineral resources including acquisition costs for interests in mineral claims are capitalized as intangible exploration and evaluation assets. General exploration costs not related to specific mineral properties are expensed as incurred. If economically recoverable reserves are developed, capitalized costs of the related property are reclassified as mining assets and upon commencement of commercial production, are amortized using the units of production method over estimated recoverable reserves. Impairment is assessed at the level of cash-generating units. Management regularly assesses carrying values of non-producing properties and properties for which events and circumstances may indicate possible impairment. Impairment of a property is generally considered to have occurred if one of the following factors are present; the rights to explore have expired or are near to expiry with no expectation of renewal, no further substantive expenditures are planned or budgeted, exploration and evaluation work is discontinued in an area for which commercially viable quantities have not been discovered, indications that in an area with development likely to proceed the carrying amount is unlikely to be recovered in full by development or sale.

The recoverability of exploration and evaluation assets is dependent on the existence of economically recoverable reserves, the ability to obtain the necessary financing to complete the development of the reserves, and the profitability of future operations. The Company has not yet determined whether or not any of its future mineral properties contain economically recoverable reserves. Amounts capitalized to exploration and evaluation assets do not necessarily reflect present or future values.

Impairment of assets – Long lived assets are regularly reviewed for impairment or whenever events or changes in circumstances may indicate that their carrying amount may exceed their recoverable amount. When an impairment review is undertaken, the recoverable amount is assessed by reference to the higher of a value in use (being the present value of expected future cash flows of the relevant cash-generating unit) and fair value less costs to sell. If the carrying amount of an asset exceeds the recoverable amount an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

Provisions - Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. At each financial position reporting date presented the Company has not incurred any decommissioning costs related to the exploration and evaluation of its mineral properties and accordingly no provision has been recorded for such site reclamation or abandonment.

Reclamation provision - The Company records the present value of estimated costs of legal and constructive obligations required to restore mineral properties in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and restoration, reclamation and re-vegetation of affected areas. The fair value of the liability for a rehabilitation provision is recorded when it is incurred. When the liability is initially recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related mineral property. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability, which is accreted over time through periodic charges to income or loss. Additional disturbances or changes in rehabilitation costs will be recognized as additions or charges to the corresponding assets and rehabilitation liability when they occur.

Equipment - Equipment is recorded at cost less accumulated depreciation. Depreciation is provided over the estimated useful life of the asset using the declining balance method at annual rates of between 20% and 30% pro-rated to the number of months in use during the year.

Marketable securities – Investments in mutual funds and shares of public companies traded on an active market over which the Company does not have control or exercises significant influence are along with ETF’s, classified as available for sale investments and accounted for at fair market value, based upon quoted market share prices at the consolidated statement of financial position date. Unrealized gains or losses on these investments are recorded in other comprehensive income or loss. Upon derecognition, the realized gain or loss is reclassified from accumulated other comprehensive income to profit and loss.

Income taxes - The Company provides for income taxes using the liability method of tax allocation. Under this method deferred income tax assets and liabilities are determined based on temporary differences between the accounting and tax bases of existing assets and liabilities, and are measured using enacted or substantially enacted tax rates expected to apply when these differences reverse.

Deferred income tax assets for which realization is not probable are not recognized.

Share-based payments - The Company records all share-based payments at their fair value. The share-based payment costs are charged to operations over the stock option vesting period and agents' options and warrants issued in connection with common share placements are recorded at their fair value on the date of issue as share issuance costs. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options expected to vest. On the exercise of stock options and agents' options and warrants, share capital is credited for consideration received and for fair value amounts previously credited to contributed surplus. The Company uses the Black Scholes option pricing model to estimate the fair value of share based compensation.

Loss per share - Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of common shares outstanding during the period. The Company applies the treasury stock method in calculating diluted loss per share. Diluted loss per share excludes all dilutive potential common shares if their effect is anti-dilutive.

Share issue costs - Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred share issue costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issue costs are charged to share capital when the related shares are issued. Deferred share issue costs related to financing transactions that are not completed are charged to expenses.

Financial instruments - All financial assets are initially recorded at fair value and classified into one of four categories: held to maturity, available for sale, loans and receivable or at fair value through profit or loss ("FVTPL"). All financial liabilities are initially recorded at fair value and classified as either FVTPL or other financial liabilities. All transactions related to financial instruments are recorded on a settlement date basis. Financial instruments comprise cash and cash equivalents, available for sale investment, accounts payable and amounts due to related parties. At initial recognition management has classified financial assets and liabilities as follows:

a) Financial assets

The Company has recognized its cash and cash equivalents at FVTPL. A financial instrument is classified at FVTPL if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Financial instruments at FVTPL are measured at fair value and changes therein are recognized in income. The Company's present available for sale investments are classified as available for sale due to management's intention not to trade them for short-term gain.

b) Financial liabilities

The Company has recognized its accounts payable and amounts due to related parties as other financial liabilities. Accounts payable are recognized at the amount required to be paid less, when material, a discount to reduce the payable to fair value. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

c) Impairment of financial assets

At each reporting date, the Company assess whether there is any objective evidence that a financial asset or a group of financial assets is impaired, if and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Flow-through shares - The Company finances some exploration expenditures through the issuance of flow-through shares. The resource expenditure deductions for income tax purposes are renounced to investors in accordance with the appropriate Canadian income tax legislation. When the common shares are offered, the difference ("premium") between the amount recognized in common shares and the amount the investors pay for the shares is recognized as a flow-through share related liability which is reversed into the consolidated statement of operations and comprehensive loss as other income when the eligible expenditures are incurred.

New accounting standards issued but not yet effective - Certain new standards, interpretations and amendments to existing standards have been issued by the International Accounting Standards Board ("IASB") or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for future accounting periods which have not yet been adopted. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

New accounting standards effective April 1, 2013

IFRS 10 Consolidated Financial Statements - IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 Consolidation - Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements.

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 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

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.

IAS 27 Separate Financial Statements - As a result of the issue of the new consolidation suite of standards, IAS 27 Separate Financial Statements has been reissued, as the consolidation guidance will now be included in IFRS 10. IAS 27 will now only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.

Recent Accounting Pronouncements Not Yet Adopted

IAS 28 Investments in Associates and Joint Ventures - As a consequence of the issue of IFRS 10, IFRS 11 and IFRS 12, IAS 28 has been amended and will provided the accounting guidance for investments in associates and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The amended IAS 28 will be applied by all entities that are investors with joint control of, or significant influence over, an investee.

IAS 1 Presentation of Financial Statements - In June 2011, the IASB issued an amendment to IAS 1, which requires entities to separately present items in other comprehensive income based on whether or not they may be recycled to profit or loss in future periods.

IFRIC 20 Production Stripping Costs - In October 2011, the IASB issued IFRIC 20 Stripping Costs, which requires the capitalization and depreciation of stripping costs in the production phase if an entity can demonstrate that it is probable future economic benefits will be realized, the costs can be reliably measured and the entity can demonstrate that it is probable future economic benefits will be realized, the costs can be reliably measured and the entity can identify the component of the ore body for which access has been improved.

IAS 32 Financial Instruments: Presentation - In December 2011, the IASB issued an amendment to clarify the meaning of the offsetting criterion and the principle behind net settlement, including identifying when some gross settlement systems may be considered equivalent to net settlement. Earlier application is permitted when applied with a corresponding amendment to IFRS 7.

Management does not expect that the adoption of these standards and interpretations will have a significant effect on the consolidated financial statements of the Company other than additional disclosures.

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 at fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit or loss 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 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 fair value through profit and loss would generally be recorded in other comprehensive income.

IFRS 9 is effective for the Company's annual period beginning on April 1, 2015. The Company has not yet began the process of assessing the impact that IFRS 9 will have on the consolidated financial statements or whether to early adopt this new requirement.

4. ESTIMATES AND ASSUMPTIONS

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and revenues and expenses for the periods reported. The Company bases its estimates and assumptions on current and various other factors that it believes to be reasonable under the circumstances. Management believes the estimates are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows.

The areas which require management to make significant estimates and assumptions in determining carrying values include, but are not limited to:

Exploration and Evaluation Assets

The recoverability of the carrying value of the exploration and evaluation assets and mineral properties is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Purchase Price Allocation in Acquisitions

Applying the acquisition method to business combinations requires each identifiable asset and liability to be measured at its acquisition-date fair value. The excess, if any, of the fair value of consideration over the fair value of the net identifiable assets acquired is recognized as goodwill. The determination of the acquisition-date fair values often requires management to make assumptions and estimates about future events. The assumptions and estimates relating to determining the fair value of mineral properties, exploration and evaluation assets and property, plant and equipment acquired generally require a high degree of judgment, and include estimates of mineral reserves acquired, future metal prices and discount rates. Changes in any of the assumptions or estimates used in determining the fair value of acquired assets and liabilities could affect the amounts assigned to assets, liabilities and goodwill in the purchase price allocation.

Depreciation and Amortization

Significant judgment is involved in the determination of useful life and residual values for the computation of depreciation and amortization and no assurance can be given that actual useful lives and residual values will not differ significantly from current assumptions.

Impairment

The carrying value of property and equipment is reviewed each reporting period to determine whether there is any indication of impairment. If the carrying amount of an asset exceeds its recoverable amount, the asset is impaired and an impairment loss is recognized in the consolidated statement of operations and comprehensive loss. The assessment of fair values, including those of the cash generating units (the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflow from other assets or groups of assets) (“CGUs”) for purposes of testing goodwill, require the use of estimates and assumptions for recoverable production, long-term commodity prices, discount rates, foreign exchange rates, future capital requirements and operating performance. Changes in any of the assumptions or estimates used in determining the fair value of goodwill or other assets could impact the impairment analysis.

Site Closure and Reclamation Provisions

The Company assesses its mineral properties’ rehabilitation provision at each reporting date or when new material information becomes available. Exploration, development and mining activities are subject to various laws and regulations governing the protection of the environment. In general, these laws and regulations are continually changing and the Company has made, and intends to make in the future, expenditures to comply with such laws and regulations. Accounting for reclamation obligations requires management to make estimates of the future costs that the Company will incur to complete the reclamation work required to comply with existing laws and regulations at each location. Actual costs incurred may differ from those amounts estimated.

Also, future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required to be performed by the Company. Increases in future costs could materially impact the amounts charged to operations for reclamation and remediation. The provision represents management’s best estimate of the present value of the future reclamation and remediation obligation. The actual future expenditures may differ from the amounts currently provided.

Share-Based Payments

Management uses valuation techniques in measuring the fair value of share options granted. The fair value is determined using the Black Scholes option pricing model which requires management to make certain estimates, judgements, and assumptions in relation to the expected life of the share options and share purchase warrants, expected volatility, expected risk-free rate, and expected forfeiture rate (Note

15). Changes to these assumptions could have a material impact on the Company's consolidated financial statements.

Contingencies

The assessment of contingencies involves the exercise of significant judgment and estimates of the outcome of future events. In assessing loss contingencies related to legal proceedings that are pending against the Company and that may result in regulatory or government actions that may negatively impact the Company's business or operations, the Company and its legal counsel evaluate the perceived merits of the legal proceeding or unasserted claim or action as well as the perceived merits of the nature and amount of relief sought or expected to be sought, when determining the amount, if any, to disclose as a contingent liability or when assessing the impact on the carrying value of the Company's assets. Contingent assets are not recognized in the Company's consolidated financial statements.

Deferred Income Taxes

Judgement is required to determine which types of arrangements are considered to be a tax on income in contrast to an operating cost. Judgement is also required in determining whether deferred tax liabilities are recognised in the consolidated statement of financial position. Deferred tax assets, including those potentially arising from un-utilised tax losses, require management to assess the likelihood that the Company will generate sufficient taxable income in future periods, in order to recognise deferred tax assets. Assumptions about the generation of future taxable income depend on management's estimates of future operations and cash flows. These estimates of future taxable income are based on forecast cash flows from operations (which are impacted by production and sales volumes, commodity prices, reserves, operating costs, closure and rehabilitation costs, capital expenditure, and other capital management transactions) and judgement about the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize deferred tax assets or offset these against any deferred tax liabilities recorded at the reporting date could be impacted.

(Expressed in Canadian Dollars)

5. ACQUISITIONS

Acquisition of URSA Major Minerals Inc. in the year ended March 31, 2013

On July 16, 2012, the Company acquired URSA Major Minerals Incorporated ("URSA") through a court-approved plan of arrangement (the Arrangement). Pursuant to the terms of the URSA Arrangement, the Company issued 3,186,916 common shares to acquire all of the outstanding shares in URSA. On March 8, 2012, the Company had subscribed for 16,666,667 common shares of URSA at $0.06 per share for a total cost of $1,000,000 representing 17.3% of URSA's common shares. These shares of URSA were cancelled, pursuant to the terms of the URSA Arrangement, upon completion of the transaction. The Company assumed all outstanding warrants of URSA, which were converted to 144,097 warrants of the Company and are of nominal fair value.

The total fair value amount of $5,088,440 assigned to the 3,186,916 common shares issued by the Company in the URSA Arrangement, including the capitalized transaction costs, is based on the quoted market price as of July 16, 2012. The purchase of URSA has been accounted for as an asset acquisition as URSA's activities at the time of acquisition consisted of a mineral property on care and maintenance.

The following is a summary of allocation of the purchase price to assets acquired and liabilities assumed:

Shares issued for acquisition	$	5,032,800
Cash paid (purchase of URSA shares)		1,000,000
Transaction Costs		55,640
Advance Paid to URSA		65,200
Acquisition Costs	$	6,153,640
Fair value of assets acquired and liabilities assumed:		
Mineral properties	$	7,456,988
Cash and cash equivalents		703,225
Receivables		341,854
Prepaids expenses		63,602
Available for sale investments		29,375
Equipment		149,148
Accounts payable and accrued liabilities		(2,590,552)
	$	6,153,640

URSA's principal asset is a 100% interest in the Shakespeare mineral property located near Sudbury, Ontario, which from May 2010 to January 2012, prior to the completion of the URSA Arrangement, URSA direct shipped mineralized material from an open pit to a third party mill for toll processing. From the date of the acquisition of July 16, 2012 until March 31, 2013 the revenue and net loss of URSA included in the consolidated statement of operations and comprehensive loss were $Nil and $427,959 respectively.

Acquisition of Mineral Properties from Prophecy Coal Corp. in the period ended March 31, 2012

On June 13, 2011, the Company purchased the Wellgreen and Lynn Lake properties from Prophecy Coal Corp. by a plan of arrangement (the "Arrangement") in consideration for 450,000,000 of the Company's pre-consolidation shares. The balances in acquisition costs for the Wellgreen and Lynn Lake properties represent the estimated fair value of these properties at the time of the acquisition. Under the Arrangement, Prophecy Coal Corp. spun out its Wellgreen and Lynn Lake mineral properties along with $2,000,000 cash into a newly incorporated company named 0905144 BC Ltd. Prophecy Coal Corp. then transferred all the issued and outstanding shares of 0905144 BC Ltd shares to the Company in consideration for 450,000,000 of the Company's pre-consolidation shares. Subsequent to the transaction, the Company consolidated its share capital on a 10 old for 1 new common share basis. This transaction has been accounted for as an acquisition of assets rather than a business combination because the acquisition does not meet the definition of a business as outlined in IFRS 3 *Business Combinations*. The operations of 0905144 BC Ltd. have been included in these consolidated financial statements from the date of acquisition.

The following is a summary of the acquisition cost allocation, at the date of purchase, based upon the estimated fair value, which was determined to be represented by the carrying values of the assets acquired and liabilities assumed:

Purchase price of 450,000,000 (45,000,000 post share-consolidation) common shares issued	$49,007,724
Transaction costs	126,730
Acquisition cost	$49,134,454
Purchase price allocation:	
Cash	$ 2,000,000
Mineral properties – Wellgreen	14,783,596
Mineral properties – Lynn Lake	32,350,858
Assets acquired	$49,134,454

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents of the Company are comprised of bank balances and short term money market instruments with original maturities of three months or less. The Company's cash and cash equivalents are denominated in the following currencies:

		March 31, 2013	March 31, 2012
Cash			
Denominated in Canadian dollars	$	39,847 $	399,264
Denominated in US dollars		25,323	167,397
Denominated in Uruguayan pesos		2,726	15,233
Short-term deposits			
Denominated in Canadian dollars		235,000	245
	$	302,896 $	582,139

Restricted Cash Equivalents

A Guaranteed Investment Certificate of $57,500 has been pledged as collateral for the Company's credit card.

7. AVAILABLE FOR SALE INVESTMENTS

In December 2011, the Company purchased platinum and palladium ETFs in the amounts of $1,969,407 USD ($2,004,263 CAD) and $1,969,234 USD ($2,004,211 CAD) respectively. At June 30, 2012, the Company had sold all of its platinum ETFs and palladium ETFs on hand and incurred a realized loss of $100,147 for the year ended March 31, 2013.

On March 8, 2012, the Company subscribed for 16,666,667 common shares of URSA at $0.06 per share for a total cost of $1,000,000 representing 17.3% of URSA's common shares. These shares were subsequently cancelled upon acquisition of URSA; no gain/loss was recognized in net income. 125,000 common shares of Auriga Gold Corp. were acquired as part of the assets transferred upon the acquisition of URSA.

(Expressed in Canadian Dollars)

These investments are classified as available for sale financial instruments and are detailed as follows:

Available for sale sale investments		**Cost**		**Balance**		**March 31, 2012 FV Change**		**March 31, 2012 Fair Value**
Current Assets								
Platinum ETF	$	2,004,263	$	1,290,776	$	53,065	$	1,343,841
Palladium ETF		2,004,211		1,282,851		(15,031)		1,267,820
		4,008,474		2,573,627		38,034		2,611,661
Non-current Assets								
URSA Shares		1,000,750		1,000,750		833,333		1,834,083
Balance	**$**	**5,009,224**	**$**	**3,574,377**	**$**	**871,367**	**$**	**4,445,744**

Available for sale investments		**Cost**		**Balance**		**March 31, 2013 FV Change**		**March 31, 2013 Fair Value**
Non-Current Assets								
Auriga Shares	$	10,000	$	10,000	$	(3,750)	$	6,250

8. AMOUNTS RECEIVABLE

		March 31, 2013		**March 31, 2012**
HST Receivable	$	515,742	$	238,346
Other Receivables		8,651		4,248
	$	**524,393**	**$**	**242,594**

9. PREPAID EXPENSES

		March 31, 2013		**March 31, 2012**
Prepaid insurance	$	54,288	$	10,608
Prepaid geological service contracts		18,807		172,597
Prepaid promotional services		35,983		113,388
Prepaid general business and other services contracts		44,536		37,355
	$	153,614	$	333,948

(Expressed in Canadian Dollars)

10. EQUIPMENT

	Computer equipment	Computer software	Exploration equipment	Shelter	Total
Cost					
Balance, July 31, 2011	$ 1,572	$ –	$ 23,304	$ –	$ 24,876
Additions for the period	–	59,087	10,585	325,000	394,672
Balance, March 31, 2012	**1,572**	**59,087**	**33,889**	**325,000**	**419,548**
Additions for the period	–	–	35,940	–	35,940
Acquisition of URSA	–	–	149,148	–	149,148
Balance, March 31, 2013	**1,572**	**59,087**	**218,977**	**325,000**	**604,636**
Accumulated Depreciation					
Balance, July 31, 2011	(1,113)	–	(16,511)	–	(17,624)
Depreciation for the period	(131)	(15,372)	(1,714)	(10,833)	(28,050)
Balance, March 31, 2012	**(1,244)**	**(15,372)**	**(18,225)**	**(10,833)**	**(45,674)**
Depreciation for the period	(98)	(43,715)	(35,471)	(62,716)	(141,999)
Balance, March 31, 2013	**(1,342)**	**(59,087)**	**(53,696)**	**(73,549)**	**(187,673)**
Carrying Value					
As at March 31, 2012	**328**	**43,715**	**15,664**	**314,167**	**373,874**
As at March 31, 2013	**$ 230**	**$ –**	**$ 165,282.75**	**$ 251,451**	**$ 416,963**

(Expressed in Canadian Dollars)

11. EXPLORATION AND EVALUATION MINERAL PROPERTY ASSETS

EXPLORATION AND EVALUATION MINERAL PROPERTY ASSETS

	Yukon		Manitoba	Ontario						Uruguay	Argentina	
	Wellgreen	**Burwash**	**Lynn Lake**	**Shakespeare**	**Stumpy Bay Option**	**Porter Baldwin**	**Porter Option**	**Shining Tree**	**Fox Mountain**	**Prospecting Licences**	**Prospecting Licences**	**Total**
Acquisition costs												
Balance, March 31, 2012	$ 14,783,596	$ 1,126,500	$ 33,350,858	$ –	$ –	$ –	$ –	$ –	$ –	$ 7,048	$ 280,123	$ 49,548,125
Option payments	–	–	575,000	–	–	–	–	–	–	–	–	575,000
Acquisition of URSA, July 16, 2012	–	–	–	5,989,350	318,811	477,114	119,468	442,873	109,373	–	–	7,456,989
Balance, March 31, 2013	14,783,596	1,126,500	33,925,858	5,989,350	318,811	477,114	119,468	442,873	109,373	7,048	280,123	57,580,114
Exploration and evaluation												
Balance, March 31, 2012	4,448,257	756,565	404,108	–	–	–	–	–	–	710,497	151,528	6,470,955
Amortization	62,833	118	–	–	–	–	–	–	–	1,014	–	63,965
Assay	18,426	–	–	–	–	–	–	–	–	–	–	18,426
Camp and general	1,312,613	16,650	15,226	–	–	–	–	–	–	–	–	1,344,489
Claims	1,800	–	845	5,861	60,000	–	24,000	–	–	2,384	–	94,890
Drilling	3,209,698	–	–	374,834	–	–	–	–	–	–	–	3,584,532
Envirionmental	103,103	–	–	–	–	–	–	–	–	–	–	103,103
Geophysical	1,258,579	–	17,639	–	–	–	–	–	–	37,041	–	1,313,259
Leases and licensing	3,987	–	38,479	–	–	–	–	–	–	–	22,361	64,827
Legal	56,155	–	–	–	–	–	–	–	–	–	3,477	59,632
Mapping	23,346	–	–	–	–	–	–	–	–	–	–	23,346
Recovery	–	–	(50,851)	–	–	–	–	–	–	–	–	(50,851)
Share-based payments	527,112	–	–	–	–	–	–	–	–	–	–	527,112
Survey & estimates	211,022	–	–	–	–	–	–	–	–	–	–	211,022
Travel	151,667	–	–	–	–	–	–	–	–	–	3,355	155,022
Wages	570,635	–	350	–	–	–	–	–	–	–	–	570,985
Expenditures April 1, 2012 to March 31, 2013	7,510,976	16,768	21,688	380,695	60,000	–	24,000	–	–	40,439	29,193	8,083,759
Mineral Property Impairment Writedown	–	–	–	–	–	–	–	–	–	–	(460,844)	(460,844)
Balance, March 31, 2013	11,959,233	773,333	425,796	380,695	60,000	–	24,000	–	–	750,936	(280,123)	14,093,870
Total E&E Assets	**$ 26,742,829**	**$ 1,899,833**	**$ 34,351,654**	**$ 6,370,045**	**$ 378,811**	**$ 477,114**	**$ 143,468**	**$ 442,873**	**$ 109,373**	**$ 757,984**	**$ –**	**$ 71,673,984**

(Expressed in Canadian Dollars)

11. EXPLORATION AND EVALUATION MINERAL PROPERTY ASSETS

EXPLORATION AND EVALUATION MINERAL PROPERTY ASSETS

	Yukon		Manitoba	Uruguay	Argentina	
	Wellgreen	Burwash	Lynn Lake	Prospecting Licences	Prospecting Licences	Total
Acquisition costs						
Balance, July 31, 2011	$ 14,783,596	$ 126,500	$ 32,350,858	$ 7,048	$ 81,868	$ 47,349,870
Option payments	–	1,000,000	1,000,000	–	124,505	2,124,505
Share issuance	–	–	–	–	73,750	73,750
Balance, March 31, 2012	14,783,596	1,126,500	33,350,858	7,048	280,123	49,548,125
Exploration and evaluation						
Balance, July 31, 2011	937,893	755,207	69,005	675,179	129,194	2,566,478
Amortization	10,833	158	–	775	–	11,766
Assay	–	–	–	–	14,272	14,272
Camp and general	427,015	–	(35,240)	136	–	391,911
Claims	10,080	–	29,892	–	–	39,972
Drilling	1,122,353	–	243,219	–	–	1,365,572
Geophysical	726,870	1,200	75,199	31,906	–	835,175
Leases and licensing	1,591	–	–	–	–	1,591
Legal	128,209	–	–	2,165	8,062	138,436
Mapping	22,975	–	–	–	–	22,975
Share-based payments	397,799	–	10,822	–	–	408,621
Survey & estimates	317,226	–	–	–	–	317,226
Travel	68,167	–	11,211	336	–	79,714
Wages	277,246	–	–	–	–	277,246
Expenditures August 1, 2011 to March 31, 2012	3,510,364	1,358	335,103	35,318	22,334	3,904,477
Balance, March 31, 2012	4,448,257	756,565	404,108	710,497	151,528	6,470,955
Total E&E Assets	**$ 19,231,853**	**$ 1,883,065**	**$ 33,754,966**	**$ 717,545**	**$ 431,651**	**$ 56,019,080**

Prophecy Platinum Exploration and Evaluation Mineral Property Assets

Wellgreen Property, Yukon Territory, Canada

The 100% owned Wellgreen property, a platinum group metals and nickel-copper project, located in southwestern Yukon Territory, Canada, approximately 35 km northwest of Burwash Landing in the Yukon, and about 400 km from Alaska's deep sea port at Haines was acquired from Prophecy Coal Corp. on June 13, 2011 by way of a plan of arrangement, in which 45,000,000 common shares of the Company was provided as consideration for the transaction.

Based on the ascribed market value of the Company shares amounting to $49,134,454, the purchase price allocation to the acquisition cost of properties acquired from Prophecy Coal Corp (refer to Note 5), of a 100% interest in the Wellgreen mineral property amounted to $14,783,596, and the option to acquire a 100% interest in the Lynn Lake property amounted to $32,350,858 (Note 5).

Burwash Property, Yukon Territories, Canada

On August 4, 2011 the Company entered into a letter agreement with Strategic Metals Ltd. to acquire a 100% interest in the Burwash property for $1,000,000 (paid). The agreement replaces the Burwash option agreement dated February 23, 2010 and letter agreement entered into on April 1, 2011.

Upon the acquisition of URSA (refer to Note 5) the Company acquired the following mineral properties:

(a) Shakespeare Property, Ontario Canada

Prophecy Platinum acquired a 100% interest in the nickel, copper, and PGM Shakespeare Property subject to the vendor's 1.5% net smelter returns ("NSR") royalty and certain mineral processing rights. The Company also holds 75% to 81% beneficial interest in various surrounding mineral claims to the Shakespeare Property.

(b) Stumpy Bay Property, Ontario, Canada

Prophecy Platinum acquired a 100% interest in certain claims known as the Stumpy Bay Property, located in Shakespeare and Baldwin Townships, Ontario. The optionor has retained a 2% NSR royalty. Advance royalty payments of $30,000 per year commenced March 21, 2006. The Company has the right to purchase one-half of the royalty for $750,000. Xstrata has elected to include this property as part of the Shakespeare agreement and accordingly holds a 25% interest in the Company's interest in the Stumpy Bay Property.

(c) Porter Baldwin Property, Ontario, Canada

Prophecy Platinum acquired a 100% interest in staked mining claims in the Agnew Lake area that are contiguous with the Shakespeare Property.

(d) Porter Property, Ontario, Canada

Prophecy Platinum acquired a 100% interest in certain mineral claims known as the Porter Property, located in Shakespeare, Dunlop and Porter Townships, Ontario. The vendor has retained a 2% NSR royalty. Advance royalty payments of $24,000 per year commenced January 15, 2007. The Company has the right to purchase one-half of the royalty for $1,000,000.

(e) Shining Tree Property, Ontario, Canada

Prophecy Platinum acquired a 100% interest in certain mineral claims known as the Shining Tree property, located in Fawcett Township, Ontario. The optionor has retained a 1% NSR royalty. The Company has the right to purchase one-half of the royalty for $500,000.

(f) Fox Mountain Property, Ontario, Canada

Prophecy Platinum acquired a 100% interest in staked mining claims in the Thunder Bay Mining Division of Ontario and pursuant to a November 19, 2010 purchase agreement owns a 100% interest in certain mining claims located in the Thunder Bay Mining Division of Ontario. The seller of a portion of these claims has retained a back in right to convert to a joint venture (seller 51%) or a 2% NSR royalty. In December 2011, a portion of the non-core claims related to the purchase agreement were cancelled by the Company.

Lynn Lake Property, Manitoba, Canada

In June 2011, the Company acquired the Lynn Lake nickel property option from Prophecy Coal Corp. (Note 5), assuming the original terms of the October 20, 2009 Option Agreement between Prophecy Coal Corp. and Victory Nickel Inc. (“Victory”).

Pursuant to the October 2009 Option Agreement, Prophecy Platinum may earn a 100% interest in the Lynn Lake property by paying Victory an aggregate of $4 million, including the last payment of $1 million due on March 1, 2013 and by incurring an aggregate of $3 million in exploration expenditures on the Lynn Lake property by November 1, 2012, and by issuing 2,419,548 common shares to Victory (issued on December 31, 2009 by Prophecy Coal Corp.). The October 2009 Option Agreement also provided Victory with a right to participate in future financings or acquisitions on a pro-rata basis so that Victory may maintain its 10% interest in the number of outstanding shares of the Company and the Company is subject to a 3% net smelter return royalty.

On August 3, 2012, Prophecy Platinum signed a Settlement Agreement with Victory which provides for a one-time cash payment of $450,000 (paid) in full settlement for the Company’s obligation under the October 2009 Option Agreement to incur the remaining balance of exploration expenditures of $1,188,877 on or before November 1, 2012.

On February 27, 2013, Prophecy Platinum entered into an Amending Option Agreement with Victory pursuant to which Prophecy Platinum may complete its earn-in of a 100% interest in the Lynn Lake property by making option payments to Victory totalling $1.125 million, (as substitution for the March 1, 2013 $1 million option payment), commencing with $125,000 on February 28, 2013, followed by six payments scheduled over the next year and a half, ending on August 29, 2014, of which all scheduled payments have been completed. Prophecy Platinum has the right to accelerate its 100% earn-in by completing a one-time option payment of $500,000 to Victory on February 28, 2014, in full satisfaction of the remaining three scheduled option payments for 2014 totalling $550,000.

Cerro Chato, Molles North, Molles South, Quebracho and Polanco, Uruguay

The Company has five prospecting licences in Uruguay and has performed some initial exploration activities on the properties, however, no further work is on-going, as the Company is re-evaluating these properties.

Las Aguilas Property, Argentina

On December 10, 2010, further amended March 21, 2012 the Company entered into a letter Agreement with Marifil Mines Limited (“Marifil”) with an option to acquire up to a 70% interest in the Las Aguilas Nickel-Copper-PGM property located in San Luis Province, Argentina. The Agreement with Marifil provides for cash and share payments and work commitments to earn a 49% interest in the property as follows:

Cash and common shares (on a 10 for 1 consolidation basis)

- $25,000 upon signing and 25,000 shares (paid and issued)
- $125,000 and 25,000 shares on or before April 1, 2012 (paid and issued)
- $100,000 and 25,000 shares on or before April 1, 2013
- $100,000 and 25,000 shares on or before April 1, 2014

(Expressed in Canadian Dollars)

Work Commitments

- On or before 3 months from the Agreement date, complete a resource estimate (completed)
- On or before November 1, 2012 incur $500,000 in exploration expenditures,
- On or before October 1, 2013 incur $500,000 in exploration expenditures,
- On or before July 1, 2014 incur $1,000,000 in exploration expenditures,

The Agreement also provides for the Company to earn an additional 11% by preparing a pre-feasibility study on the property and issuing an aggregate of 200,000 common shares (post consolidation) from April 1, 2014 to April 1, 2015. A further 10% can be earned by completing a feasibility study on the property, making cash payment of $100,000 and issuing an aggregate of 100,000 common shares (post consolidation) from April 1, 2015 to April 1, 2016.

The Agreement also provides for granting of a 3% NSR royalty to Marifil of which 0.5% can be purchased for $1,000,000 and a further 0.5% of the royalty purchased at any time upon the payment of a further $2,000,000. The Company has an option to buy Marifil's 30% interest for $5,000,000.

On November 1, 2012, the Company terminated its option agreement with Marifil Mines Ltd. on the Las Aguilas property, returned the property to Marifil, and wrote off capitalized exploration costs of $460,843.

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		March 31, 2013		March 31, 2012
Trade accounts payable	$	734,564	$	338,201
Accrued expenses		280,987		354,755
Royalties payable		450,980		-
Deferred other income from flow through share premium		116,154		-
	$	**1,582,685**	**$**	**692,956**

Trade accounts payables and accrued expenses consist of amounts outstanding for trade and other purchases related to exploration and administrative activities, and are normally settled on 30 to 90 day terms.

13. PROVISION FOR CLOSURE AND RECLAMATION

The Company has provided a letter of credit in the amount of $670,840 to the Ministry of Northern Development and Mines ("MNDM") under the terms of Closure Plan on the Shakespeare Property for stage one mining (refer to Note 11). The Company's provision for closure and reclamation costs are based on management's estimates of costs to abandon and reclaim mineral properties and facilities as well as an estimate of the future timing of the costs to be incurred. The Company has estimated its total provision for closure and reclamation to be $625,892 at March 31, 2013 based on a discounted total future liability of approximately $722,000, at an inflation rate of 2.1% and a discount rate of 1.84%.

Reclamation is expected to take place in the year 2022. The following is an analysis of the provision for closure and reclamation:

Balance March 31, 2012		-
Addition during the period	$	615,579
Accretion expense		10,313
Balance March 31, 2013	$	625,892

14. SHARE CAPITAL

The Company is authorized to issue an unlimited number of common voting shares without par value. Disclosures on any common shares issued are provided in the consolidated statements of changes in equity.

On June 13, 2011, the Company enacted a 10 old for 1 new common share consolidation and all share amounts presented have been retroactively restated.

On July 31, 2012, the Company closed a non-brokered private placement of units and flow through shares totaling $7.25 million. 5,067,208 units were issued at a price of $1.20 per unit generating gross proceeds of approximately $6,080,650. Each unit comprised one common share and a half share purchase warrant exercisable until July 31, 2014. Each whole warrant entitled the holder thereof to acquire one additional common share at a price of $1.50 per share in the first year and $2.00 per share in the second year. The warrants are subject to 30 day accelerated conversion if the closing price of the Company's shares on the TSX Venture Exchange is $2.80 or above for a period of 10 consecutive days. 807,655 flow-through shares were issued at a price of $1.45 per share generating gross proceeds of approximately $1,171,100.

On August 1, 2012, the Company entered into an Exploration and Cooperation Agreement with the Kluane First Nation in relation to the ongoing development of the Wellgreen project. On September 13, 2012 83,333 shares were issued to the Kluane First Nation and booked at the total market value of $129,166.

On August 30, 2012, the Company closed a $3.0 million non-brokered private placement of 2,500,000 units at a price of $1.20 per unit. Each unit comprised one common share and a half share purchase warrant. Each whole warrant entitles the holder thereof to acquire one additional common share at a price of $2.00 per share for a period of two years. The warrants are subject to 30 day accelerated conversion if the closing price of the Company's shares on the TSX Venture Exchange is $2.80 or above for a period of 10 consecutive trading days.

On December 27, 2012, the Company closed a non-brokered private placement of 1,135,635 flow through shares totaling $1,249,199 at a price of $1.10 per share. A flow through premium was recorded of $158,988 which is grouped into accounts payable and accrued liabilities (refer to Note 12). Finder's fees of 6% of the proceeds placed were paid in respect of the private placement.

All remaining shares in escrow were released on December 17, 2012, leaving a nil balance as at March 31, 2013.

15. SHARE PURCHASE OPTION PLAN AND SHARE-BASED PAYMENTS

The Company has a fixed incentive stock option plan in place dated October 26, 2012 (the "Stock Option Plan") and approved by shareholders on November 30, 2012. The Stock Option Plan authorizes the board of directors of the Company (the "Board") to grant options to directors, officers, employees and consultants (each, a "Service Provider") of the Company to acquire up to 13,505,211 common shares of the Company. Such options may be granted for a maximum term of 10 years and vest at the Board's discretion.

Under the Stock Option Plan, no Service Provider may be granted an option if such a grant would result in the total number of options held by the Service Provider, cumulative within the previous 12 months, exceeding 5% (2% for investor relations services) of the number of issued and outstanding shares of the Company. The aggregate number of shares issuable to insiders pursuant to options granted under the plan is limited to 10% of the Company's issued and outstanding shares at the time the options are granted.

(Expressed in Canadian Dollars)

The following table summarizes the share purchase option plan transactions:

	Number of Options		Weighted Average Exercise Price
Outstanding, July 31, 2011	6,018,750	$	1.10
Granted	1,620,000		3.40
Exercised	(285,000)		1.06
Cancelled	(400,000)		5.59
Forfeited	(247,500)		2.13
Outstanding, March 31, 2012	6,706,250	$	1.19
Granted	4,397,000		1.31
Exercised	(130,000)		0.90
Forfeited	(807,917)		2.16
Outstanding, March 31, 2013	10,165,333	$	1.17

The following table summarizes the share options outstanding:

Exercise Price		March 31 2013		March 31 2012		Expiry Date
		Outstanding	Exercisable	Outstanding	Exercisable	
$	1.60	-	-	3,750	3,750	January 7, 2013
$	1.00	12,500	12,500	12,500	12,500	November 6, 2014
$	1.40	175,000	175,000	175,000	175,000	December 13, 2015
$	0.90	5,200,000	4,435,000	5,395,000	3,650,000	June 17, 2016
$	2.25	538,333	393,333	790,000	190,000	December 12, 2016
$	2.40	40,000	20,000	90,000	-	January 9, 2017
$	3.68	170,000	85,000	240,000	-	February 3, 2017
$	3.09	70,000	-	-	-	April 4, 2017
$	2.67	50,000	-	-	-	May 9, 2017
$	1.16	1,762,500	-	-	-	August 7, 2017
$	1.14	87,000	-	-	-	August 16, 2017
$	1.65	165,000	-	-	-	September 24, 2017
$	1.24	500,000	-	-	-	October 17, 2017
$	1.14	800,000	-	-	-	November 2, 2017
$	1.25	595,000	-	-	-	November 5, 2017
		10,165,333	5,120,833	6,706,250	4,031,250	

(Expressed in Canadian Dollars)

For the year ended March 31, 2013 and eight months ended March 31, 2012 share-based payments were recorded as follows:

		March 31, 2013 12 months		**March 31, 2012 8 months (Restated - Note 26)**
Consolidated Statement of Operations				
Share-based payments	$	1,832,221	$	3,727,458
Consolidated Statement of Financial Position				
Lynn Lake property exploration		-		10,822
Wellgreen property exploration		527,112		397,799
Share-based payments		527,112		408,621
Total	$	2,359,333	$	4,136,079

During the year ended March 31, 2013, the Company granted a total of 4,397,000 options (eight months ended March 31, 2012 – 1,620,000 options) to service providers of the Company. The options vest as to 50% in year one and 50% in year two. For the year ended March 31, 2013, the Company charged $1,832,221 to operations as share-based compensation and capitalized $527,112 to the Wellgreen property costs. The weighted average assumptions used in calculating the fair value of options were as follows:

	March 31, 2013	**March 31, 2012**
Risk-free interest rate	1.50%	1.48%
Expected life of options	5.00	5.00
Expected volatility	74%	74%
Expected dividend yield	0%	0%
Expected forfeiture rate	5%	0%

The expected volatility used in the Black-Scholes option pricing model is based on the historical volatility of a set of representative companies with similar capital structure and risk profile.

Share Purchase Warrants

The following table summarizes the warrant transactions for year ended March 31, 2013 and eight months ended March 31, 2012:

	Number of Warrants		Weighted Avg Exercise Price
Outstanding, July 31, 2011	1,309,500	$	1.00
Exercised	(182,500)		0.85
Outstanding, March 31, 2012	1,127,000	$	1.00
Issued	3,927,701		2.02
Exercised	(400,000)		0.94
Expired	(871,097)		1.55
Outstanding, March 31, 2013	3,783,604	$	1.93

At March 31, 2013, there were 3,783,604 warrants outstanding enabling holders to acquire common shares of the Company at prices ranging from $1.50 to $2.00 per share.

(Expressed in Canadian Dollars)

Exercise Price		March 31 2013 Outstanding	March 31 2012 Outstanding	Expiry Date
$	1.00	-	252,000	August 3, 2012
$	1.00	-	875,000	January 6, 2013
$	1.50 / 2.00	2,533,604	-	July 31, 2013 / July 31, 2014
$	2.00	1,250,000	-	August 24, 2014
		3,783,604	1,127,000	

16. RELATED PARTY TRANSACTIONS

The Company has identified its directors and certain senior officers as its key management personnel and the compensation costs for key management personnel and companies related to them were recorded at their exchange amounts as agreed upon by transacting parties.

A summary of expense by nature for the year ended March 31, 2013 and eight months ended March 31, 2012:

		March 31, 2013 12 months	**March 31, 2012 8 months**
Consulting fees	$	795,953 $	220,900
Director fees		65,726	26,193
Salaries and wages		272,512	-
Shared office costs		397,500	260,000
	$	1,531,691 $	507,093

As at March 31, 2013, due to related parties totaled $117,664 and was comprised of $4,867 (March 31, 2012 – $30,338) owing to directors and officers for travel expenses, $4,410 (March 31, 2012 – $15,000) for director fees and $Nil (March 31, 2012 – $Nil) for consulting fees. In addition to an amount of $108,387 payable to Prophecy Coal Corp. for shared office cost, which has common directors and officers. The amounts due to related parties are non-interest bearing and are due upon demand.

On November 5, 2012, Prophecy Platinum terminated the consulting agreement that it had with its former CEO, and as a result of the termination, Prophecy Platinum made a severance payment of $240,000 to Linx Partners Ltd. (a company controlled by the former CEO), included in consulting fees. Furthermore, in November 2012, 800,000 share options, with a five year term, at an exercise price of $1.14, vesting 25% at the end of each six month period for two years, were issued to the incoming CEO, who was appointed on November 5, 2012.

On October 31, 2012, Prophecy Platinum made a severance payment of $125,000 to the former Corporate Secretary, included in consulting fees (payments were made to JWL Investments Corp., a private company controlled by the former Corporate Secretary) in connection with his termination with the Company.

(Expressed in Canadian Dollars)

17. KEY MANAGEMENT COMPENSATION

The key management of the Company comprises executives and non-executive directors and senior management. The remuneration of directors and other members of key management were as follows:

		March 31, 2013 12 months		March 31, 2012 8 months
Remuneration and short-term benefits	$	1,134,191	$	247,093
Share-based payment compensation		926,319		1,999,013
	$	2,060,510	$	2,246,106

18. INCOME TAX

The following table reconciles the amount of income tax recoverable on application of the statutory Canadian federal and provincial income tax rates:

		2013		2012
Canadian statutory income tax rate		25%		26%
Expected income tax recovery	$	1,814,435	$	1,512,205
Decrease resulting from:				
Non-deductible expenses		(1,020,669)		(976,397)
Change in tax rate		-		(20,891)
Change in unrecognized deferred tax assets		(923,608)		(405,074)
Deferred income tax recovery (expense)	$	(129,842)	$	109,843

The Company's deferred income tax assets and liabilities are as follows:

	March 31, 2013	March 31, 2012
Non-capital loss carry forwards	$ 2,717,654	$ 1,256,054
Share issue costs	269,761	156,356
Exploration and evaluation assets	(943,879)	(185,349)
Equipment	14,192	15,979
Available for sale investments	-	(108,920)
	2,057,728	1,134,120
Unrecognized deferred tax assets	(2,057,728)	(1,134,120)
Net deferred tax assets	$ –	$ –

(Expressed in Canadian Dollars)

The Company has non-capital loss carryforwards of $12,304,000 available to reduce future Canadian taxable income subject to final determination by the Canada Revenue Agency. The losses expire as follows:

Year	Amount
2015	$ 26,000
2026	46,000
2027	427,000
2028	479,000
2029	474,000
2030	440,000
2031	834,000
2032	3,732,000
2033	5,846,000
	$12,304,000

19. FINANCIAL INSTRUMENTS

The Company’s financial assets and financial liabilities are categorized as follows:

		March 31, 2013		March 31, 2012
Fair value through profit or loss				
Cash and cash equivalents	$	302,896	$	582,139
Restricted cash equivalents		728,340		-
Available for sale investments				
Platinum ETF		-		1,343,841
Palladium ETF		-		1,267,820
URSA Shares		-		1,334,083
Auriga Shares		6,250		-
	$	1,037,486	$	4,527,883
Other financial liabilities				
Accounts payable and due to related parties	$	905,690	$	368,539
	$	905,690	$	368,539

Fair Value – The estimated fair values of cash and cash equivalents, accounts payable and due to related parties approximate their respective carrying values due to the immediate or short period to maturity. The available for sale investments are carried at fair values based on the published or electronic market price quotation.

The Company utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value as follows:

Level 1 - Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets.

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 - Significant unobservable inputs which are supported by little or no market activity.

(Expressed in Canadian Dollars)

As at March 31, 2013	Level 1	Level 2	Level 3	Total
Financial assets				
Fair value through profit or loss	$ 302,896	$ -	$ -	$ 302,896
Available for sale investments	6,250	-	-	6,250
Restricted cash equivalents	728,340	-	-	728,340
	$ 1,037,486	$ -	$ -	$ 1,037,486

As at March 31, 2012	Level 1	Level 2	Level 3	Total
Financial assets				
Fair value through profit or loss	$ 582,139	$ -	$ -	$ 582,139
Available for sale investments	4,445,744	-	-	4,445,744
	$ 5,027,883	$ -	$ -	$ 5,027,883

20. FINANCIAL RISK MANAGEMENT DISCLOSURES

Credit Risk - The Company does not currently generate any revenues from sales to customers nor does it hold derivative type instruments that would require a counterparty to fulfil a contractual obligation. The Company does not have any asset-backed commercial instruments. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash and cash equivalents. To minimize the credit risk the Company places these instruments with a high credit quality financial institution.

Liquidity Risk - Liquidity risk is the risk that the Company cannot meet its financial obligations. The Company manages liquidity risk by maintaining sufficient cash and cash equivalent balances. Liquidity requirements are managed based on expected cash flow to ensure that there is sufficient capital in order to meet short term obligations. As at March 31, 2013, the Company has cash and cash equivalents of $302,896 and financial liabilities of $958,479 which have contractual maturities of 90 days or less.

Foreign Exchange Risk - The Company has operations in Canada, Argentina and in Uruguay and undertakes transactions in various foreign currencies. The Company is therefore exposed to foreign currency risk arising from transactions denominated in a foreign currency. The Company's reporting and functional currency is Canadian dollars. Based on the above, a 5% strengthening (weakening) of the Argentine peso will have an insignificant impact on total assets and loss. The Company currently does not use any foreign exchange contracts to hedge this currency risk.

Interest Rate Risk - The Company manages its interest rate risk by obtaining the best commercial deposit interest rates available in the market by the major Canadian financial institutions on its cash and cash equivalents.

Market risk - Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The sale of the financial instruments can be affected by changes in interest rates, foreign exchange rates, and equity prices. The Company is exposed to market risk in trading its investments, and unfavorable market conditions could result in dispositions of investments at less than favourable prices. The Company's investments are accounted for at estimated fair values and are sensitive to changes in market prices, such that changes in market prices result in a proportionate change in the carrying value of the Company's investments. 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. Based on the Company's investment position at March 31, 2013, a 10% increase (decrease), net of tax of the market price of the available for sale Auriga shares held would have resulted in an increase (decrease) to comprehensive income (loss) of approximately $650.

(Expressed in Canadian Dollars)

21. CAPITAL RISK MANAGEMENT

The Company considers its capital structure to consist of share capital, share options and warrants. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative returns on capital criteria for management.

The properties in which the Company currently has an interest are in the exploration stage; as such, the Company is dependent on external financing to fund its activities. Additional sources of funding, which may not be available on favourable terms, if at all, include: share equity and debt financings; equity, debt or property level joint ventures; and sale of interests in existing assets (Note 11). In order to carry out the planned exploration and development and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the year ended March 31, 2013. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements. The Company's investment policy is to invest its surplus cash in highly liquid short-term interest-bearing investments, all held within major Canadian financial institutions.

22. OPERATING SEGMENT INFORMATION

The Company's operations are limited to a single industry segment being the acquisition, exploration and development of mineral properties. The Company has mineral properties located in Canada and South America.

March 31, 2013		Canada		South America		Total
Current assets	$	973,929	$	6,974	$	980,903
Non-current assets		72,825,536		118,279		72,943,815
Total assets		73,799,465		125,253		73,924,718
Current liabilities		(1,691,161)		(9,188)		(1,700,349)
Non-current liabilities		(625,892)		-		(625,892)
Total liabilities	$	(2,317,053)	$	(9,188)	$	(2,326,241)

March 31, 2012		Canada		South America		Total
Current assets	$	3,750,862	$	19,480	$	3,770,342
Non-current assets		57,786,525		558,790		58,345,315
Total assets		61,537,387		578,270		62,115,657
Current liabilities		712,380		10,914		723,294
Non-current liabilities		-		-		-
Total liabilities	$	712,380	$	10,914	$	723,294

(Expressed in Canadian Dollars)

23. SUPPLEMENTAL CASH FLOW INFORMATION

		March 31, 2013 12 months ended		March 31, 2012 8 months ended
Non-cash Financing and Investing Activities:				
Mineral property expenditures included in accounts payable	$	180,419	$	189,182
Capitalized depreciation of equipment		63,966		11,766
Capitalized share-based payments		527,112		408,621
Shares issued for mineral properties		-		73,750

24. COMMITMENTS

The Company entered into a cooperation and benefits agreement in August 2012 with Kluane First Nation in the Yukon to support Prophecy Platinum's exploration program and environmental studies for the development of the Wellgreen Mineral Property.

The Company closed a flow through private placement on December 27, 2012 and is committed to spending $1,249,199 by December 31, 2013, as part of the flow through funding agreements related to mineral properties. Subsequent to year end, on June 20, 2013, the company closed a flow through private placement for $5.9 million, which it is committed to spending on exploration by December 31, 2014 (Note 27). The Company indemnifies the subscribers of flow-through shares from any tax consequences arising from the failure of the Company to meet its commitments under the flow-through subscription agreements.

The Company's exploration activities are subject to various federal, provincial and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and are generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to continue to make in the future, filings and expenditures to comply with such laws and regulations.

25. CONTINGENCIES

The Company accrues for liabilities when it is probable and the amount can be reasonably estimated.

The Company is currently reviewing a potential financial liability for the reclamation of land related to mining conducted on the Wellgreen property prior to the Company's acquisition of the property. The Company is in discussions with the Yukon Government and the third party involved in the prior operation of the property, to determine the plan for assessing the reclamation work that will need to be conducted. Once an assessment is conducted, there is a potential that a portion of the financial cost for reclamation will need to be incurred by the Company. The financial effect and timing of the reclamation work is indeterminable at the current time, and no amounts have been accrued.

The Company received a notice of lease termination for the URSA's prior leased premises in Toronto, which had been subleased to another party until its expiry on February 28, 2013. There is a potential that the outstanding lease payments totaling $37,800, for the remainder of the lease term will not be paid, if the sublesee has solvency issues. The potential liability is indeterminable at this time and no amount has been accrued.

(Expressed in Canadian Dollars)

26. RESTATEMENT OF 2012 AND 2011 FINANCIAL STATEMENTS

(a) Share-based payment revaluation

During the year management determined that it was necessary to restate the Company's previously issued consolidated financial statements for the eight months ended March 31, 2012 and year ended July 31, 2011. It was determined the services from certain service providers for which 1,180,000 stock options were granted during June 2011, were completed by the time the options were issued. Accordingly, the full fair value of these options had to be determined and recognized at the grant date in accordance with IFRS 2 Share-based payment. Previously, the Company had recognized it over the vesting term of the options.

The adjustment resulting from the correction in accounting for the option grant is calculated to be an increase to share based compensation in 2011 of $526,526 and a decrease to share based compensation in 2012 of $1,353,531.

The financial statements for the eight months ended March 31, 2012 and year ended July 31, 2011 have been restated to correct for this error. The impact of the restatement has been summarized below:

		Previously Reported		Adjustment		Restated
Eight months ended March 31, 2012						
Statement of Operations and Comprehensive Loss						
Share-based compensation	$	5,080,989	$	(1,353,531)	$	3,727,458
Comprehensive loss		(6,255,212)		1,353,531		(4,901,681)
Loss per common shares, basic and diluted		(0.13)		0.02		(0.11)
As at March 31, 2012						
Statement of Finanical Position						
Reserves	$	7,378,173	$	(827,005)	$	6,551,168
Deficit		(11,752,104)		827,005		(10,925,099)
Total equity		(61,392,363)		-		(61,392,363)
Year ended July 31, 2011						
Statement of Operations and Comprehensive Loss						
Share-based compensation	$	868,805	$	526,526	$	1,395,331
Comprehensive loss		(1,504,765)		(526,526)		(2,031,291)
Loss per common shares, basic and diluted		(0.11)		(0.04)		(0.15)
As at July 31, 2011						
Statement of Finanical Position						
Reserves	$	2,210,576	$	526,526	$	2,737,102
Deficit		(4,727,996)		(526,526)		(5,254,522)

The fair value of 1,180,000 stock options of $676,998 was calculated with the Black-Scholes model using the following weighted average assumptions:

Share price at grant date	$ 0.90
Risk free interest rate	2.19 %
Expected dividend yield	0 %
Expected stock price volatility	78 %
Expected life of options	5 years

27. SUBSEQUENT EVENTS

On June 20, 2013 the Company closed a $5.9 million share capital equity financing (the "Private Placement")

The Private Placement involved the issuance of 8,386,264 units of the Company ("Units"), at a price of $0.70 per Unit, with each Unit comprised of one "flow-through" common share (the "FT Shares") and one common share purchase warrant (the "Warrants"). Each Warrant is exercisable for one common share for a period of 24 months following the closing of the Private Placement, until June 21, 2015, at a price of $0.90. The Company paid finders' fees of $197,200 in connection with the Private Placement. Proceeds of the placement will be applied to the Wellgreen project and the Company's other properties.

In connection with the Private Placement, in order to assist Prophecy Platinum's management to build direct equity ownership in the Company and further align the interests of shareholders and management, the Company has advanced short-term loans (the "Loans") in the aggregate amount of $892,500 to members of the Company's senior management team to allow them to participate in the Private Placement. The full amount of each Loan was used by each recipient to subscribe for Units under the Private Placement on the same premium to market terms as other investors. The Loans bear interest at a rate prescribed by the Canada Revenue Agency, and are repayable in full (together with any accrued interest) on March 31, 2014.