MILL BAY VENTURES INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended October 31, 2012 and 2011

Index

NOTICE OF NO AUDITOR REVIEW

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

The accompanying unaudited interim consolidated financial statements of the Company for the period ending October 31, 2012 have been prepared in accordance with International Accounting Standard 34 for Interim Financial Reporting under International Financial Reporting Standards. These financial statements are the responsibility of the Company's management and have been approved by the Board of Directors. The company's independent auditors have not performed an audit or review of these condensed interim consolidated financial statements.

MILL BAY VENTURES INC.
INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS & COMPREPHENSIVE LOSS
(Unaudited)

As at	Note	October 31, 2012	April 30, 2012
ASSETS			
Current Assets			
Cash and cash equivalents		$ 173,974	$ 424,828
Interest Receivable		-	4,877
Sales taxes recoverable		20,351	30,451
Mining tax credit receivable		44,864	45,864
Prepaid expense		6,057	7,688
		245,246	513,708
Non-Current Assets			
Reclamation bond	**7**	22,800	22,800
Investment	**5**	26,302	35,602
Exploration and evaluation assets	**6**	1,623,195	1,531,707
Other property and equipment	**8**	1,163	1,369
		$ 1,918,706	**$ 2,105,186**
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		$ 11,720	$ 32,247
Amounts due to related parties	**10**	4,129	5,709
Non-current liabilities			
Site restoration obligation	**7**	15,000	15,000
		30,849	52,956
SHAREHOLDERS' EQUITY			
Share capital	**9**	12,207,999	12,207,999
Reserves for options		170,732	170,732
Reserves for warrants		172,083	172,083
Reserves for currency translation		(16,000)	(16,000)
Accumulated other comprehensive loss		(136,000)	(126,700)
Deficit		(10,510,957)	(10,355,884)
		1,887,857	2,052,230
		$ 1,918,706	**$ 2,105,186**

Note 1 – Nature of Operations and Going Concern

Approved by the Board:

" William Glasier " **Director** ***"William Kocken "*** **Director**

MILL BAY VENTURES INC.
INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS & COMPREPHENSIVE LOSS
(Unaudited)

	Three months ended Oct. 31,		Six months ended Oct. 31,	
	2012	**2011**	**2012**	**2011**
GENERAL AND ADMINISTRATIVE EXPENSES				
Depreciation	$ 102	$ 146	$ 205	$ 293
Accounting and audit fees	1,100	1,400	1,100	1,400
Consulting fees	15,000	-	33,550	1,500
General exploration expenditures	(170)	257	11,275	15,042
Investor relations and shareholder information	4,920	17,250	10,011	32,895
Legal fees	1,597	5,570	1,720	7,965
Listing and filing fees	4,142	1,409	5,542	2,709
Management fees	22,500	22,500	45,000	45,360
Office and administrative services and supplies	18,574	21,863	37,419	48,303
Stock based compensation	-	53,246	-	53,246
Transfer agency fees	1,629	1,961	3,375	3,135
Travel and accommodation	2,091	2,376	5,667	6,051
	71,485	127,978	154,864	217,899
OPERATING LOSS	(71,485)	(127,978)	(154,864)	(217,899)
OTHER INCOME				
Loss on foreign exchange	(275)	(2,315)	(521)	(2,315)
Interest income	56	72	312	142
LOSS FOR THE PERIOD	(71,704)	(130,221)	(155,073)	(220,072)
OTHER COMPREHENSIVE INCOME				
Unrealized gain (loss) on investment securities	2,400	(33,500)	(9,300)	(44,700)
TOTAL COMPREHENSIVE LOSS	$ (69,304)	$ (163,721)	$(164,373)	$ (264,772)
LOSS PER SHARE (Basic and Diluted)	$ -	$ (0.01)	$ (0.01)	$ (0.02)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING (Basic and Diluted)	18,746,818	10,849,638	18,352,818	9,428,880

MILL BAY VENTURES INC.
CONDENSED INTERIM CONSOLIDATED STATEMENT OF EQUITY
(Unaudited)

	Note	Number of Common Shares	Capital Stock	Reserves for Stock Options	Reserves for Share Purchase Warrants	Reserves for Currency Translation	Deficit	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balance, April 30, 2011		12,196,539	$ 11,437,431	$ 35,333	$ 88,783	$ (24,031)	$(9,799,326)	$ (46,800)	$ 1,691,390
Net loss for the period		-	-	-		-	(220,072)	-	(220,072)
Common shares and warrants issued for cash		8,000,000	760,000	-	40,000	-	-	-	800,000
Share issuance costs		-	(124,032)	-	43,300	-	-	-	(80,732)
Transfer upon expiration of options and warrants		-	-	(2,292)	-	-	-	-	(2,292)
Stock based compensation		-	-	53,246	-	-	-	-	53,246
Comprehensive gain (loss) on fair value of investments	5	-	-	-	-	-	-	(44,700)	(44,700)
Balance, October 31, 2011		**20,196,539**	**$ 12,073,399**	**$ 86,287**	**$172,083**	**$ (24,031)**	**$(10,019,398)**	**$ (91,500)**	**$2,196,840**
Balance, April 30, 2012		22,446,539	$12,207,999	$ 170,732	$ 172,083	$ (16,000)	$ (10,355,884)	$ (126,700)	$ 2,052,230
Net loss for the period		-	-	-	-	-	(155,073)	-	(155,073)
Comprehensive gain (loss) on fair value of investments	5	-	-	-	-	-	-	(9,300)	(9,300)
Balance, October 31, 2012		**22,446,539**	**$ 12,207,999**	**$ 170,732**	**$ 172,083**	**$ (16,000)**	**$ (10,510,957)**	**$ (136,000)**	**$ 1,887,857**

MILL BAY VENTURES INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three months ended Oct. 31, 2012	Three months ended Oct. 31, 2011	Six months ended Oct. 31, 2012	Six months ended Oct. 31, 2011
CASH PROVIDED BY (USED IN):				
OPERATING ACTIVITIES				
Loss for the period	$ (71,704)	$ (130,221)	$ (155,073)	$ (220,072)
Items not involving cash in the period:				
Depreciation	102	147	205	293
Stock based compensation	-	53,246	-	53,246
Loss on sale of investment	-	-	-	-
	(71,602)	(76,828)	(154,868)	(166,533)
Changes in non-cash working capital items (Note 13)	(16,645)	(49,867)	(4,599)	7,770
	(88,247)	(126,695)	(159,367)	(158,763)
INVESTING ACTIVITIES				
Mineral property acquisition costs	-	-	-	-
Mineral property exploration costs, net	(35,202)	(107,840)	(91,487)	(247,358)
Prepaid mineral property acquisition costs	-	-	-	(10,000)
Proceeds on sale of investment	-	-	-	-
	(35,202)	(107,840)	(91,487)	(257,358)
FINANCING ACTIVITIES				
Shares issued for cash, net	-	696,928	-	696,928
	-	696,928	-	696,928
DECREASE IN CASH AND CASH EQUIVALENTS IN PERIOD	123,449	462,393	250,854	280,807
CASH AND CASH EQUIVALENTS, beginning of period	297,423	130,832	424,828	312,418
CASH AND CASH EQUIVALENTS, end of period	$ 173,974	$ 593,225	$ 173,974	$ 593,225
SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION				
Foreign exchange loss (gain)	(275)	2,315	(521)	2,315

NOTE 1- NATURE OF OPERATIONS AND GOING CONCERN

Mill Bay Ventures Inc. (“Mill Bay”) was incorporated under the laws of the Province of British Columbia. The Company owns interests in mineral properties in the Provinces of British Columbia and the States of Nevada and Utah, U.S.A. The Company’s principal business is the exploration and development of its mineral property interests. The Company`s head office and principal place of business is Suite 900 – 570 Granville Street, Vancouver, British Columbia, Canada.

Mill Bay is in the exploration stage of its mineral properties interests in Canada and United States of America. The Company has not yet determined whether its mineral properties contain ore reserves that are economically recoverable. The carrying value of the mineral properties interests represents the total of net costs capitalized, and is not intended to reflect either their present or future value.

The recoverability of amounts shown for mineral properties interests and related deferred costs is dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s legal interest in the mineral claims, the ability of the Company to obtain necessary financing to complete development, and future profitable production or proceeds from the disposition of its mineral properties interests. For those properties in which it has a joint venture interest, it is required to contribute its proportionate share of costs or accept dilution of its interest.

These unaudited condensed interim consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and meet its obligations in the ordinary course of business. There are conditions that cast doubt on the validity of this assumption. As at October 31, 2012, the Company had working capital of $229,397 (October 31, 2011 – $614,308) and an accumulated deficit of $10,510,957 (October 31, 2011 – $10,019,398). The Company will likely be required to raise new financing through the sale of shares to maintain operations. These factors together raise substantial doubt about its ability to continue as a going concern. These unaudited condensed interim consolidated financial statements do not reflect adjustments for the possible future effect on the recoverability and classification of the assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty. Realization values may be substantially different from carrying values as shown in these financial statements should the Company be unable to continue as a going concern.

NOTE 2 – BASIS OF PREPARATION

Statement of compliance

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard (“IAS”) 34, *“Interim Financial Reporting”* using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and the Interpretations of the IFRS Committee (“IFRIC”) and using the accounting policies consistent with those in the audited consolidated financial statements as at and for the year ended April 30, 2012, except as otherwise noted. These condensed consolidated interim financial statements should be read in conjunction with the Company’s audited consolidated financial statements as at and for the year ended April 30, 2012.

The condensed consolidated interim financial statements were authorized by the audit committee and the board of directors of the Company on December 27, 2012.

NOTE 2 – BASIS OF PREPARATION (Continued)

Statement of Consolidation and Presentation

These condensed interim financial statements have been prepared on an historical cost basis except for certain items that are measured at fair value including available for sale investments. All dollar amounts presented are in Canadian dollars, which is the Company's functional and reporting currency, unless otherwise specified. The accounting policies in Note 3 of the Company's audited consolidated financial statements as at and for the year ended April 30, 2012 have been applied consistently to all periods in these condensed consolidated interim financial statements.

These condensed consolidated interim financial statements incorporate the financial statements of the Company and its controlled subsidiary. Control exists when the Company has the power, directly or indirectly, to govern the financial and reporting policies of an entity so as to obtain benefits from its activities. The condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiary, Golden Reef Mining Corp. Intercompany balances and transactions, income and expenses are eliminated on consolidation.

NOTE 3 – SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions about future events that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results may differ from these estimates.

Critical judgements exercised in applying accounting policies that have the most significant effect on the amounts recognized in the condensed interim financial statements include: economic benefits of exploration and evaluation and development costs.

Information about assumptions and estimations and estimation uncertainties that have a significant risk of resulting in material adjustments include: impairment of property, plant and equipment and mining interests; estimated reclamation and closure costs; reserve estimates; valuation of shares-based payments; and income taxes.

NOTE 4 – RECENT ACCOUNTING PRONOUNCEMENTS

IFRS 9 - Financial instruments
IFRS 9 was issued in November 2009 and contained requirements for financial assets. The standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: Amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at the 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, other 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 loss would generally be recorded in other comprehensive income.

NOTE 4 – RECENT ACCOUNTING PRONOUNCEMENTS (Continued)

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 interest 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, and

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

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

Each of the new standards, IFRS 9 to 13 and the amendments to other standards, is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. The Company is evaluating the impact of these new standards on its consolidated financial statements but does not anticipate these new standards will have a significant impact on its consolidated financial statements.

NOTE 5 – INVESTMENTS

Investment in shares consists of the following:

	Number of Shares	Cost	Accumulated Unrealized Gain (Loss)	October 31, 2012 Fair Value	April 30, 2012 Fair Value
		$	$	$	$
Available-for-sale shares:					
Levon Resources Ltd.	30,000	1,800	9,900	11,700	20,100
CMQ Resources Inc.	30,000	105,500	(103,400)	2,100	3,000
Dynasty Gold Corp.	500,000	55,000	(42,500)	12,500	12,500
Brettco Oil & Gas Inc. (Class "A" shares)	50,000	1	-	1	1
Oniva International Services Corporation	1	1	-	1	1
	610,001	162,302	(136,000)	26,302	35,602

Levon Resources Ltd. ("Levon") and Coral Gold Resources Ltd. ("Coral") are related public companies with common directors. Oniva International Services Corporation ("Oniva") is a private company with common management, which provides office and administration services to the Company. Fair value was determined using quoted market prices as at October 31, 2012 and April 30, 2012.

The Company owns a 16.67% equity interest in Oniva, a private company with common management, which provides office and administration services to the Company. The remaining 83.33% is shared equally between five other companies that are related by common directors and management (see Note 11 for disclosure on the Company's commitment to Oniva). As Oniva is a private company, fair value is not readily determinable as at October 31, 2012 and April 30, 2012; the investment in Oniva is shown at its carrying value as at these period-ends.

NOTE 6 – EXPLORATION AND EVALUATION ASSETS

	Saskatchewan Coal Lease	Valentine Claims	BRX Claims	Ivanpah Claims	AC Claims	Golden Repeat Claims	JDN Claims	E & E Claims	Total
	$	$	$	$	$	$	$	$	$
Balance, April 30, 2012	-	1,274,900	1	1	256,802	1	1	1	1,531,707
Exploration costs incurred in period:									
Assays	-	2,032	-	-	-	-	-	-	2,032
Consulting	-	28,971	-	-	-	-	-	-	28,971
Geological	-	10,234	-	-	-	-	-	-	10,234
Lease payment	-	-	-	-	15,931	-	-	-	15,931
Licenses and taxes	-	17,579	-	-	16,741	-	-	-	34,320
Balance, Oct. 31, 2012	-	1,333,716	1	1	289,474	1	1	1	1,623,195

	Saskatchewan Coal Lease	Valentine Claims	BRX Claims	Ivanpah Claims	AC Claims	Golden Repeat Claims	JDN Claims	E & E Claims	Total
	$	$	$	$	$	$	$	$	$
Balance, April 30, 2011	73,840	998,434	1	1	192,432	1	1	1	1,264,711
Exploration costs incurred in period:									
Assay	-	29,794	-	-	-	-	-	-	29,794
Consulting	-	51,427	-	-	-	-	-	-	51,427
Drilling	-	67,232	-	-	-	-	-	-	67,232
Geological	-	12,234	-	-	32,178	-	-	-	44,412
Licenses and taxes	-	13,026	-	-	41,467	-	-	-	54,493
Balance, Oct. 31, 2011	73,840	1,172,147	1	1	266,077	1	1	1	1,512,069

Saskatchewan Coal Lease

During the year ended April 30, 2012, the Company terminated the leases and wrote off the value of the properties.

NOTE 6 – EXPLORATION AND EVALUATION ASSETS (Continued)

Valentine Claims

During fiscal 2008, the Company acquired 3 mineral claims on Valentine Mountain located 42 kilometres west of Victoria, B.C., Canada, by paying $13,000. Further, the Company acquired six additional mineral claims comprising of 4,495 acres on Valentine Mountain, for total consideration of $5,000 and 300,000 common shares of the Company (see Note 10). One of the claims is subject to a 5% NSR to an end price of $1,000,000. The Company also acquired a further 13 mineral claims on Valentine Mountain by staking.

During fiscal 2009, the Company purchased five more claims on Valentine Mountain for total consideration of $15,000 in cash and 50,000 common shares of the Company (see Note 10).

During the period ended January 31, 2011, the Company executed a Letter of Intent (the “LOI) with NT Mining Corporation (“NTMG”) to enter into an option agreement (the “Option”) on the Valentine Mountain property. The Company received $10,000 from NTMG as down payment on the LOI, however; as NTMG did not meet the terms of the Option, the Company terminated the option agreement.

BRX Claims

During 2003, the Company signed an option agreement with Levon to acquire a 50% joint venture interest in 77 reverted Crown granted claims and 4 modified grid claims in the Lillooet Mining Division, British Columbia, by issuing 10,000 common shares and incurring exploration expenditures of $100,000 on or before each of December 17, 2003, 2004 and 2005.

Effective September 1, 2003, Mill Bay signed an amending option agreement with Levon, deferring the issuance of 10,000 common shares and incurring of $100,000 of exploration expenditures due by December 31, 2003 to December 31, 2004.

During 2005, the Company exercised its option to acquire the 50% joint venture interest in the BRX claims, by issuing 30,000 common shares and incurring total exploration expenditures of $300,000. Under the joint venture agreement with Levon each of the participants is required to fund their proportionate share of further exploration expenditures, failing of which will dilute their interest. On dilution to 10%, the non-contributor’s interest will convert to a 10% net profits royalty interest.

During 2008 and 2007, the Company incurred $25,016 and $67,198 respectively of deferred exploration expenditures on the BRX claims, which were not proportionately funded by Levon. The Company waived the requirement of proportionate funding by Levon on these specific expenditures; notwithstanding this waiver, the terms of the Joint Venture Agreement were ratified by the Company and Levon to remain in effect.

During the fiscal year of 2011, the Company wrote down the value of the BRX Claims to a nominal value of $1 due to exploration inactivity. The Company is keeping all claims in good standing.

Ivanpah Claims

During 2007, the Company acquired 16 placer mining claims located in Clark County, Nevada, known as the Ivanpah Property, for consideration of the issuing 220,000 common shares of the Company (issued) and US$128,000 (paid). The claims were acquired from a Company controlled by a director.

During the fiscal year of 2010, the Company wrote down the value of the Ivanpah Claims to a nominal value of $1. The Company is keeping all claims in good standing however no exploration is currently planned on this property.

NOTE 6 – EXPLORATION AND EVALUATION ASSETS (Continued)

AC Claims

During the fiscal year of 2008, the Company entered into an option agreement to acquire 119 mining claims located in Lander County, Nevada, known as the AC Gold Property, covering up to approximately two square miles, in consideration of paying US$1,500,000 in instalments to the optionor and incurring US$1,500,000 in exploration work on the property over the next 15 years.

The Company granted to the optionor a 3% net smelter returns royalty, of which the company has the option to buy-down one-third (i.e. 1%) at any time for the payment of US$1,000,000. During fiscal 2008, the Company issued 10,000 common shares as a finder's fee to an arm's length finder in regards to this option agreement.

During fiscal 2010, the Company signed an amending agreement whereby 8 claims were abandoned, reducing the original 119 claims to 111 claims, the advance minimum royalty payments were reduced from US$1,500,000 to US$1,300,000, the expenditure commitments were reduced from US$1,500,000 to US$10,000 (spent) and the 3% net smelter returns royalty was removed, all in consideration for issuing 150,000 common shares of the Company in three annual instalments (paid). The 150,000 common shares were issued at 50,000 common shares each during the fiscal years of 2010, 2011 and 2012.

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The terms of the amended option agreement are as follows:

Due Date	**Advance Minimum Royalty Payments** US$	**Expenditure Commitments on the Property** US$
Execution	5,000(paid)	-
1st Anniversary	15,000 (paid)	10,000 (spent)
2nd Anniversary	-	-
3rd Anniversary	15,000 (paid)	-
4th Anniversary	15,000 (paid)	-
5th Anniversary	15,000(paid)	-
6th Anniversary	20,000	-
7th Anniversary	25,000	-
8th Anniversary	30,000	-
9th Anniversary	35,000	-
10th Anniversary	40,000	-
11th Anniversary	1,085,000	-
Total	1,300,000	10,000

NOTE 6 - MINERAL PROPERTIES INTERESTS (Continued)

Golden Repeat Claims

The Company has a 100% interest in 49 mining claims in Elko County, Nevada, U.S.A.

During fiscal 2008, the Company and its wholly owned subsidiary, Golden Reef Mining Co, Inc. entered into a letter of intent with Meridian Minerals Corp. (“Meridian”) for the exploration and earn-in of the Golden Repeat Claims.

During fiscal 2009, Meridian terminated the letter of intent. As the Company has not completed any exploration or development on the property in recent years, the Company has written down the prior acquisition and exploration costs of to a nominal value. This resulted in a fiscal 2009 write down of $21,331, included in operations of the Company.

During the year ended April 30, 2011, the Company executed a Letter of Intent with Dynasty Gold Corp. (“Dynasty”) to enter into an option agreement whereby Dynasty can earn a 51% interest in the claims for the following consideration:

- Pay $50,000 in cash (received), issue 500,000 shares of its common stock (received) on signing of the Option Agreement, and incur an aggregate $200,000 in exploration expenditures on the claims in year one of the Option.
- Pay $75,000, issue 500,000 shares of its common stock and incur an aggregate $300,000 in exploration expenditures on the claims in year two of the Option.
- Pay $100,000, issue 500,000 shares of its common stock, and incur an aggregate $400,000 in exploration expenditures on the claims in year three of the Option.
- Pay $250,000, issue 1,000,000 shares of its common stock, and incur an aggregate $600,000 in exploration expenditures on the claims in year four of the Option.

Dynasty can earn up to 70% interest in the claims by paying $2,000,000 after it has earned its initial 51% in the Claims. The Company will retain a 3% NSR.

During the year ended April 30, 2012, the Company signed and amending agreement providing for a reduction in the option payment in year two of the Option from $75,000 to $50,000 and a reduction in required exploration expenditures on the property from $300,000 to $100,000.

JDN claims

The Company has a 50% interest in 27 mining claims in Lander County, Nevada, U.S.A. (50% owned by a subsidiary of Coral Gold Resources Ltd.).

E & E Claims

The Company has a 100% interest in 26 mining claims in Eureka County, Nevada, U.S.A.

NOTE 7 – RECLAMATION BOND

The Company has hypothecated a term deposit in the amount of $13,000 (2011 - $11,000) as security to the Province of British Columbia for future mineral claims site reclamation. The Company has also provided non-interest bearing cash bonds amounting to $9,800 (2011 - $nil) in favour of the US Bureau of Land Management as a deposit relating to its claims located in the State of Nevada.

NOTE 8 - PROPERTY, PLANT AND EQUIPMENT

	Office equipment	Mining equipment, USA	Automotive equipment	Total
Cost				
Balance at April 30, 2011	$ 5,455	$ 255,466	$ 39,713	$ 300,634
Additions	-	-	-	- -
Balance at April 30, 2012 and October 31, 2012	$ 5,455	$ 255,466	$ 39,713	$ 300,634

	Office Equipment	Mining equipment, USA	Automotive equipment	Total
Accumulated depreciation and impairment loss				
Balance at April 30, 2011	$ 3,502	$ 255,466	$ 39,713	$ 298,681
Depreciation	585	-	-	332
Balance at April 30, 2012	4,087	255,466	$ 39,713	$ 299,266
Depreciation	205	-	-	205
Balance at October 31, 2012	$ 4,292	$ 255,466	$ 39,713	$ 299,471

Net book value amounts

At October 31, 2012	$ 1,163
At April 30, 2012	$ 1,369
At April 30, 2011	$ 711

NOTE 9 - SHARE CAPITAL

i) Authorized: unlimited common shares without par value.

ii) Issued:

During the period ended October 31, 2012, there were no changes in share capital.

On June 16, 2010, the Company completed a consolidation of its common shares on a 1 new for 10 old common shares basis. These financial statements have been restated to give retroactive effect to this common share consolidation.

NOTE 9 - SHARE CAPITAL (Continued)

ii) Share purchase warrants

The continuity of warrants for the three months ended October 31, 2012 is as follows:

	Number Outstanding	Weighted Average Exercise Price
Balance at April 30, 2011	6,009,366	$0.25
Expired	-	-
Issued	10,880,000	$0.22
Balance at April 30, 2012	16,889,366	$0.23
Expired	(1,499,998)	$0.25
Issued	-	-
Balance at October 31, 2012	15,389,368	$0.23

The summary of share purchase warrants outstanding is as follows:

Exercise Price Per Share	Expiry Date	October 31, 2012	April 30, 2012
$0.25	October 5, 2012	-	1,499,998
$0.25	November 9, 2012	4,509,368	4,509,368
$0.25-$0.50	September 22, 2013	8,680,000	8,680,000
$0.10	April 25, 2014	2,200,000	2,200,000
		15,389,368	16,889,366

iii) Share-based payments

The Company has an equity-settled stock option plan under which the Board of Directors may grant options to directors, officers, other employees and key consultants. The purpose of the plan is to advance the interests of the Company by encouraging these individuals to acquire shares in the Company and thereby remain associated with, and seek to maximize the value of, the Company.

Under the plan, the number of shares reserved for issuance pursuant to the exercise of all options under the plan may not exceed 10% of the issued and outstanding common shares on a non-diluted basis at any time. The options expire not more than five years from the date of grant, or earlier if the individual ceases to be associated with the Company, and vest over terms determined at the time of grant.

The following table summarizes information about stock options outstanding as at October 31, 2012:

	Number Outstanding	Weighted Average Exercise Price
Balance at April 30, 2011	67,500	$1.20
Issued	1,740,000	$0.15
Forfeited	(10,000)	$1.20
Balance at April 30, 2012 and October 31, 2012	1,797,500	$0.19

NOTE 9 - SHARE CAPITAL (Continued)

iii) Share-based payments (Continued)

The summary of stock incentive options outstanding and exercisable is as follows:

Exercise Price Per Share	Expiry Date	July 31, 2012	April 30, 2012
$1.20	March 12, 2013	17,500	17,500
$1.20	November 21, 2013	40,000	50,000
$0.15	October 6, 2016	1,740,000	1,740,000
		1,797,500	1,797,500

iv) Escrow shares

As at October 31, 2012, there was 159,000 common shares held in escrow (2011 – 330,000).

NOTE 10 – RELATED PARTY BALANCES AND TRANSACTIONS

i) Management transactions

For the six months ended October 31, 2012

The Company has identified its directors and certain senior officers as its key management personnel. The compensation costs for key management personnel for the three months ended October 31, 2012 and 2011 are as follows:

		2012		2011
Salaries and benefits	$	85,950	$	89,700
Stock-based compensation		-		19,890
	$	85,950	$	109,590

ii) *Other related party transactions*

$14,620 (2011 - $30,851) was charged for office, occupancy and miscellaneous costs and salaries, and administrative services paid on behalf of the Company by Oniva International Services Corp. ("Oniva"). The Company takes part in a cost-sharing arrangement to reimburse Oniva for a variable percentage of its overhead expenses, to reimburse 100% of its out-of-pocket expenses incurred on behalf of the Company, and to pay a percentage based fee on the total overhead and corporate expenses. The arrangement may be terminated with one month notice by either party.

iii) *Due to related parties*

There was $2,687 (2011 - $3,362) due to Oniva. The Company receives rent, office and administrative supplies and services from Oniva, a private company related by common management. There was $1,442 (2011 - $7,386) due to directors and officers of the Company. The amounts due to related parties are non-interest bearing, unsecured and due on demand.

NOTE 11 – FINANCIAL INSTRUMENTS

The fair values of the Company's cash and cash equivalents, amounts receivable, due to related party and accounts payables and accrued liabilities approximate their carrying values because of the short-term nature of these instruments. The fair value of the Company's available for sale securities is detailed in Note 5.

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

(a) Credit Risk

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

The Company manages credit risk, in respect of cash, by maintaining the majority of cash at high credit rated Canadian financial institutions. As at October 31, 2012 cash and cash equivalents exceeded the amounts covered under federal deposit insurance by $73,974 (April 30, 2012 - $324,828).

Concentration of credit risk exists with respect to the Company's cash as the majority of the amounts are held with a single Canadian financial institution.

The Company's amounts receivable consist primarily of harmonized sales tax due from the federal government of Canada. As such, the Company considers this risk to be minimal.

(b) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipated investing and financing activities. The Company has cash at October 31, 2012 in the amount of $173,974 (2011 - $593,225) in order to meet short-term business requirements. At October 31, 2012, the Company had current liabilities of $15,849 (2011 - $32,092). Accounts payable have contractual maturities of approximately 30 days or are due on demand and are subject to normal trade terms. Amounts due to related parties are without stated terms of interest or repayment.

(c) Market Risk

Market risk consists of interest rate risk, foreign currency risk and other price risk. These are discussed further below.

Interest Rate Risk

Interest rate risk consists of two components:

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

(ii) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.
The Company's cash and cash equivalents are currently held in highly liquid short-term investments and therefore management considers the interest rate risk to be minimal
.

NOTE 11 – FINANCIAL INSTRUMENTS (Continued)

(c) Market Risk (Continued)

Foreign Currency Risk

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

At this time, the Company is not exposed to foreign currency risk.

Other Price Risk

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

(d) Classification of Financial Instruments

IFRS 7 *'Financial Instruments: Disclosures'* establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

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

The fair values of the Company's other receivables, due to related party and accounts payable and accrued liabilities approximate their carrying values because of the short-term nature of these instruments. The fair value of the Company's cash and equivalents and investments is categorized as a Level 1 in the Fair Value Hierarchy.

NOTE 12 – CAPITAL MANAGEMENT

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

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or adjust the amount of cash and cash equivalents. Management reviews the capital structure on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

As at October 31, 2012, the Company had $229,397 of capital (April 30, 2012 - $475,752), a decrease of capital of $246,355 during the six months ended October 31, 2012 (2011 – increase of $283,037).

NOTE 13 - CASH PROVIDED BY (USED IN) CHANGES IN NON-CASH WORKING CAPITAL ITEMS

	Six months ended October 31, 2012	2011
Interest receivable and other receivable	$ 4,877	$ 99
Mining tax credit receivable	1,000	3,917
Goods and services tax recoverable	10,100	29,303
Prepaid expense	1,631	10,472
Accounts payable and accrued liabilities	(20,627)	(27,675)
Due to related parties	(1,580)	(8,346)
	$ (4,599)	$ 7,770

NOTE 14 – FOREIGN OPERATIONS

The consolidated statement of financial position as at October 31, 2012 includes the amount of $289,474 for exploration and evaluation assets located in Nevada, USA (April 30, 2012 - $256,802).