EXPEDITION MINING INC.

CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2012

and

September 30, 2011

(Expressed in Canadian Dollars)

Corporate Head Office
Suite 600, 595 Howe St.
Vancouver, BC V6C 2T5
Tel: 604 662-3903

DeVISSER GRAY LLP
CHARTERED ACCOUNTANTS

401-905 West Pender St
Vancouver BC V6C 1L6
t 604.687.5447
f 604.687.6737

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Expedition Mining Inc.,

We have audited the accompanying consolidated financial statements of Expedition Mining Inc. and its subsidiaries, which comprise the consolidated statements of financial position as at September 30, 2012, September 30, 2011 and October 1, 2010 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years ended September 30, 2012 and September 30, 2011, and 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 audit to obtain reasonable assurance whether the consolidated financial statements are free of 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 the auditor's 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, the auditor considers 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 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 Expedition Mining Inc. and its subsidiaries as at September 30, 2012, September 30, 2011 and October 1, 2010 and their financial performance and their cash flows for the years ended September 30, 2012 and September 30, 2011 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

De Visser Gray LLP

CHARTERED ACCOUNTANTS
Vancouver, Canada
January 24, 2013

EXPEDITION MINING INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	September 30, 2012	September 30, 2011 (Note 15)	October 1, 2010 (Note 15)
	$	$	$
A S S E T S			
Current assets			
Cash (Note 3)	1,582,814	2,918,647	989,389
Receivables (Note 4)	20,177	85,288	38,253
Security deposits	5,750	5,750	5,750
Prepaid expense	6,595	11,070	-
	1,615,336	3,020,755	1,033,392
Long term receivable	-	-	80,697
Reclamation bond (Note 9)	-	9,959	17,886
Equipment (Note 5)	16,024	20,189	22,720
Marketable securities	-	-	1,032,900
Exploration and evaluation assets (Notes 6 and 8)	1,090,722	1,757,307	840,173
	2,722,082	4,808,210	3,027,768
L I A B I L I T I E S & S H A R E H O L D E R S' E Q U I T Y			
Current liabilities			
Accounts payable and accrued liabilities (Notes 7 & 8)	51,391	476,657	134,882
Decommissioning provision (Note 9)	-	9,959	17,886
	51,391	486,616	152,768
Shareholders' equity			
Share capital (Note 10)	25,522,873	25,389,373	22,913,780
Share-based payment reserve (Note 10d)	3,860,576	3,752,039	3,251,857
Deficit	(26,712,758)	(24,819,818)	(23,290,637)
	2,670,691	4,321,594	2,875,000
	2,722,082	4,808,210	3,027,768

Nature and continuance operations (Note 1)
Basis of presentation (Note 2)
Subsequent events (Note 14)

Approved on behalf of the Board of Directors:

"*Ronald Atlas*", Director

"*John Watt*", Director

See notes to consolidated financial statements

EXPEDITION MINING INC.

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For the Years Ended September 30

	2012	2011 (Note 15)
	$	$
General and administrative expenses:		
Bank charges and interest	1,012	921
Consulting fees	14,000	-
Corporate and administration fees	36,515	38,065
Directors' fees	21,500	24,066
Filing and transfer agent fees	20,801	24,530
Legal & accounting fees (Note 8)	94,018	101,821
Management fees (Note 8)	200,820	198,837
Office, rent and insurance	74,872	57,754
Shareholders' communication, & promotion	32,843	40,178
Travel, meals & entertainment	28,803	19,337
	(525,184)	(505,509)
Other items:		
Amortization	(5,064)	(6,399)
Interest income	19,693	25,474
Foreign exchange loss	(187)	-
Gain on sale of other assets	-	434,627
Share-based payments	(108,537)	(476,844)
Expenses recovered	67,459	-
Loss on revaluation of long-term receivable	-	(91,697)
Write-off exploration & evaluation assets	(1,341,120)	(1,118,833)
Loss before income tax	(1,892,940)	(1,739,181)
Deferred income tax recovery	-	210,000
Net loss and comprehensive loss	(1,892,940)	(1,529,181)
Basic and diluted loss per share	(0.03)	(0.03)
Weighted average – number of shares outstanding	57,355,127	52,232,150

See notes to consolidated financial statements

EXPEDITION MINING INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended September 30

	2012 $	2011 (Note 15) $
Cash provided by (used for):		
Operating activities		
Net loss for the year	(1,892,940)	(1,529,181)
Adjustments which do not affect cash:		
Amortization	5,064	6,399
Stock-based compensation	108,537	476,844
Write-off exploration & evaluation assets	1,341,120	1,118,833
Deferred income tax recovery	-	(210,000)
Write-off of reclamation bond	-	7,927
Loss on revaluation of receivable	-	91,697
Loss on sale of other assets	-	(434,627)
	(438,219)	(472,108)
Net changes in non-cash working capital items:		
Amounts receivable	65,111	(58,035)
Prepaid expense	4,475	(11,070)
Accounts payable and accrued liabilities	4,252	16,127
	(364,381)	(525,086)
Financing activities		
Common shares issued	-	2,326,841
Proceeds from options exercised	-	146,250
Share issue costs	-	(171,660)
	-	2,301,431
Investing activities		
Purchase of capital assets	(899)	(3,868)
Exploration and evaluation assets	(970,553)	(1,310,746)
Sale of other assets	-	1,467,527
	(971,452)	152,913
Increase (decrease) in cash	(1,335,833)	1,929,258
Cash - beginning of year	2,918,647	989,389
Cash - end of year	1,582,814	2,918,647

Supplementary disclosures:

Interest income received	19,693	16,852
Note 11 – Non-cash transactions		

See notes to consolidated financial statements

EXPEDITION MINING INC.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Issued Share Capital #	Issued Share Capital $	Share-Based Payment Reserve	Deficit	Total
Balance, October 1, 2010 (Note 15)	**47,484,068**	**$ 22,913,780**	**$ 3,251,857**	**$ (23,290,637)**	**$ 2,875,000**
Issued pursuant to property agreement	1,750,000	407,500	-	-	407,500
Issued for cash					
- Private placement @ $0.40	2,625,000	1,050,000	-	-	1,050,000
- Private placement @ $0.32 (Flow-Through)	3,500,000	1,120,000	-	-	1,120,000
Options exercised (ranging from $0.10 to $0.15)	1,045,000	146,250			146,250
Share issue cost					
- Filing fees	-	(14,820)	-	-	(14,820)
- Agent's units @ $0.32	-	(98,000)	-	-	(98,000)
Flow-Through premium	-	(210,000)	-	-	(210,000)
Fair value of agent's warrants pursuant to private placement	-	(42,911)	42,911	-	-
Fair value of agent's fees warrants pursuant to private placement	-	(15,869)	15,869	-	-
Fair-value of options granted	-	-	476,845	-	476,845
Fair-value of options exercised	-	35,443	(35,443)	-	-
Agent's units - finder's fee	306,250	98,000	-		98,000
Loss for the year	-	-	-	(1,529,181)	(1,529,181)
Balance, September 30, 2011 (Note 15)	**56,710,318**	**$ 25,389,373**	**$ 3,752,039**	**$ (24,819,818)**	**$ 4,321,594**
Issued pursuant to property agreement	1,476,471	133,500	-	-	133,500
Fair-value of options granted	-	-	108,537	-	108,537
Loss for the year	-	-	-	(1,892,940)	(1,892,940)
Balance, September 30, 2012	**58,186,789**	**$ 25,522,873**	**$ 3,860,576**	**$ (26,712,758)**	**$ 2,670,691**

See notes to consolidated financial statements

EXPEDITION MINING INC.

CONSOLIDATED STATEMENTS OF EXPLORATION AND EVALUATION ASSETS

For the Years Ended September 30, 2012 and September 30, 2011

	Balance October 1, 2010 $	**Additions** $	**Write-off** $	**Balance September 30, 2011** $	**Additions** $	**Write-off** $	**Balance September 30, 2012** $
Tact & Buff (Nevada)							
Acquisition costs	31,908	-	(31,908)	-	-	-	-
Exploration costs:							
Advances	-	-	-	-	-	-	-
Assays & sampling	29,810	-	(29,810)	-	-	-	-
Claims and maintenance	99,260	502	(99,762)	-	-	-	-
Consulting - geology	115,428	-	(115,428)	-	-	-	-
Drilling	149,841	-	(149,841)	-	-	-	-
Field administration	232	-	(232)	-	-	-	-
Field work and supplies	12,750	-	(12,750)	-	-	-	-
Maps & reports	10,566	-	(10,566)	-	-	-	-
Royalty – advance	10,802	-	(10,802)	-	-	-	-
Site reclamation	17,886	14,326	(32,212)	-	-	-	-
Site visits	10,096	-	(10,096)	-	-	-	-
	488,579	**14,828**	**(503,407)**	**-**	**-**	**-**	**-**
Brew Property (Yukon)							
Acquisition costs	75,000	125,000	(200,000)	-	-	-	-
Exploration costs:							
Assays	43,610	22,144	(65,754)	-	-	-	-
Claims and maintenance	20,120	-	(20,120)	-	-	-	-
Consulting - geology	11,699	3,687	(15,386)	-	-	-	-
Drilling	-	38,049	(38,049)	-	-	-	-
Fieldwork & supplies	1,148	4,108	(5,256)	-	-	-	-
Legal	6,665	112	(6,777)	-	-	-	-
Mobilization	62,173	52,670	(114,843)	-	-	-	-
Site visits	314	1,102	(1,416)	-	-	-	-
Soil sampling & trenching	130,865	16,960	(147,825)	-	-	-	-
	351,594	**263,832**	**(615,426)**	**-**	**-**	**-**	**-**
Joy Property (Yukon)							
Acquisition costs	-	325,000	-	325,000	200,000	(525,000)	-
Exploration costs:							
Camp	-	12,499	-	12,499	-	(12,499)	-
Consulting - geology	-	6,321	-	6,321	4,975	(11,296)	-
Data acquisition	-	70,380	-	70,380	-	(70,380)	-
Fieldwork & supplies	-	29,113	-	29,113	13,960	(43,073)	-
Geochem and geophysics	-	34,473	-	34,473	2,576	(37,049)	-
Helicopter	-	174,058	-	174,058	65,400	(239,458)	-
Legal	-	14,996	-	14,996	201	(15,197)	-
Mobilization	-	30,742	-	30,742	9,396	(40,138)	-
Soil sampling, trenching & assays	-	176,421	-	176,421	170,609	(347,030)	-
	-	**874,003**	**-**	**874,003**	**467,117**	**(1,341,120)**	**-**

See notes to consolidated financial statements

EXPEDITION MINING INC.

CONSOLIDATED STATEMENTS OF EXPLORATION AND EVALUATION ASSETS

For the Years Ended September 30, 2012 and September 30, 2011

	Balance October 1, 2010 $	Additions $	Write-off $	Balance September 30, 2011 $	Additions $	Write-off $	Balance September 30, 2012 $
Mt. Mervyn Property (Yukon)							
Acquisition costs	-	332,500	-	332,500	27,500	-	360,000
Exploration costs:							
Camp	-	18,748	-	18,748	-	-	18,748
Consulting - geology	-	6,371	-	6,371	3,925	-	10,296
Data acquisition	-	105,570	-	105,570	-	-	105,570
Fieldwork & supplies	-	55,750	-	55,750	1,671	-	57,421
Geochem and geophysics	-	110,577	-	110,577	35,665	-	146,242
Helicopter	-	100,191	-	100,191	-	-	100,191
Legal	-	10,818	-	10,818	201	-	11,019
Mobilization	-	46,113	-	46,113	(2,758)	-	43,355
Soil sampling, trenching & assays	-	96,666	-	96,666	42,193	-	138,859
	-	**883,304**	**-**	**883,304**	**108,397**	**-**	**991,701**
Jenny Hill Project (Nevada)							
Acquisition costs	-	-	-	-	25,923	-	25,923
Exploration costs:							
Advances	-	-	-	-	16,635	-	16,635
Claims	-	-	-	-	13,693	-	13,693
Consulting - geology	-	-	-	-	10,514	-	10,514
Maps & reports	-	-	-	-	300	-	300
Site visits	-	-	-	-	655	-	655
	-	**-**	**-**	**-**	**67,720**	**-**	**67,720**
Slate Project (Nevada)							
Acquisition costs	-	-	-	-	9,962	-	9,962
Exploration costs:							
Advances	-	-	-	-	16,635	-	16,635
Consulting - geology	-	-	-	-	3,750	-	3,750
Maps & reports	-	-	-	-	300	-	300
Site visits	-	-	-	-	654	-	654
	-	**-**	**-**	**-**	**31,301**	**-**	**31,301**
TOTALS	**840,173**	**2,035,967**	**(1,118,833)**	**1,735,307**	**674,535**	**(1,341,120)**	**1,090,722**

See notes to consolidated financial statements

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company is incorporated in the Province of British Columbia and its principal business activity is the acquisition and exploration of resource properties. The Company is currently in the exploration stage of developing its mineral properties and has not yet determined whether these properties contain mineral reserves that are economically recoverable.

These consolidated financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since inception and has an accumulated operating deficit of $26,712,758 at September 30, 2012 ($24,819,818 at September 30, 2011). The ability of the Company to continue as a going-concern depends upon its capacity in the near-term to raise additional equity financing and ultimately to develop profitable commercial operations.

There can be no assurance that the Company will be able to continue to raise funds in the future in which case the Company may be unable to meet its obligations. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the statement of financial position.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Canadian Institute of Chartered Accountants Handbook was revised in 2010 to incorporate International Financial Reporting Standards ("IFRS") and require publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. The Company has commenced reporting on this basis in these consolidated financial statements.

These are the Company's annual IFRS consolidated financial statements and have been prepared in accordance with IFRS applicable to the preparation of financial statements, including International Accounting Standard ("IAS") 34, Interim Financial Reporting and IFRS 1, First-Time Adoption of International Financial Reporting Standard. Subject to certain transition elections disclosed in Note 15, we have consistently applied the same accounting policies in our opening IFRS statement of financial position as at October 1, 2010 and throughout all periods presented, as if the policies had always been in effect. Note 15 discloses the impact of the transition from Canadian Generally Accepted Accounting Principles to IFRS on our reported financial position, operating earnings and cash flows, including the nature and effect of significant changes in accounting policies from those used in our consolidated financial statements for year ended September 31, 2011. IFRS 1, which governs the first-time adoption of IFRS, generally requires accounting policies to be applied retrospectively to determine the opening statement of financial position on our transition date of October 1, 2010 and allows certain exemptions on transition to IFRS. The elections adopted by the Company and have been disclosed in Note 15.

The policies applied in these consolidated financial statements are presented in Note 2 and are based on IFRS issued and outstanding as of January 24, 2013, the date the Board of Directors approved the annual consolidated financial statements.

These consolidated financial statements are presented in the Company's reporting currency on a historical cost basis, modified by the revaluation of available-for-sale financial assets. Functional currencies are detailed in Note 2.

2. **SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Financial instruments

(i) Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss **-** This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the balance sheet at fair value with changes in fair value recognized through profit or loss.

Loans and receivables **-** These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments **-** These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the income statement.

Available-for-sale **-** Non-derivative financial assets not included in the above categories are classified as available for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized through profit or loss.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

The Company has classified its cash and cash equivalence and security deposits at fair value through profit and loss. The Company's accounts receivables are classified as loans and receivables.

(ii) Financial liabilities

The Company classifies its financial liabilities in the following categories:

Other financial liabilities **-** Other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit and loss over the period to maturity using the effective interest method.

Other financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include accounts payable and accrued liabilities.

Derivative financial liabilities **-** Derivative financial liabilities are initially recognized at their fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value at each reporting period with changes in the fair value recognized in profit and loss. Derivative financial liabilities include warrants issued by the Company denominated in a currency other than the Company's functional currency.

2. **SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Universal Uranium USA Inc. and Phoenix Uranium Corp. All significant inter-company transactions have been eliminated.

Property and equipment

Property and equipment is carried at cost, less accumulated depreciation and accumulated impairment losses.

Cost comprises the fair value of consideration given to acquire or construct an asset and includes the direct charges associated with bringing the asset to the location and condition necessary for putting it into use, along with the future cost of dismantling and removing the asset.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

The cost of major overhauls of parts of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of plant and equipment are recognized in profit or loss as incurred.

Equipment is amortized using the declining-balance method at a rate of 20% per annum for furniture and fixtures and telephone equipment and 30% per annum for computer equipment and 30% per annum for vehicles. Leasehold improvements are amortized on a straight line basis over the term of the lease.

Foreign currency translation

The reporting currency of the Company is the Canadian dollar.

The functional currency of each of the parent Company and its subsidiary entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Canadian dollars which is the parent company’s functional and presentation currency. The functional currency of both subsidiaries is the Canadian dollar.

Transactions and balances:

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of comprehensive income in the period in which they arise.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in the statement of comprehensive income to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the nonmonetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

2. **SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Foreign currency translation *(continued)*

Parent and Subsidiary Companies:

The financial results and position of foreign operations whose functional currency is different from the presentation currency are translated as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at that reporting date; and
- income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of comprehensive income. These differences are recognized in the profit or loss in the period in which the operation is disposed.

Exploration and evaluation assets

Once a license to explore an area has been secured, expenditures on exploration and evaluation activities are capitalized to exploration and evaluation and classified as a component of property, plant and equipment.

Exploration expenditures relate to the initial search for deposits with economic potential and to detailed assessments of deposits or other projects that have been identified as having economic potential.

Management reviews the carrying value of capitalized exploration costs at least annually. In the case of undeveloped projects, there may be only inferred resources to form a basis for the impairment review. The review is based on a status report regarding the Company's intentions for development of the undeveloped property. In some cases, the undeveloped properties are regarded as successors to ore bodies currently in production. Where this is the case, it is intended that these will be developed and go into production when the current source of minerals is exhausted or to replace the reduced output.

Once an economically viable reserve has been determined for an area and the decision to proceed with development has been approved, exploration and evaluation assets attributable to that area are first tested for impairment and then reclassified to construction in progress within property, plant and equipment.

Subsequent recovery of the resulting carrying value depends on successful development or sale of the undeveloped project. If put into production, the costs of acquisition and exploration will be amortized over the life of the property, based on estimated economic reserves. If a project does not prove viable, all irrecoverable costs associated with the project net of any impairment provisions are written off.

Decommissioning provision

The Company records a liability based on the best estimate of costs for site closure and reclamation activities that the Company is legally or constructively required to remediate and the liability is recognized at the time environmental disturbance occurs. The resulting costs are capitalized to the corresponding asset. The provision for closure and reclamation liabilities is estimated using expected cash flows, based on engineering and environmental reports prepared by third party industry specialists, discounted at a pre-tax rate specific to the liability. The capitalized amount is amortized on the same basis as the related asset. The liability is adjusted for the accretion of the discounted obligation and any changes in the amount or timing of the underlying future cash flows. Significant judgements and estimates are involved in forming expectations of the amounts and timing of future closure and reclamation cash flows.

Changes in closure and reclamation estimates are accounted for as a change in the corresponding capitalized cost.

Costs of rehabilitation projects for which a provision has been recorded are recorded directly against the provision as incurred, most of which are incurred at the end of the life of mine.

2. **SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Loss per share

The Company uses the treasury stock method of calculating diluted per share amounts whereby any proceeds from the exercise of stock options or other dilutive instruments are assumed to be used to purchase common shares at the average market price during the period. The assumed conversion of outstanding common share options and warrants has an anti-dilutive impact in 2012 and 2011. Basic loss per share is calculated using the weighted-average number of shares outstanding during the period.

Share capital

i) The proceeds from the exercise of stock options, warrants and escrow shares are recorded as share capital in the amount for which the option, warrant or escrow share enabled the holder to purchase a share in the Company.

ii) Commissions paid to underwriters, and other related share issue costs, such as legal, auditing, and printing, on the issue of the Company's shares are charged directly to share capital.

Income taxes

The Company uses the balance sheet method of accounting for income taxes. Under the balance sheet method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred tax assets also result from unused loss carry forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Share-based payments

The Company accounts for stock options granted to directors, officers, employees and nonemployees at fair value. Accordingly, the fair value of the options at the date of the grant is determined using the Black-Scholes option pricing model and stock-based compensation is accrued and charged to operations, with an offsetting credit to share-based payment reserve, over the vesting periods. The fair value of stock options granted to non-employees is re-measured at the earlier of each financial reporting or vesting date, and any adjustment is charged or credited to operations upon re-measurement. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

Estimates and judgment

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

i) The carrying value and the recoverability of exploration and evaluation assets, which are included in the consolidated statement of financial position.

ii) The valuation of share-based payments.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Estimates and judgment (continued)

Critical judgment is applied for the determination of the functional currency for each entity of the Company. Management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction as well as the currency in which funds from financing activities are denominated.

Measurement uncertainty

The future recovery of the recorded cost of the exploration and evaluation assets, and the provision for a future asset retirement obligations are based on estimates. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded as warrants.

Impairment of long-lived assets

Management evaluates non-current assets at least annually for indicators that carrying value is impaired and may not be recoverable. When indicators of impairment are present the recoverable amount of an asset is evaluated at the level of a cash generating unit (CGU), the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, where the recoverable amount of a CGU is the greater of the CGU's fair value less costs to sell and its value in use. An impairment loss is recognized in income to the extent that the carrying amount exceeds the recoverable amount.

Exploration tax credits

The Company recognizes exploration tax credit amounts when the Company's application is approved by the taxation authorities or when the amount to be received can be reasonably estimated and collection is reasonably assured. The amount of the exploration tax credits would reduce the Company's deferred exploration costs through a credit to recoveries.

Flow-through shares

Canadian Income Tax legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. The Company accounts for flow-through shares whereby the premium paid for the flow through shares in excess of the market value of the shares without flow-through features at the time of issue is credited to other liabilities and included in profit or loss at the same time the qualifying expenditures are made.

Cash and cash equivalents

Cash and cash equivalents include cash in accounts and securities that on acquisition are convertible to cash within three months. These investments are highly liquid marketable securities.

3. CASH AND CASH EQUIVALENTS

	September 30, 2012 $	September 30, 2011 $	October 1, 2011 $
Canadian chartered bank			
- Deposits	102,172	411,284	71,245
- Investments (GIC)	1,480,642	2,507,363	918,144
	1,582,814	2,918,647	989,389

4. RECEIVABLES

	September 30, 2012 $	September 30, 2011 $	October 1, 2010 $
HST receivable	17,345	70,288	22,008
Interest receivable	538	8,549	1,216
Other receivable	2,294	6,451	15,029
	20,177	85,288	38,253

5. EQUIPMENT

	Computer $	Office Equipment $	Total $
Cost			
As at October 1, 2010	37,310	49,020	86,330
Additions during the year	3,868	-	3,868
As at September 30, 2011	41,178	49,020	90,198
Additions during the year	899	-	899
As at September 30, 2012	**42,077**	**49,020**	**91,097**

	Computer $	Office Equipment $	Total $
Accumulated depreciation			
As at October , 2010	30,368	33,242	63,610
Amortization during the year	3,243	3,156	6,399
As at September 30, 2011	33,611	36,398	70,009
Amortization during the year	2,540	2,524	5,064
As at September 30, 2012	**36,151**	**38,292**	**75,073**

	Computer $	Office Equipment $	Total $
Net book value			
As at October 1, 2010	6,942	15,778	22,720
As at September 30, 2011	7,567	12,622	20,189
As at September 30, 2012	**5,926**	**10,098**	**16,024**

6. EXPLORATION AND EVALUATION ASSETS

Title to mineral property interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mineral property interests. The Company has investigated title to all of its mineral property interests and, to the best of its knowledge, title to all of its properties are in good standing.

Joy Property
Yukon Territory, Canada

The Company entered into an agreement pursuant to which the Company has the right to acquire 100% interest in the Joy Gold Property, located in the Mayo Mining District in the Yukon Territory.

The terms of the agreement are as follows:

Cash:
- $75,000 within five days of signing the Option Agreement (paid)
- $25,000 on or before May 1, 2011 (paid)
- $50,000 on or before December 1, 2011 (paid)

Common Shares:
- 250,000 common shares within five days of the TSX Venture acceptance of the Option Agreement (issued)
- 250,000 common shares on or before January 10, 2011 (issued)
- 500,000 common shares on or before July 1, 2011 (issued)

Cash or Shares:
- $150,000 cash or stock at the Company's option on or before May 1, 2012 (paid $50,000 and issued 1,176,471 shares)
- $150,000 cash or stock at the Company's option on or before May 1, 2013

Feasibility Study:
- Payment of $250,000, in cash or common stock in the Company at the Company's option on the earlier date of the sixth anniversary of the agreement or upon receipt by the Optionee of a NI 43-101 report indicating a resource of a minimum 500,000 contained ounces of gold on the property.

Work Program:
- Minimum of $200,000 on or before December 31, 2011 (incurred $589,835)
- A further $300,000 on or before December 31, 2012 (incurred as at September 30, 2012 - $816,120)
- A further $500,000 on or before December 31, 2013

NSR:
- The Optionor will have a 2% net smelter returns Royalty on the Property. The NSR Royalty may be reduced to 1% by the payment of $1,000 000 to the Optionor.

After completing the 2012 work program and receiving uniformly low grade gold results on the Property, the Company terminated the option agreement as at September 30, 2012 and wrote off all carrying costs related to the Property.

Mt. Mervyn Property
Yukon Territory, Canada

On April 12, 2011, the Company entered into an option agreement pursuant to which it can acquire a 100% interest in the Mt. Mervyn gold property from Paul Dadwal. The Mt. Mervyn property is located in the Mayo Mining District of central Yukon and is comprised of 314 unpatented mining claims, approximately 6,564 hectares (65.64 sq kilometres).

6. **EXPLORATION AND EVALUATION ASSETS** (continued)

Mt. Mervyn Property (continued)
Yukon Territory, Canada

In order to exercise its option under the option agreement, the Company must make payments and issue shares as set below.

Cash:
$75,000 within five business days after Exchange Acceptance Date (paid)
$75,000 on or before June 1, 2011 (paid)

Common Shares:
250,000 within business days after Exchange Acceptance Date (issued)
250,000 on or before June 1, 2011 (issued)
250,000 on or before October 1, 2011 (issued)
250,000 on or before March 31, 2012 (issued)

Net Smelter Returns Royalty (NSR):
The optionor will have a 2% net smelter royalty on the property. The NSR may be reduced to 1% by the payment of $1-million to the optionor.

Jenny Hill & Black Hills Project
Nevada, USA

The Jenny Hill property consists of 25 unpatented lode claims covering approximately 515 acres (208 hectares) and is located 100 miles (161 kms) southeast of Reno, Nevada.

The Black Hills property consists of 43 unpatented lode claims covering approximately 886 acres (358 hectares) and is approximately 100 miles (161 kilometres) southeast of Reno, Nevada. The property is located about two miles south of the Jenny Hills property. The property is situated on a major strand of the Walker Lane Fault and is midway between the past-producing Rawhide and Paradise Peak open pit gold mines in northeastern Mineral County.

The Jenny Hill and Black Hills agreement calls for lease payments to be made as follows:

Date	Payment Amount
March 1, 2012	$ 20,000 (paid)
September 1, 2013	20,000
September 1, 2014	25,000
September 1, 2015	30,000
September 1, 2016	35,000
September 1, 2017	40,000

and $40,000 on September 1 of each subsequent year, until the expiry of the lease on August 31, 2022.

In consideration of the Mining Lease and Option Agreement, Expedition shall issue and deliver to the owners 50,000 common shares on signing (issued) and 50,000 common shares on or before September 1, 2013.

6. **EXPLORATION AND EVALUATION ASSETS** (continued)

Slate Hill Project
Nevada, USA

This property consists of 23 unpatented lode claims covering approximately 473 acres (190 hectares) and is 90 miles (145 kms) southeast of Reno, Nevada. The claim block is approximately 15 miles (24 kms) north of the Rawhide mine. The agreement calls for lease payments to be made as follows:

Date	Payment Amount
March 1, 2012	$ 10,000 (paid)
September 1, 2013	15,000
September 1, 2014	20,000
September 1, 2015	25,000
September 1, 2016	30,000
September 1, 2017	35,000

and $35,000 on September 1 of each subsequent year, until the expiry of the lease on August 31, 2022.

The above transactions received the approval of the TSX Venture Exchange on March 28, 2012.

7. **ACCOUNTS PAYABLE AND ACCRUED LIABLITIES**

	September 30, 2012 $	September 30, 2011 $	October 1, 2010 $
Trade accounts payable	8,061	431,266	111,382
Accrued liabilities	31,000	37,891	20,000
Due to related parties	12,330	7,500	3,500
	51,391	476,657	134,882

8. **RELATED PARTY TRANSACTIONS**

During the year ended September 30, 2012, the Company paid or accrued $302,870 (2011- $287,858) to directors and officers or companies controlled by directors and officers of the Company, for management, accounting, geological consulting fees, and directors fees incurred by the Company. In addition, the Company granted 1,275,000 options with exercise prices ranging from $0.10 to $0.15 to directors and officers. The fair value of the options granted range from $0.0582 to $0.1017 and total stock-based compensation was $97,738 (2011- $435,580). Included in accounts payable are directors fees payable of $12,330 (2011 - $7,500), which are non-interest bearing, unsecured, and payable on demand. Fair value cannot be reliably determined.

Related party transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

9. **DECOMMISSIONING PROVISION**

During the year ended September 30, 2012, the Company recorded the refund of $9,959 (US$9,660) from the State of Nevada with respect to the reclamation bond posted for the Tact & Buff property, which was written off in fiscal 2011.

10. SHARE CAPITAL

a) Authorized: Unlimited number of common shares

b) Issued and outstanding:

During the year ended September 30, 2012, the Company issued the following shares related to three different property agreements:

- 250,000 shares with a fair value of $0.11per share with respect to the Mt. Mervyn property agreement.
- 50,000 shares with a fair value of $0.12 per share with respect to the Jenny Hill property agreement.
- 1,176,471 shares with a fair value of $0.085 per share with respect to the Joy property agreement.

c) Stock options:

The continuity of share purchase options is as follows:

Expiry Date	Exercise Price	30-Sep-11	Granted	Exercised	Expired/ Cancelled	30-Sep-12
13-Nov-11	0.15	150,000	-	-	(150,000)	-
19-Mar-12	0.15	475,000	-	-	(475,000)	-
01-Dec-12	0.15	550,000	-	-	(100,000)	450,000
23-Apr-13	0.15	585,000	-	-	(100,000)	485,000
29-Apr-14	0.15	525,000	-	-	-	525,000
15-Oct-14	0.15	50,000	-	-	-	50,000
10-Jun-15	0.10	600,000	-	-	(200,000)	400,000
28-Jul-15	0.10	355,000	-	-	-	355,000
21-Sep-15	0.15	50,000	-	-	-	50,000
21-Apr-16	0.40	1,515,000	-	-	(300,000)	1,215,000
11-Jul-16	0.40	100,000	-	-	-	100,000
12-Jan-17	0.15	-	200,000	-	-	200,000
20-Mar-17	0.15	-	375,000	-	-	375,000
23-May-17	0.10	-	885,000	-	-	885,000
		4,955,000	1,460,000	-	(1,325,000)	5,090,000
Weighted average exercise price		$ 0.22	$ 0.12	-	$ 0.20	$ 0.20

The weighted average remaining contractual life of the above stock options as of September 30, 2012 was 2.92 years.

10. **SHARE CAPITAL** (continued)

c) Stock options: (continued)

Expiry Date	Exercise Price	30-Sep-10	Granted	Exercised	Expired / Cancelled	30-Sep-11
16-Jan-11	0.15	85,000	-	-	(85,000)	-
08-May-11	0.15	100,000	-	(100,000)	-	-
13-Jun-11	0.15	150,000	-	(150,000)	-	-
13-Nov-11	0.15	150,000	-	-	-	150,000
19-Mar-12	0.15	645,000	-	(170,000)	-	475,000
01-Dec-12	0.15	595,000	-	(45,000)	-	550,000
12-Mar-13	0.15	110,000	-	(50,000)	(60,000)	-
23-Apr-13	0.15	730,000	-	(145,000)	-	585,000
29-Apr-14	0.15	775,000	-	(175,000)	(75,000)	525,000
15-Oct-14	0.15	50,000	-	-	-	50,000
10-Jun-15	0.10	800,000	-	(200,000)	-	600,000
28-Jul-15	0.10	365,000	-	(10,000)	-	355,000
21-Sep-15	0.15	50,000	-	-	-	50,000
21-Apr-16	0.40	-	1,515,000	-	-	1,515,000
11-Jul-16	0.40	-	100,000	-	-	100,000
		4,605,000	1,615,000	(1,045,000)	(220,000)	4,955,000
Weighted average exercise price		0.14	0.40	0.14	0.15	0.22

The weighted average remaining contractual life of the above stock options as of September 30, 2011 was 2.01 years. The weighted average share price for stock options exercised during 2011 was $0.31.

During the year ended September 30, 2012, the Company granted 1,460,000 stock options to directors and consultants (1,615,000 – September 30, 2011). The fair value of each option granted is estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions and resulting values:

	30-Sep-12	30-Sep-11
Number of options	1,460,000	1,615,000
Risk-free interest rate	3.00%	3.00%
Expected life	4.5	4.76
Vesting period	-	-
Share price at date of grant	$0.09	$0.344
Option exercise price	$0.12	$0.40
Expected volatility	129.49%	131.07%
Option fair value	$0.0743	$0.295
Compensation costs	$108,537	$476,843

10. **SHARE CAPITAL** (continued)

d) Share purchase warrants

The continuity of share purchase warrants is as follows:

Expiry Date	Exercise Price	30-Sep-11	Granted	Exercised	Expired / Cancelled	30-Sep-12
15-Sep-12	0.55	1,312,500	-	-	1,312,500	-
15-Sep-12	0.50	1,750,000	-	-	1,750,000	-
15-Sep-12	0.50	306,250	-	-	306,250	-
15-Sep-12	0.80	153,125	-	-	153,125	-
		3,521,875	-	-	3,521,875	-
Weighted average exercise price		$ 0.54	-	-	$ 0.54	-

Expiry Date	Exercise Price	30-Sep-10	Granted	Exercised	Expired / Cancelled	30-Sep-11
12-Sep-12	0.55	-	1,312,500	-	-	1,312,500
12-Sep-12	0.50	-	1,750,000	-	-	1,750,000
12-Sep-12	0.80	-	306,250	-	-	306,250
12-Sep-12	0.50	-	153,125	-	-	153,125
		-	3,521,875	-	-	3,521,875
Weighted average exercise price		-	$ 0.54	-	-	$ 0.54

11. NON CASH TRANSACATIONS

The following non-cash transactions were recorded:

	September 30, 2012	September 30, 2011
Investing activities		
Accounts payable related to property	$ -	$ 429,518
Financing activities		
Shares issued for exploration and evaluation assets	133,500	407,500
Share-based payment reserve allocated on exercise of options	-	35,443
Share capital allocated from share-based payment reserve	-	(35,443)

12. INCOME TAXES

A reconciliation of Canadian income taxes at statutory rates is as follows:

	2012	2011
Net loss for the year	$ (1,892,940)	$ (1,739,181)
Expected income tax recovery	$ (473,235)	$ (460,883)
Net adjustment for amortization and non-deductible amounts	363,877	299,206
Flow-through share premium	-	(210,000)
Unrecognized benefit of non-capital losses	109,359	161,677
Total income taxes	$ -	$ (210,000)

12. INCOME TAXES *(continued)*

The significant components of the Company's deferred income tax assets are as follows:

		2012		2011
Deferred income tax assets:				
Mineral properties	$	2,906,689	$	2,740,043
Non-capital loss carry-forwards		580,469		450,681
Share issue costs		16,923		37,636
Equipment		19,297		18,031
Capital loss carry-forwards		388,430		202,361
		3,911,808		3,448,752
Valuation allowance		(3,911,808)		(3,448,752)
Net deferred tax assets	$	-	$	-

The Company has non-capital losses of approximately $2.3 million which may be carried forward and applied against taxable income in future years. These losses, if not utilized, will expire through to 2032. Subject to certain restrictions, the Company also has mineral property expenditures of approximately $13 million available to reduce taxable income in future years. Future tax benefits which may arise as a result of these losses and resource deductions have not been recognized in these financial statements and have been offset by a valuation allowance.

Year of Origin	Year of Expiry		Non Capital Losses
2008	2028	$	2,000
2009	2029		793,000
2010	2030		397,000
2011	2031		610,000
2012	2032		520,000
		$	2,322,000

13. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS

(a) Capital Management Objectives

The Company's primary objective when managing capital is to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders, and to have sufficient liquidity available to fund suitable business opportunities as they arise.

The Company considers the components of shareholders' equity, as well as its cash and equivalents as capital. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk of characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue equity, sell assets, or return capital to shareholders as well as issue or repay debt. The Board of Directors has not established quantitative capital structure criteria management, but will review on a regular basis the capital structure of the Company to ensure its appropriateness to the stage of development of the business.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the company, is reasonable.

13. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets, which are updated as necessary and are reviewed and approved by the Company's Board of Directors. In addition, the Company may issue new equity, incur additional debt, or dispose of certain assets. When applicable, the Company's investment policy is to hold cash in interest bearing accounts at high credit quality financial institutions to maximize liquidity. In order to maximize ongoing development efforts, the Company does not pay dividends. The Company expects to continue to raise funds, from time to time, to continue meeting its capital management objectives.

There were no changes in the Company's approach to capital management during the year ended September 30, 2012.

(b) Carrying Amounts and Fair Values of Financial Instruments

The fair value of a financial instrument is the price at which a party would accept the rights and/or obligations of the financial instruments from an independent third party. Given the varying influencing factors, the reported fair values are only indicators of the prices that may actually be realized for these financial instruments.

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

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

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at September 30, 2012.

	Level 1	Level 2	Level 3	Total
Cash	$ 1,582,814	$ –	$ –	$ 1,582,814
Security deposits	$ 5,750	$ –	$ –	$ 5,750

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at September 30, 2011.

	Level 1	Level 2	Level 3	Total
Cash	$ 2,918,647	$ –	$ –	$ 2,918,647
Security deposits	$ 5,750	$ –	$ –	$ 5,750
Reclamation bond	$ 9,959	$ –	$ –	$ 9,959

14. SUBSEQUENT EVENTS

(a) The Company entered into an option agreement to acquire 100% interest in a gold property located within the Walker Lane Mineral Belt. The property is known as the Long Canyon Project, in Mineral County Nevada. The TSX Venture Exchange approved the transaction on January 23, 2013. The Company will issue 50,000 shares as per the agreement.
(b) On December 1, 2012, 450,000 employee stock options expired unexercised.
(c) On December 14, 2012, the Company granted 650,000 employee stock options an at exercise price of $0.10, expiring on December 14, 2017. All options vest immediately.

15. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

As stated in Note 2, these are the Company's first annual consolidated financial statements prepared in accordance with IFRS. An explanation of how the transition from previous Canadian GAAP to IFRS has affected the Company's financial position and comprehensive loss is set out in this note.

The accounting policies set out in Note 2 have been applied in preparing the consolidated financial statements for the year ended September 30, 2012, the comparative information presented in these consolidated financial statements for the year ended September 30, 2011 and in the preparation of the comparative Statement of Financial Position at September 30, 2011 and an opening IFRS Statement of Financial Position at October 1, 2010 (the Company's date of transition).

FIRST TIME ADOPTION OF IFRS (IFRS 1)

The Company has adopted IFRS on October 1, 2011 with a transition date of October 1, 2010. Under IFRS 1 First time adoption of International Financial Reporting Standards (IFRS 1), the IFRS standards are applied retrospectively at the transition date with all adjustments to assets and liabilities as stated under GAAP taken to deficit, with IFRS 1 providing for certain optional and mandatory exemptions to this principle.

The Company has elected to apply the following optional exemptions:

Business Combinations

IFRS 1 allows that a first-time adopter may elect not to apply IFRS 3 Business Combinations (IFRS 3) retrospectively to business combinations prior to the date of transition avoiding the requirement to restate prior business combinations. The Company has elected to apply IFRS 3 to business combinations that occur on or after October 1, 2010, to which there were none.

Decommissioning provision

IFRS requires specified changes in a decommissioning or similar liability to be added or deducted from the cost of the asset to which it relates. The adjusted depreciable amount is then depreciated prospectively over its remaining useful life. IFRS 1 allows a first time adopter to not comply fully with these accounting requirements for changes in such liabilities that occurred before the date of transition and instead apply a simplified method which is set out in IFRS 1. The Company has elected this exemption.

Fair value as deemed cost

The Company may elect among two options when measuring the value of its assets under IFRS. It may elect, on an asset by asset basis, to use either historical cost as measured under retrospective application of IFRS or fair value of an assets at the opening statement of financial position date. The Company has elected to use historical cost for its assets.

The Company applied the following mandatory exception:

Estimates

Hindsight is not used to create or revise estimates. In accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under the previous GAAP applied, unless there is objective evidence that those estimates were in error. The Company's IFRS estimates as of October 1, 2010 are consistent with its Canadian GAAP estimates for the same date.

15. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

Adjustments on Transition to IFRS

Flow-through shares

Under Canadian GAAP, the entire proceeds from the issuance of flow-through shares were recognized in equity less the tax effects of renunciation. Under IFRS, on issuance of flow-through shares, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, that investors pay for the flow-through feature, which is recognized as a liability and ii) share capital. Upon expenses being renounced, the Company derecognizes the liability and the premium is recognized as other income.

Under IFRS, deferred tax relating to flow-through exploration expenditures is recognized as a tax expense on the statement of loss when those expenditures are incurred.

Impact on Financial Statements

	September 30, 2011	October 1, 2010
Accumulated adjustment to:		
Flow-through share premium	$ -	$ -
Share capital	210,000	697,192
Deficit	(210,000)	(697,192)

Presentation differences

Some line items are described differently under IFRS compared to Canadian GAAP. These line items are as follows (with Canadian GAAP descriptions in brackets):

i. Exploration and evaluation assets ("Mineral properties")
ii. Decommissioning and restoration provision ("Asset retirement obligation")
iii. Share-based payment reserve ("Contributed surplus")

Reconciliation to previously reported financial statements

A reconciliation of the changes is included in these following Consolidated Statements of Financial Position and Consolidated Statements of Operations and Comprehensive Income for the dates noted below. The effects of transition from GAAP to IFRS on the cash flow are not material; therefore a reconciliation of cash flows has not been presented.

- Transitional Consolidated Statement of Financial Position Reconciliation – October 1, 2010.
- Consolidated Statement of Financial Position Reconciliation – September 30, 2011.
- Consolidated Statement of Operations and Comprehensive Income Reconciliation – year ended September 30, 2011.

15. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

The October 1, 2010 Canadian GAAP consolidated statement of financial position has been reconciled to IFRS as follows:

	October 1, 2010 CAN GAAP	Effect of Transition to IFRS	**October 1, 2010 IFRS**
Assets			
Current			
Cash	$ 989,389	$ -	**$ 989,389**
Amounts receivables	38,253	-	**38,253**
Security deposits	5,750	-	**5,750**
	1,033,392	-	**1,033,392**
Long tem receivable	80,697	-	**80,697**
Reclamation bond	17,886	-	**17,886**
Equipment	22,720	-	**22,720**
Other assets	1,032,900	-	**1,032,900**
Exploration and evaluation assets	840,173	-	**840,173**
	$ 3,027,768	$ -	**$ 3,027,768**
Liabilities			
Current			
Accounts payable and accrued liabilities	$ 134,882	$ -	**$ 134,882**
Decommissioning provision	17,886	-	**17,886**
Shareholders' Equity			
Share capital	22,216,588	697,192	**22,913,780**
Share-based payment reserve	3,251,857	-	**3,251,857**
Deficit	(22,593,445)	(697,192)	**(23,290,637)**
	2,875,000	-	**2,875,000**
	$ 3,027,768	$ -	**$ 3,027,768**

15. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

The September 30, 2011 Canadian GAAP consolidated statement of financial position has been reconciled to IFRS as follows:

	September 30, 2011 CAN GAAP	Effect of Transition to IFRS	**September 30, 2011 IFRS**
Assets			
Current			
Cash	$ 2,918,647	$ -	**$ 2,918,647**
Amounts receivables	85,288	-	**85,288**
Security deposits	5,750	-	**5,750**
Prepaid expense	11,070	-	**11,070**
	3,020,755	-	**3,020,755**
Reclamation bond	9,959	-	**9,959**
Equipment	20,189	-	**20,189**
Exploration and evaluation assets	1,757,307	-	**1,757,307**
	$ 4,808,210	$ -	**$ 4,808,210**
Liabilities			
Current			
Accounts payable and accrued liabilities	$ 476,657	$ -	**$ 476,657**
Decommisioning provision	9,959	-	**9,959**
Shareholders' Equity			
Share capital	24,902,181	(210,000)	
		697,192	**25,389,373**
Share-based payment reserve	3,752,039	-	**3,752,039**
Deficit	(24,332,626)	210,000	
		(697,192)	**(24,819,818)**
	4,321,594	-	**4,321,594**
	$ 4,808,210	$ -	**$ 4,808,210**

15. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

The Canadian GAAP consolidated statement of operations and comprehensive income for the year ended September 30, 2011 has been reconciled to IFRS as follows:

	September 30, 2011 CAN GAAP	Effect of Transition to IFRS	**September 30, 2011 IFRS**
General and administrative expenses			
Bank charges and interest	$ 921	$ -	**$ 921**
Corporate and administration fees	38,065	-	**38,065**
Directors' fees	24,066	-	**24,066**
Filing and transfer agent fees	24,530	-	**24,530**
Legal & accounting fees	101,821	-	**101,821**
Management fees	198,837	-	**198,837**
Office rent, salaries and supplies	57,754	-	**57,754**
Shareholders' communication, & promotion	40,178	-	**40,178**
Travel, meals & entertainment	19,337	-	**19,337**
	(505,509)	-	**(505,509)**
Other items			
Amortization	(6,399)	-	**(6,399)**
Interest income	25,474	-	**25,474**
Revaluation and write-off of receivable	(91,697)	-	**(91,697)**
Stock based compensation	(476,844)	-	**(476,844)**
Gain on sale of other assets	434,627	-	**434,627**
Write-off of exploration and evaluation assets	(1,118,833)	-	**(1,118,833)**
Loss before income taxes	(1,739,181)	-	**(1,739,181)**
Deferred tax recovery	-	210,000	**210,000**
Loss and comprehensive loss for the year	$ (1,739,181)	$ 210,000	**$ (1,529,181)**