Planet Mining Exploration Inc.

(formerly Planet Exploration Inc.)

Condensed Interim Financial Statements

Nine Months Ended December 31, 2012 and 2011

(Expressed in Canadian Dollars)

(Unaudited – prepared by management)

PLANET MINING EXPLORATION INC.
(formerly Planet Exploration Inc.)
Index to Condensed Interim Financial Statements
December 31, 2012 and 2011
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FINANCIAL STATEMENTS

NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed interim financial statements they must be accompanied by a notice indicating that these condensed interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company’s independent auditor has not performed a review of these condensed interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity’s auditor.

PLANET MINING EXPLORATION INC.
(formerly Planet Exploration Inc.)
Condensed Interim Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

	December 31, 2012	March 31, 2012
ASSETS		
Current assets		
Cash and cash equivalents	**$ 3,158,450**	$ 2,733,717
Investments in equity instruments (Note 3)	**675**	750
Receivables (Note 4)	**592,385**	609,630
Reclamation bond (Note 6)	**50,375**	50,000
Prepaid expenses (Note 9)	**39,429**	52,422
Total current assets	**3,841,314**	3,446,519
Resource properties (Note 5 and 9)	**5,329,531**	7,599,395
Total assets	**$ 9,170,845**	$ 11,045,914
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 7)	**$ 144,090**	$ 184,090
Total liabilities	**144,090**	184,090
SHAREHOLDERS' EQUITY		
Capital and reserves		
Share capital (Note 8)	**14,005,651**	13,055,279
Contributed surplus (Note 8)	**1,770,146**	1,697,040
Accumulated other comprehensive loss	**(5,425)**	(5,350)
Deficit	**(6,743,617)**	(3,885,145)
Total equity	**9,026,755**	10,861,824
Total liabilities and equity	**$ 9,170,845**	$ 11,045,914

Nature and Continuance of Operations (Note 1)
Subsequent Events (Note 12)

Approved and authorized by the Board of Directors

"David Birkenshaw" Director *"Tony M. Ricci"* Director

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

PLANET MINING EXPLORATION INC.
(formerly Planet Exploration Inc.)
Condensed Interim Statements of Operations and Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

	Three Months ended December 31, **2012**	Three Months ended December 31, 2011	Nine Months ended December 31, **2012**	Nine Months ended December 31, 2011
Expenses				
Insurance	**$ 3,672**	$ 6,006	**$ 14,944**	$ 7,573
Management fees (Note 9)	**101,113**	29,512	**143,650**	57,526
Office, general and consulting (Note 9)	**123,790**	47,268	**226,503**	111,499
Professional fees (Note 9)	**50,682**	10,227	**75,422**	23,769
Rent (Note 9)	**12,114**	6,000	**24,114**	18,336
Share-based compensation	**4,376**	113,622	**46,023**	141,088
Transfer agent and filing fees	**3,800**	3,278	**13,740**	10,227
Travel, promotion and shareholder information (Note 9)	**23,353**	12,799	**57,422**	59,731
Total expenses	**322,900**	228,712	**601,818**	429,749
Other expense (income)				
Interest income	**(10,543)**	(14,028)	**(27,034)**	(46,470)
Write down of resource properties	**2,283,688**		**2,283,688**	
Net loss for the period	**$ 2,596,045**	$ 214,684	**$ 2,858,472**	$ 383,279
Deficit, beginning of period	**$ (4,147,572)**	$ (3,484,782)	**$ (3,885,145)**	$ (3,316,187)
Deficit, end of period	**$ (6,743,617)**	$ (3,699,466)	**$ (6,743,617)**	$ (3,699,466)
Basic and diluted loss per common share	**$ (0.063)**	$ (0.006)	**$ (0.069)**	$ (0.010)
Weighted average number of common shares outstanding	**41,134,818**	36,939,190	**41,134,818**	36,905,972
Net loss for the period	**$ 2,596,045**	$ 214,684	**$ 2,858,472**	$ 383,279
Change in fair value on investment in equity instruments				
Unrealized loss (gain) on available-for-sale securities, net of tax	**(375)**	2,175	**(75)**	(150)
Net comprehensive loss for the period	**$ 2,595,670**	$ 216,859	**$ 2,858,397**	$ 383,129

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

PLANET MINING EXPLORATION INC.
(formerly Planet Exploration Inc.)
Condensed Interim Statements of Changes in Equity
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

	Share Capital					
	Number of Shares	*Amount*	*Contributed Surplus*	*Accumulated Other Comprehensive Loss*	*Deficit*	*Total*
Balance, March 31, 2011	36,624,190	$ 12,874,829	$ 1,488,156	$ (3,250)	$ (3,316,187)	$ 11,043,548
Share-based compensation	-	-	180,904	-	-	180,904
Shares issued for mineral property	315,000	72,450	-	-	-	72,450
Unrealized loss on available-for-sale securities	-	-	-	150	-	150
Net loss for the period	-	-	-	-	(383,279)	(383,279)
Change during the period	315,000	72,450	180,904	150	(383,279)	(129,775)
Balance, December 31, 2011	36,939,190	$ 12,947,279	$ 1,669,060	$ (3,100)	$ (3,699,466)	$ 10,913,773
Balance, March 31, 2012	37,539,190	$ 13,055,279	$ 1,697,040	$ (5,350)	$ (3,885,145)	$ 10,861,824
Share-based compensation	-	-	53,873	-	-	53,873
Shares issued for cash	7,000,000	1,050,000				1,050,000
Share issue costs		(99,628)	19,233			(80,395)
Unrealized gain on available-for-sale securities, net of tax	-	-	-	(75)	-	(75)
Net loss for the period	-	-	-	-	(2,858,472)	(2,858,472)
Change during the period	7,000,000	950,372	73,106	(75)	(2,858,472)	(1,835,069)
Balance, December 31, 2012	44,539,190	$ 14,005,651	$ 1,770,146	$ (5,425)	$ (6,743,617)	$ 9,026,755

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

PLANET MINING EXPLORATION INC.
(formerly Planet Exploration Inc.)
Condensed Interim Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

	Nine Months Ended December 31,	
	2012	2011
Cash used in operating activities		
Net loss for the period	**$ (2,858,472)**	$ (383,279)
Items not involving cash:		
Interest accrued	**(257)**	(415)
Write down of resource properties	**2,283,688**	-
Share-based compensation	**46,023**	141,088
	(529,018)	(242,606)
Changes in non-cash working capital items:		
Receivables	**182,516**	(88,737)
Prepaid expenses	**12,993**	(48,165)
Accounts payable and accrued liabilities	**100,205**	(33,721)
Net cash used in operating activities	**(233,304)**	(413,229)
Net cash used in investing activities		
Additions to resource properties	**(311,568)**	(1,284,592)
Cash received from financing activities		
Units issued for cash	**1,050,000**	-
Issue costs	**(80,395)**	-
Net cash received from financing activities	**969,605**	-
(Decrease) Increase in cash and cash equivalents	**$ 424,733**	$ (1,697,821)
Cash and cash equivalents, beginning of period	**$ 2,733,717**	$ 5,628,154
Cash and cash equivalents, end of period	**$ 3,158,450**	$ 3,930,333

Supplementary cash flow information (Note 10)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Planet Mining Exploration Inc. ("the Company") was incorporated in Canada as Planet Exploration Inc. on January 29, 1996 under the Alberta Business Corporations Act. On April 12, 2012, the Company changed its name to Planet Mining Exploration Inc. under the British Columbia Business Corporations Act. The Company's registered office and its principal place of business is located at Suite 302, 750 West Pender Street, Vancouver, BC Canada V6C 2T7.

The Company is in the business of acquiring, exploring and developing gold, copper, silver and other mineral properties, both directly and through joint ventures in Canada. The Company's shares are listed on the TSX Venture Exchange (TSX.V) under the trading symbol "PXI".

To date, the Company has not generated significant revenues from operations and is considered to be an exploration stage company. These financial statements have been prepared on the assumption that the Company will continue as a going concern and realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain mineral reserves that are economically recoverable. The continued operations of the Company are primarily dependent upon its ability to raise exploration financing from equity markets or by selling or optioning its resource properties. Recovery of the capitalized carrying costs shown for mineral properties will likely require the establishment of economically recoverable reserves, the securing of development financing and profitable production.

Subsequent to the period end, the Company announced that it intends to change its business to that of an investment company (see Note 12).

2. BASIS OF PREPARATION

Statement of compliance

The Condensed Interim Financial Statements for the nine months ended December 31, 2012 were prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB) and Interpretations of the International Financial Reporting Interpretations ("IFRIC") in effect at December 31, 2012. These consolidated interim financial statements have been prepared in compliance with lAS 34 - *Interim Financial Reporting*. Accordingly, certain disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards have been omitted or condensed. These interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended March 31, 2012. The Company has elected to present the statement of operations and comprehensive loss in a single statement.

(Expressed in Canadian Dollars)

2. BASIS OF PREPARATION *(continued)*

The preparation of financial data is based on accounting policies and practices consistent with those used in the preparation of the Company's recent audited Financial Statements for the year ended March 31, 2012.

The Condensed Interim Financial Statements of the Company for the nine months ended December 31, 2012 (including comparatives) have been prepared by management, reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on February 26, 2013.

3. INVESTMENT IN EQUITY INSTRUMENTS

Investment in equity instruments consists of common shares of a publicly traded company, and therefore has no fixed maturity date or coupon rate. The fair value of the listed investment has been determined directly by reference to published price quotations in an active market. During the period the Company recorded a decrease in fair value of the investment in the amount of $75 (2011 – increase of $150) in other comprehensive loss.

As at December 31, 2012, the cost of the investment in equity instruments amounts to $6,100 (2011 - $6,100).

4. RECEIVABLES

The Company's receivables relates to Harmonized Sales Tax (HST) receivable and Mineral Exploration Tax Credit due from Canadian government taxation authorities, interest receivable and advances to a director and an officer of the Company. The receivables balance is broken down as follows:

	December 31, 2012	*March 31, 2012*
HST recoverable	**$ 33,982**	$ 202,999
Mineral Exploration Tax Credit receivable	**555,982**	390,593
Interest receivable	**257**	350
Other receivable (Note 9)	**2,164**	7,440
Advances (Note 9)	**-**	8,248
	$ 592,385	$ 609,630

(Expressed in Canadian Dollars)

5. RESOURCE PROPERTIES

	Red Lake (Sidace Lake) Property	***Golden Loon Property***	***Total***
Balance, March 31, 2011	$ 5,329,531	$ 201,327	$ 5,530,858
Acquisition costs	-	443,136	443,136
Exploration advance	-	100,000	100,000
Exploration costs	-	1,915,994	1,915,994
Mineral Exploration Tax Credit	-	(390,593)	(390,593)
Change during the period	-	2,068,537	2,068,537
Balance, March 31, 2012	$ 5,329,531	$ 2,269,864	$ 7,599,395
Exploration costs	-	179,213	179,213
Mineral Exploration Tax Credit	-	(165,389)	(165,389)
Write down of resource properties	-	(2,283,688)	(2,283,688)
Change during the period	-	(2,269,864)	(2,269,864)
Balance, December 31, 2012	$ 5,329,531	$ -	$ 5,329,531

Title to resource properties 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 resource properties. The Company has investigated title to all of its resource properties and, to the best of its knowledge, title to all of its properties are in good standing.

Red Lake, Ontario, Canada

The Company currently owns a 40% (March 31, 2012 – 40%) interest in the Red Lake, Ontario mineral property claims. The remainder 60% is held by affiliates of Goldcorp Inc.

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

5. RESOURCE PROPERTIES *(continued)*

Golden Loon, British Columbia

On February 15, 2011, the Company signed an option agreement with Tilava Mining Corporation, a private company, to acquire an initial 70% interest, which can be increased to 100%, in Tilava's Golden Loon gold and copper project located 80 kilometres north of Kamloops, British Columbia. Pursuant to the terms of the option agreement, the Company must:

(a) pay in the aggregate $500,000 to Tilava Mining Corporation as follows:

- (i) $10,000 upon signing of the agreement (paid);
- (ii) $90,000 upon approval by TSX Venture Exchange (paid);
- (iii) $200,000 on or before February 1, 2012 (paid);
- (iv) $200,000 on or before February 1, 2013;

(b) issue in aggregate 2,000,000 common shares as follows:

- (i) 600,000 common shares upon approval by TSX Venture Exchange (issued);
- (ii) 600,000 common shares upon earlier of incurring $750,000 in exploration expenditures and receiving an engineering report which recommends further work (“Stage I”) or February 1, 2012 (issued);
- (iii) 800,000 common shares upon earlier of incurring an aggregate of $2,250,000 in exploration expenditures and receiving an engineering report which recommends further work (“Stage II”) or February 1, 2013;

(c) incur exploration expenditures of not less than $4,500,000 as follows:

- (i) $750,000 before February 1, 2012 (completion of Stage I) (incurred);
- (ii) an additional $1,500,000 before February 1, 2013 (completion of Stage II) for an aggregate of $2,250,000;
- (iii) an additional $2,250,000 before February 1, 2014 (completion of Stage III).

The Company can purchase a 100% interest (“Additional Option”) in the Golden Loon property at any time, by paying $375,000 and issuing that number of common shares with a deemed value of $1,000,000. The deemed value of the Company’s common shares for the purpose of exercising the Additional Option shall be the mean closing price for the Company’s common shares on the Exchange for the preceding 20 trading days. The Company, at its option, may elect to pay, after satisfying the minimum cash payment of $375,000, the remaining $1,000,000 in cash or any combination of cash and common shares.

A finders’ fee was paid on the project in accordance with TSX rules.

(Expressed in Canadian Dollars)

5. RESOURCE PROPERTIES *(continued)*

Subsequent to the period ended December 31, 2012, the Company withdrew from its option agreement on the Golden Loon property. The Company wrote off the costs capitalized to Golden Loon property as at December 31, 2012.

6. RECLAMATION BOND

The Company designated the reclamation bond as held-to-maturity financial asset which is measured at amortized cost using the effective interest method. Any changes to the carrying amount of the reclamation bond, including impairment losses, are recognized in the profit or loss.

The reclamation bond is a guaranteed investment certificate held in a financial institution as security for reclamation obligations pursuant to the *Mines Act* and Health, Safety and Reclamation Code for Mines in British Columbia. The investment bears the variable interest rate of prime less 2.25% per annum, matures April 27, 2013 and is restricted for general use. The reclamation bonds relate to the Golden Loon resource property.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities for the Company are broken down as follows:

	December 31, 2012	*March 31, 2012*
Accounts payable to third parties	**$ 117,539**	$ 133,654
Accounts payable to related parties (Note 11)	**8,176**	29,280
Accrued liabilities	**18,375**	21,156
	$ 144,090	$ 184,090

8. SHARE CAPITAL

a) Common shares

The Company is authorized to issue an unlimited number of common voting shares without par value, first preferred shares, and second preferred shares. The holder of common shares is entitled to receive any dividend declared by the Company on such shares.

8. SHARE CAPITAL *(continued)*

a) Common shares (continued)

Issued During the Nine Months Ended December 31, 2012:

On September 28, 2012, the Company closed a non-brokered private placement consisting of 7,000,000 units of the Company, at $0.15 per unit, for gross proceeds of $1,050,000. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company, for a period of 12 months, at an exercise price of $0.25 per share. Of the $1,050,000 consideration received, $910,931 has been attributed to common shares and $139,069 has been attributed to share purchase warrants.

In connection with the private placement, the Company paid finder's fees of $80,395, and has issued 420,000 finder's warrants with a fair value of $19,233 to finder's who introduced subscribers for this offering to the Company. Each finder's warrant is exercisable into one common share of the Company, at a price of $0.25 per share for a period of 12 months.

Issued During the Year Ended March 31, 2012:

On August 30, 2011, upon the TSX Venture approval, pursuant to the Tilava mineral property agreement, the Company issued 300,000 common shares at a deemed price of $0.23.

On August 30, 2011, pursuant to the Tilava mineral property finders’ agreement the Company issued 15,000 common shares at a deemed price of $0.23.

On January 19, 2012, pursuant to the Tilava mineral property agreement the Company issued 600,000 common shares at a deemed price of $0.18.

b) Preferred shares

The Company is authorized to issue an unlimited number of first preferred shares and second preferred shares issuable in series with the issue price to be fixed by the directors. The holders of first preferred shares are entitled to preference over the common shares and the second preferred shares with respect to payment of dividends and distribution of assets in the event of liquidation, dissolution or winding-up of the Company.

The Company did not issue any preferred shares.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL *(continued)*

c) Stock options

The Company has a stock option plan whereby the Company may grant options to its directors, officers, employees and consultants for up to 10% of the outstanding common shares from time to time with vesting rights determined at each grant date. The exercise price of each option equals the market price of the Company's stock on the date of the grant (less any permitted discount, if any) and an option's maximum term is five years.

During the nine months ended December 31, 2012, the Company recognized share-based compensation of $53,873 (2011 - $180,904) in contributed surplus, which will be applied to share capital upon exercise. The weighted average fair value of the options granted during the period ended December 31, 2012, was $0.16 per option (2011 - $0.13).

Total expense arising from share-based payment transaction recognized during the period was $46,023 (2011 - $141,088). Total amounts arising from share-based payment transactions that were capitalized during the period as part of resource properties and deferred exploration were $7,850 (year ended March 31, 2012 - $39,816).
The fair value of stock options granted during the period ended December 31, 2012 is determined using the Black-Scholes Option Pricing Model with assumptions as follows:

	2012	2011
Weighted average risk-free interest rate	**1.21%**	1.54%
Weighted average estimated volatility	**89%**	90%
Weighted average expected life	**5 years**	3.6 year
Weighted average expected dividend yield	**0%**	0%

Option-pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility which was estimated based on historical volatility of the Company's publicly-traded shares. Changes in the underlying assumptions can materially affect the fair value estimates and therefore, in management's opinion, existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL *(continued)*

c) Stock options *(continued)*

No options were exercised during the nine months ended December 31, 2012.

	December 31, 2012		*March 31, 2012*	
	Number of Options	***Weighted Average Exercise Price***	*Number of Options*	*Weighted Average Exercise Price*
Balance, beginning of period	**3,015,000**	**$ 0.27**	2,177,500	$ 0.31
Cancelled	**(530,000)**	**0.22**	(900,000)	0.33
Granted	**765,000**	**0.16**	1,745,000	0.23
Expired	**-**	**-**	(7,500)	0.40
Balance, end of period	**3,250,000**	**$ 0.25**	3,015,000	$ 0.26
Exercisable, end of period	**3,231,250**	**$ 0.24**	2,715,000	$ 0.27

As of December 31, 2012, the following stock options were outstanding and exercisable:

Number of Options Outstanding	***Exercise Price***	***Expiry Date***	***Number of Options Exercisable***
370,000	$ 0.17	December 18, 2013	370,000
1,050,000	$ 0.34	November 11, 2015	1,050,000
150,000	$ 0.35	March 31, 2016	150,000
730,000	$ 0.20	October 13, 2016	730,000
125,000	$ 0.22	November 3, 2016	125,000
200,000	$ 0.20	January 3, 2014	200,000
50,000	$ 0.25	April 3, 2017	50,000
575,000	$ 0.15	July 25, 2017	556,250
3,250,000			3,231,250

(Expressed in Canadian Dollars)

8. SHARE CAPITAL *(continued)*

d) Share purchase warrants

Warrant transactions are summarized as follows:

	December 31 2012			*March 31, 2012*		
	Number of Warrants	***Weighted Average Exercise Price***		*Number of Warrants*	*Weighted Average Exercise Price*	
Balance, beginning of period	**9,850,000**	**$**	**0.25**	9,850,000	$	0.25
Issued in private placement	**3,920,000**	**$**	**0.25**	-		-
Expired	**(9,850,000)**	**$**	**0.25**			
Exercised	**-**		**-**	-		-
Balance, end of period	**3,920,000**	**$**	**0.25**	9,850,000	$	0.25

The proceeds from the units issued in private placement during the nine months ended December 31, 2012 (Note 9(a)) were allocated between common shares and common share purchase warrants recorded in share capital on a pro-rata basis based on relative fair values of the shares of $0.11 and purchase warrants of $0.0397. The fair value of purchase warrants was determined using the Black-Scholes option pricing model using the following weighted average assumptions: expected dividend yield - 0.00%; expected stock price volatility - 117%; risk-free interest rate - 1.08%; expected life - 1 year. The weighted average value of purchase warrants issued during the nine months ended December 31, 2012 was $0.0397 per warrant.

Each share purchase warrant is exercisable for one common share. The following table summarizes information about warrants outstanding and exercisable at December 31, 2012:

Exercise Price	***Expiry Date***	***Warrants Outstanding***	***Weighted Average Remaining Contracted Life (Years)***
$ 0.25	September 28, 2013	3,920,000	1.00

(Expressed in Canadian Dollars)

9. RELATED PARTY TRANSACTIONS

During the nine months ended December 3, 2012, the Company incurred $53,378 (2011 - $156,795) in geological services which were capitalized to resource properties, $137,143 (2011 - $103,886) in office, general and consulting expenses, $Nil (2011 - $284) in professional fees, $19,362 (2011 - $25,026) in management fees and $11,717 (2011 - $7,341) in travel, promotion and shareholder information from a company in which an officer and a director of the Company is an employee. A total of $19,789 (March 31, 2012 - $24,078 payable) was advanced to this company as at December 31, 2012. These expenses were charged to the Company at cost without markup.

During the nine months ended December 31, 2012, the Company incurred $47,550 (2011 - $32,500) in management fees from a company controlled by a director and officer of the Company. A total of $8,176 was payable with respect to these fees as at December 31, 2012 (March 31, 2012 - $5,040).

Receivable from a director and officer of the Company amounts to $Nil (March 31, 2012 - $8,248) as at December 31, 2012. Included in accounts payable relating to this director and officer amounts to $Nil (March 31, 2012 - $162) as at December 31, 2012.

During the year ended March 31, 2012 the Company advanced funds to a company in which officers and a director of the Company are employees for the use of office equipment. As at December 31, 2012, $2,164 (March 31, 2012 - $7,440) of this advance is outstanding.

These related party transactions are in the normal course of operations and have been measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

10. SUPPLEMENTAL CASH FLOW INFORMATION

The components of cash and cash equivalents are as follows:

	December 31, 2012	March 31, 2012
Cash	**$ 3,158,450**	$ 2,733,717
Term deposit	-	-
Total cash and cash equivalents	**$ 3,158,450**	$ 2,733,717

(Expressed in Canadian Dollars)

10. SUPPLEMENTAL CASH FLOW INFORMATION *(continued)*

The significant non-cash financing and investing transactions during the period are as follows:

	December 31, 2012	March 31, 2012
Common shares issued to acquire resource properties	**$ -**	$ 180,450
Capitalized exploration expenditures included in accounts payable	**$ -**	$ 140,205
Capitalized exploration expenditures included in accounts receivable	**$ 555,982**	$ 390,593
Capitalized share-based compensation included in resource properties	**$ 7,850**	$ 39,816
Increase (decrease) in fair value of investments in equity instruments	**$ (75)**	$ 2,100

Other cash flow information:

	December 31, 2012	March 31, 2012
Interest received	**$ 26,939**	$ 57,385
Interest paid	**$ -**	$ -
Income taxes paid	**$ -**	$ -

Restricted cash of $50,350 (March 31, 2012 - $50,000) relates to guaranteed investment certificates held at a Canadian financial institution as reclamation bond for Golden Loon resource property (see Note 7).

11. FINANCIAL AND CAPITAL RISK MANAGEMENT

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include liquidity risk, credit risk and interest rate risk. Where material, these risks are reviewed and monitored by the Board of Directors.

a) Capital Management

The Company manages its capital to safeguard the Company's ability to continue as a going concern, so that it can continue to provide adequate returns to shareholders and benefits to other stakeholders, and to have sufficient funds on hand for business opportunities as they arise.

11. FINANCIAL AND CAPITAL RISK MANAGEMENT *(continued)*

a) Capital Management *(continued)*

The Company considers the items included in share capital as capital. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, the sale of assets, debt, or return of capital to shareholders. As at December 31, 2012, the Company does not have any debt, other than accounts payable and accrued liabilities, and is not subject to externally imposed capital requirements.

b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company maintains sufficient cash balances to meet current working capital requirements. The Company is considered to be in the exploration and evaluation stage. Thus, it is dependent on obtaining regular financings in order to continue its exploration and evaluation programs. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings. The Company's cash and cash equivalents are invested in business accounts with quality financial institutions, are available on demand for the Company's programs, and are not invested in any asset backed commercial paper. All of the Company’s financial liabilities have a maturity of less than one year.

c) Credit Risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and equivalents and receivables. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash and equivalents, and other assets with high-credit quality financial institutions.

The majority of the Company's cash and cash equivalents are held with major Canadian based financial institutions. The Company views the credit risk associated with receivables as minimal as the balance primarily consists of HST recoverable and Mineral Exploration Tax Credit receivable from Government of Canada.

d) Currency Risk

The Company’s functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company does not have any exposure to any highly inflationary foreign currencies.

11. FINANCIAL AND CAPITAL RISK MANAGEMENT (*continued)*

e) Interest Rate Risk

The Company's exposure to interest rate risk arises from the interest rate impact on its cash and cash equivalents and reclamation bond. The Company's practice has been to invest cash at floating rates of interest, in cash equivalents, in order to maintain liquidity, while achieving a satisfactory return for shareholders. There is minimal risk that the Company would recognize any loss as a result of a decrease in the fair value of any guaranteed bank investment certificates included in reclamation bond as they are generally held with large financial institutions.

f) Price Risk

The Company is exposed to price risk with respect to commodity and equity prices. The ability of the Company to explore its mineral properties and future profitability of the Company are directly related to the market price of gold and other precious metals. The Company monitors commodity prices to determine appropriate actions to be undertaken.

The estimated fair value of financial assets is equal to their carrying values due to the short-term nature of these instruments.

g) Fair-value hierarchy

Financial instruments measured in fair value are classified into one of the 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 fair value of cash and cash equivalents and investments in equity instruments are measured based on level 1 of the fair value hierarchy.

12. SUBSEQUENT EVENTS

Subsequent to the period ended December 31, 2012, the board of directors has determined that it is in the best interests of the Company to refocus its business operations from a resource company to an "Investment Issuer". The Company has conceptualized a new business model that focuses on using the Company's residual cash and capitalizing on the Board's and management's expertise, to invest in projects and companies in the resource sector, including precious metals, uranium and coal, oil and gas, base metals, potash, lithium and rare earths. The adoption of the Company's new business model will constitute a "change of business" (the "COB") for the Company pursuant to Exchange Policy 5.2 – *Change of Business and Reverse Takeovers* ("Policy 5.2").

Completion of the COB is subject to a number of conditions, including acceptance from the Exchange. The proposed COB also requires approval from the Company's shareholders at the Company's upcoming annual general and special meeting. The COB cannot close until the required shareholder approval is obtained. Additional information with respect to the COB will be provided in the management information circular to be prepared in connection with the Meeting.