Lions Gate Metals Inc.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)

June 30, 2012

CONTENTS

Expressed in Canadian Dollars

	June 30, 2012 $	December 31, 2011 $
Assets		
Current assets		
Cash and cash equivalents (Note 5)	**152,968**	784,382
Available-for-sale investments (Note 6)	**147,364**	190,627
Amounts receivable (Note 7)	**577,880**	681,421
Prepaid expenses	**58,821**	83,933
Total current assets	**937,033**	1,740,363
Non-current assets		
Loan receivable (Note 8)	**1**	1
Loan to officer (Note 14)	**50,078**	-
Reclamation deposits (Notes 9 & 11)	**73,082**	44,108
Property, plant and equipment (Note 10)	**43,939**	51,354
Exploration and evaluation assets (Note 11)	**7,840,439**	7,226,250
Total non-current assets	**8,007,539**	7,321,713
Total assets	**8,944,572**	9,062,076
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities	**90,258**	252,314
Due to related parties (Note 14)	**24,363**	29,005
Total current liabilities	**114,621**	281,319
Total liabilities	**114,621**	281,319
Commitments (Note 18)		
Shareholders' equity		
Share capital (Note 12)	**20,939,487**	20,224,650
Share purchase warrants (Note 12)	**1,981,835**	3,166,114
Contributed surplus (Note 12)	**3,729,524**	2,297,441
Accumulated other comprehensive loss	**(53,879)**	(10,616)
Accumulated deficit	**(17,767,016)**	(16,896,832)
Total shareholders' equity	**8,829,951**	8,780,757
Total liabilities and shareholders' equity	**8,944,572**	9,062,076

Events after the reporting date (Note 17)

Approved by the Board of Directors:

"Arni Johansson"
Director

"Michael Sweatman, CA"
Director

Expressed in Canadian Dollars

	Three Months Ended June 30, 2012 $	Three Months Ended June 30, 2011 $	Six Months Ended June 30, 2012 $	Six Months Ended June 30, 2011 $
Interest and other income	**1,580**	4,370	**3,484**	4,466
Expenses				
Accounting and audit	**18,400**	23,282	**28,300**	31,920
Advertising and promotion	**31,300**	31,600	**106,088**	46,233
Amortization (Note 10)	**3,564**	4,815	**7,415**	4,815
Bank charges and interest	**308**	738	**1,041**	1,835
Conferences and trade shows	**-**	10,398	**7,663**	21,385
Consulting and management fees (Note 14)	**93,825**	39,500	**168,695**	96,475
Director fees	**5,500**	3,750	**12,000**	3,750
Filing and transfer agent fees	**7,864**	7,625	**15,241**	21,387
General exploration	**1,470**	-	**1,967**	2,750
Insurance	**5,984**	5,900	**14,399**	11,653
Investor relations	**17,000**	21,264	**29,760**	26,264
Legal (Note 14)	**14,549**	25,056	**31,287**	65,435
Office, rent and telephone (Note 14)	**53,233**	35,837	**97,498**	65,478
Salaries and benefits	**91,727**	63,628	**182,469**	106,547
Stock based compensation (Note 13)	**86,033**	146,074	**129,189**	544,409
Travel and accommodation	**16,645**	6,538	**39,928**	37,625
Total expenses	**447,402**	426,005	**872,940**	1,087,961
Loss before undernoted items	**(445,822)**	(421,635)	**(869,456)**	(1,083,495)
Other income (expense)				
Interest expense	**-**	-	**-**	(2,700)
Recovery of loan (Note 8)	**-**	-	**-**	98,420
Loss on sale of available-for-sale investments	**-**	-	**-**	(115,847)
Foreign exchange	**(38)**	(154)	**(728)**	(4,593)
Loss for the period	**(445,860)**	(421,789)	**(870,184)**	(1,108,215)
Other comprehensive income (loss)				
Fair value gains on available-for-sale investments (Note 6)	**(49,663)**	(22,225)	**(43,263)**	96,847
Total other comprehensive income (loss)	**(49,663)**	(22,225)	**(43,263)**	96,847
Total comprehensive loss for the period	**(495,523)**	(444,014)	**(913,447)**	(1,011,368)
Loss per common share, basic and diluted (Note 16)	**(0.02)**	(0.02)	**(0.04)**	(0.05)

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

Expressed in Canadian Dollars

	Number of shares	Share capital $	Share purchase warrants $	Contributed surplus $	Accumulated other comprehensive loss $	Deficit $	Total $
Balance at December 31, 2010	**16,231,694**	**15,819,452**	**1,902,699**	**1,630,073**	**1,851**	**(13,488,272)**	**5,865,803**
Loss for the period	-	-	-	-	-	(1,108,215)	(1,108,215)
Private placement	7,341,632	6,031,200	-	-	-	-	6,031,200
Flow-through liability allocation	-	(84,211)	-	-	-	-	(84,211)
Warrants issued	-	(1,263,415)	1,263,415	-	-	-	-
Stock options issued	-	-	-	592,442	-	-	592,442
Mineral property interest issuances	87,500	70,625	-	-	-	-	70,625
Share issue costs	-	(286,158)	-	-	-	-	(286,158)
Change in fair value of investments	-	-	-	-	96,847	-	96,847
Balance at June 30, 2011	**23,660,826**	**20,287,493**	**3,166,114**	**2,222,515**	**98,698**	**(14,596,487)**	**11,178,333**
Loss for the period	-	-	-	-	-	(2,300,345)	(2,300,345)
Stock options issued	-	-	-	74,926	-	-	74,926
Shares returned to treasury	(169,000)	(62,843)	-	-	-	-	(62,843)
Change in fair value of investments	-	-	-	-	(109,314)	-	(109,314)
Balance at December 31, 2011	**23,491,826**	**20,224,650**	**3,166,114**	**2,297,441**	**(10,616)**	**(16,896,832)**	**8,780,757**
Loss for the period	-	-	-	-	-	(870,184)	(870,184)
Private placement	2,000,000	860,000	-	-	-	-	860,000
Stock options issued/forfeited	-	-	-	141,597	-	-	141,597
Warrants issued	-	(106,207)	106,207	-	-	-	-
Expiry of warrants	-	-	(1,290,486)	1,290,486	-	-	-
Mineral property interest issuances	105,000	47,850	-	-	-	-	47,850
Share issuance costs	-	(67,196)	-	-	-	-	(67,196)
Change in fair value of investments	-	-	-	-	(43,263)	-	(43,263)
Shares returned to treasury (Note 12)	(46,500)	(18,460)	-	-	-	-	(18,460)
Gross Balance at June 30, 2012	**25,550,326**	**20,940,637**	**1,981,835**	**3,729,524**	**(53,879)**	**(17,767,016)**	**8,831,101**
Shares held in treasury (Note 12)	(2,500)	(1,150)	-	-	-	-	(1,150)
Net Balance at June 30, 2012	**25,547,826**	**20,939,487**	**1,981,835**	**3,729,524**	**(53,879)**	**(17,767,016)**	**8,829,951**

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

Expressed in Canadian Dollars

	Six Months Ended	
	June 30, 2012 $	**June 30, 2011 $**
Cash flows from operating activities		
Loss for the period	**(870,184)**	(1,108,215)
Adjustments to reconcile loss to net cash used in operating activities:		
Foreign exchange loss	**728**	4,593
Stock based compensation	**129,189**	544,409
Loss on sale of available-for-sale investments	**-**	115,847
Amortization	**7,415**	4,815
Net change in non-cash working capital balances	**187,877**	(98,568)
Total cash outflows from operating activities	**(544,975)**	(537,119)
Cash flows from investing activities		
Acquisition of exploration and evaluation assets	**(780,933)**	(1,379,532)
Reclamation deposit	**(28,700)**	-
Acquisition of property, plant and equipment	**-**	(22,204)
Proceeds from sale of available-for-sale investments	**-**	105,275
Acquisition of available-for-sale investments for cash	**-**	(128,815)
Total cash outflows from investing activities	**(809,633)**	(1,425,276)
Cash flows from financing activities		
Proceeds from common share issuance	**400,000**	5,031,200
Proceeds from flow-through share issuance	**460,000**	1,000,000
Repurchase of shares to be returned to treasury	**(19,610)**	-
Loan to officer	**(50,000)**	-
Payments of share issuance costs	**(67,196)**	(286,158)
Total cash inflows from financing activities	**723,194**	5,745,042
Total increase/(decrease) in cash and cash equivalents during the period	**(631,414)**	3,782,647
Cash and cash equivalents at beginning of period	**784,382**	367,713
Cash and cash equivalents at end of period	**152,968**	4,150,360

Supplemental cash flow information (Note 20)

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

1. NATURE OF OPERATIONS

Lions Gate Metals Inc. (the "Company") was incorporated under the Canada Business Corporations Act on March 28, 1980, and has continued as a company under the Business Corporations Act in the Province of British Columbia, Canada. The common shares of the Company are listed for trading on the TSX Venture Exchange ("TSXV") under the symbol "LGM", as a Tier 1 mining issuer. The Company is in the process of exploring its mineral property interests and has not yet determined whether these property interests contain reserves that are economically recoverable.

The Company incurred a comprehensive loss of $913,447 during the six months ended June 30, 2012 (June 30, 2011: $1,011,368) and as of that date the Company's deficit was $17,767,016 (December 31, 2011: $16,896,832).

These consolidated financial statements are presented on a going concern basis, which assumes that the Company will continue to realize its assets and discharge its liabilities in the normal course of business. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast substantial doubt upon the entity's ability to continue as a going concern. Continued support of shareholders and the ability to raise funds through the issuance of equity or debt will be required. Realization values may be substantially different from carrying values as shown and these condensed consolidated interim financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

To date, the Company has not earned significant revenues and is considered to be in the exploration stage. The recoverability of the costs incurred for mineral property interests and their related deferred exploration expenditures is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties, and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures. The Company will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

The address of the Company's corporate office and principal place of business is #880 – 609 Granville Street, Vancouver, British Columbia, Canada.

2. BASIS OF PREPARATION

a) **Statement of Compliance**

These condensed consolidated interim financial statements for the period ended June 30, 2012 have been prepared in accordance with International Financial Reporting Standards ("IFRS") IAS 34 Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), has been omitted or condensed.

The June 30, 2012 condensed consolidated interim financial statements were authorized for issue by the Board of Directors on August 9, 2012.

b) **Basis of Measurement**

The condensed consolidated interim financial statements have been prepared on a historical cost basis, as modified by the revaluation of available-for-sale financial assets.

The condensed consolidated interim financial statements are presented in Canadian dollars, which is also the Company's functional currency.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the condensed consolidated interim financial statements are disclosed in Note 4.

The consolidated financial statements include the accounts of the Company, and its inactive wholly-owned subsidiary, Northern Canadian Metals Inc. On June 7, 2012, the Company incorporated another inactive wholly-owned subsidiary, Canadian Copper & Gold Corp. All intercompany transactions are eliminated on consolidation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These condensed consolidated interim financial statements follow the same accounting policies and methods of their application as the Company's first consolidated financial statements prepared in accordance with IFRS 1 and as such should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2011.

IFRS Standards, Amendments and Interpretations Not Yet Effective

IFRS 7 (Amendment)	*Financial Instruments: Disclosure*
IFRS 9	*Financial Instruments: Classification and Measurement*
IFRS 10	*Consolidated Financial Statements*
IFRS 11	*Joint Arrangements*
IFRS 12	*Disclosure of Interests in Other Entities*
IFRS 13	*Fair Value Measurement*
IAS 1 (Amendment)	*Presentation of Financial Statements*
IAS 19 (Amendment)	*Employee Benefits*
IAS 27 (Amendment)	*Separate Financial Statements*
IAS 28 (Amendment)	*Investments in Associates and Joint Ventures*
IAS 32 (Amendment)	*Financial Instruments: Presentation*
IFRIC 20	*Stripping Costs in the Production Phase of a Surface Mine*

The Company anticipates that the application of these standards and amendments will not have a material impact on the results of operations and the financial position of the Company.

4. CRITICAL ACCOUNTING ASSUMPTIONS, ESTIMATES AND JUDGMENTS

Lions Gate Metals Inc. makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the condensed consolidated interim financial statements within the next financial year are discussed below:

i) Exploration and Evaluation Expenditure

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized will be charged to profit or loss in the period the new information becomes available.

ii) Income Taxes

The Company has recorded an amounts receivable in respect of the Mining Exploration Tax Credit ("METC"). Management believes that the costs included in determining the recoverable taxes were appropriate in the circumstances and met the definition of qualifying expenditures; however, the final outcome may result in a materially different outcome than the amount included in amounts receivable.

iii) Share-based Payment Transactions

The Company measures the cost of equity-settled transactions with employees and non-employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are discussed in Note 13.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash and liquid investments which are readily convertible into cash with maturities of three months or less when purchased. The Company's cash and cash equivalents at June 30, 2012 consisted of cash of $36,429 and cash equivalents of $116,539 (December 31, 2011: cash of $274,717 and cash equivalents of $509,665).

Expressed in Canadian Dollars

6. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments consist of investments in quoted and unquoted equity shares. The fair value of the listed quoted equity shares has been determined directly by reference to published price quotations in an active market. Unquoted equity shares are valued based on non-market observable information. Unquoted equity shares in private companies are valued at their estimated fair value, which is equivalent to their historical cost unless a different value is considered appropriate and is supported by persuasive and objective evidence.

	June 30, 2012			December 31, 2011		
	# of shares	Original Cost $	Fair Value $	# of shares	Original Cost $	Fair Value $
Quoted equity shares						
Copper One Inc.	20,000	14,584	2,600	20,000	14,584	4,000
Crescent Resources Corp.	88,000	62,368	3,080	88,000	62,368	6,600
Catalyst Copper Corp.	167,000	28,815	8,350	167,000	28,815	13,360
Galena Capital Corp.	1,666,666	150,000	33,334	1,666,666	150,000	66,667
Unquoted equity shares						
Atlantis Gold Mines Corp.*	400,000	100,000	100,000	400,000	100,000	100,000
		355,767	147,364		355,767	190,627

*Denotes private company.

7. AMOUNTS RECEIVABLE

Amounts receivable consists of recoverable HST balances as well as receivables from the British Columbia Mineral Exploration Tax Credit (“METC”). The METC allows the Company to recover a percentage of its exploration and evaluation expenditures that are incurred within British Columbia. A reconciliation of the amounts receivable balance is provided below.

	June 30, 2012	December 31, 2011
	$	$
HST Recoverable	**49,766**	219,890
METC Receivable	**528,114**	461,531
Total	**577,880**	681,421

The Canada Revenue Agency is currently reviewing the 2011 METC claim and to date no definitive assessment has been received by the Company.

Expressed in Canadian Dollars

8. LOAN RECEIVABLE

In November, 2008, the Company loaned $400,000 U.S. (the "Principal Sum") to a third party borrower. As security, the borrower provided a promissory note which acknowledged itself indebted to the Company and promised to pay on or before May 15, 2009 the Principal Sum, together with interest thereon at the rate of fifteen percent per annum, payable at maturity. On May 20, 2009, the Company received $100,000 U.S. and agreed to extend the payment terms to July 15, 2009. The third party borrower did not make payment on or before July 15, 2009 and the $300,000 U.S. plus $60,000 U.S. in interest remained outstanding. The Company communicated with the third party weekly, and during the year ended December 31, 2009, recorded an impairment charge to reduce the carrying value of the loan down to $1.

During the year ended December 31, 2010, the repayment terms included in the promissory note were amended. The balance of the principal sum and accrued interest was agreed to be repaid to the Company in six equal installments of $60,000 U.S. commencing March 5, 2010, and concluding with a final payment on August 27, 2010. The Company received no repayments during the year ended December 31, 2010.

On February 24, 2011, the Company received $100,000 U.S. from the borrower and recorded this as a recovery in its consolidated statement of operations. If necessary, the Company may commence legal action to recover any balance owing in respect of the loan.

9. RECLAMATION DEPOSITS

The Company is required to provide reclamation deposits in respect of its expected rehabilitation obligations. The reclamation deposits represent collateral for possible reclamation activities necessary in connection with the permits required for exploration activities by the Company. The reclamation deposits are held in guaranteed investment certificates and are allocated to the properties as follows:

Property	June 30, 2012 $	December 31, 2011 $
Poplar	**44,382**	44,108
ROK-Coyote	**28,700**	-
Total	**73,082**	44,108

10. PROPERTY, PLANT AND EQUIPMENT

Cost	Computer Equipment $
At December 31, 2011 and June 30, 2012	56,594
Accumulated Amortization	
At December 31, 2011	5,240
Amortization charge	7,415
At June 30, 2012	12,655
Net book value	
At December 31, 2011	51,354
At June 30, 2012	43,939

Expressed in Canadian Dollars

11. EXPLORATION AND EVALUATION ASSETS

Mineral Property Interests (Omineca Mining Division, Province of BC)	**Balance December 31, 2011**	**2012 Costs Incurred**	**Write-Down for Valuation**	**Balance June 30, 2012**
Acquisition Costs	**$**	**$**	**$**	**$**
Poplar mineral property - 100% interest	1,036,486	224,445	-	1,260,931
Kelly Creek mineral property - 100% interest	1	-	-	1
Hudson Bay Mountain mineral property - 100% interest	1,175,575	-	-	1,175,575
Copperline mineral property - 60% interest	1	-	-	1
ROK – Coyote mineral property - 75% interest	234,000	72,012	-	306,012
	2,446,063	**296,457**	**-**	**2,742,520**
Deferred Exploration Expenditures				
Poplar				
Airborne survey	334,129	-	-	334,129
Assays/Metallurgy	55,953	18,499	-	74,452
Camp costs	796,727	1,583	-	798,310
Consulting	700,441	169,648	-	870,089
Drilling	1,766,392	-	-	1,766,392
Environmental	122,849	13,774	-	136,623
Field expenditures and personnel	693,082	15,863	-	708,945
Geophysical/I.P. magnetic survey	449,831	98,472	-	548,303
Maps and reports	3,071	4,683	-	7,754
Miscellaneous	65,758	4,723	-	70,481
Telecommunications	11,726	994	-	12,720
Community Relations/Traditional use study	67,295	15,000	-	82,295
Travel and accommodation	88,632	-	-	88,632
Mining exploration tax credits claimed	(702,334)	(62,660)	-	(764,994)
	4,453,552	280,579	-	4,734,131
Hudson Bay Mountain				
Consulting	41,816	5,535	-	47,351
Camp costs	25,862	-	-	25,862
Field expenditures and personnel	62,532	-	-	62,532
Geological	27,302	771	-	28,073
Miscellaneous	3,479	-	-	3,479
Mining exploration tax credits claimed	(27,645)	(610)	-	(28,255)
ROK – Coyote				
Consulting & Community Relations	61,248	31,932	-	93,180
Camp costs	15,667	-	-	15,667
Field expenditures and personnel	95,188	259	-	95,447
Geophysical	39,107	2,580	-	41,687
Mining exploration tax credits claimed	(17,921)	(3,314)	-	(21,235)
	4,780,187	317,732	-	5,097,919
Total	**7,226,250**	**614,189**	**-**	**7,840,439**

Expressed in Canadian Dollars

Mineral Property Interests (Omineca Mining Division, Province of BC) **Acquisition Costs**	**Balance January 1, 2011** **$**	**2011 Costs Incurred** **$**	**Write-Down for Valuation** **$**	**Balance December 31, 2011** **$**
Poplar mineral property - 100% interest	787,205	249,281	-	1,036,486
Kelly Creek mineral property - 100% interest	1	17,500	(17,500)	1
Hudson Bay Mountain mineral property - 100% interest	1,160,245	15,330	-	1,175,575
Copperline mineral property - 60% interest	1,630,760	-	(1,630,759)	1
ROK – Coyote mineral property - 75% interest	-	234,000	-	234,000
	3,578,211	**516,111**	**(1,648,259)**	**2,446,063**
Deferred Exploration Expenditures				
Poplar				
Airborne survey	334,129	-	-	334,129
Assays/Metallurgy	32,891	23,062	-	55,953
Camp costs	228,999	567,728	-	796,727
Consulting	416,184	284,257	-	700,441
Drilling	297,579	1,468,813	-	1,766,392
Environmental	94,545	28,304	-	122,849
Field expenditures and personnel	291,257	401,825	-	693,082
Geophysical/I.P. magnetic survey	99,435	350,396	-	449,831
Maps and reports	813	2,258	-	3,071
Miscellaneous	58,113	7,645	-	65,758
Telecommunications	5,460	6,266	-	11,726
Community Relations/Traditional use study	-	67,295	-	67,295
Travel and accommodation	70,382	18,250	-	88,632
Mining exploration tax credits claimed	(286,369)	(415,965)	-	(702,334)
	1,643,418	2,810,134	-	4,453,552
Hudson Bay Mountain				
Consulting	10,000	31,816	-	41,816
Camp costs	-	25,862	-	25,862
Field expenditures and personnel	-	62,532	-	62,532
Geological	-	27,302	-	27,302
Miscellaneous	-	3,479	-	3,479
Mining exploration tax credits claimed	-	(27,645)	-	(27,645)
ROK – Coyote				
Consulting & Community Relations	-	61,248	-	61,248
Camp costs	-	15,667	-	15,667
Field expenditures and personnel	-	95,188	-	95,188
Geophysical	-	39,107	-	39,107
Mining exploration tax credits claimed	-	(17,921)	-	(17,921)
	1,653,418	3,126,769	-	4,780,187
Total	**5,231,629**	**3,642,880**	**(1,648,259)**	**7,226,250**

Title to mineral property interests involve 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 conveyancing history characteristics 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 them are in good standing.

All of the mineral property costs and deferred exploration expenditures incurred with respect to the Poplar, Hudson Bay Mountain and ROK-Coyote mineral property interests will continue to be capitalized in accordance with the Company's basis of accounting. It is management's full intention to keep all of its mineral property interests in good standing.

Poplar

By an agreement dated April 20, 2004, the Company was granted an option to acquire a 50% interest in certain mineral claims, known as the Poplar mineral property interest ("Poplar 1"), situated in the Omineca Mining Division of B.C. On July 30, 2007, the Company finalized terms with Hathor Exploration Limited ("Hathor") within the Amended and Restated Property Option Agreement to grant the Company an option to acquire the remaining 50% interest in the Poplar mineral property interest. The Company has met all required cash payments and share issuances related to the acquisition of Poplar 1. The agreement includes an underlying 2% net smelter return royalty ("NSR") on the property to benefit a previous owner, as well as a commitment to annual payments of $75,000 for the duration of the agreement.

In December 2010, Standard Exploration Ltd. ("Standard") obtained the rights to the Amended and Restated Property Option Agreement from Hathor. On December 6, 2011, the Company entered into a Settlement and Termination Agreement with Standard to settle the $75,000 payment commitment. Terms of the agreement include a payment of $200,000 on signing (paid), and a further payment of $150,000 (paid) on the earliest of December 6, 2012 or upon completion of a financing. The Company fully settled the Settlement and Termination Agreement by making the final payment on February 29, 2012.

On April 29, 2009 the Company entered into an option agreement with an unrelated third party to earn the exclusive right and option to acquire 100% legal and beneficial interest in mineral claims south of Poplar Lake ("Poplar 2") in exchange for the issuance of 100,000 common shares in tranches over a period of four years. Should the claims be found to contain economically recoverable metal values, the Company may offer a total maximum payable of $1,000,000 in the form of a 1% NSR or a one-time only buy-out by the Company of $1,000,000 less any NSR amounts previously paid. The Company settled the option agreement's common share issuance requirement by making the final common share issuance on April 29, 2012.

On May 25, 2009 the Company entered into an option agreement with an unrelated third party to earn the exclusive right and option to acquire 100% legal and beneficial interest on additional mineral claims south of Poplar Lake ("Poplar 3") in exchange for the issuance of 30,000 common shares in tranches over a period of four years. Should the claims be found to contain economically recoverable metal values, the Company may offer a total maximum payable of $100,000 in the form of a 1% NSR or a one-time only buy-out by the Company of $100,000 less any NSR amounts previously paid. The Company settled the option agreement's common share issuance requirement by making the final common share issuance on May 25, 2012.

In December of 2011, the Company staked an additional 22 claims ("Poplar 4") representing 9,827 hectares, and in July 2012 staked and had transferred 3 additional claims representing 209 hectares, bringing LGM's land position to 199 claims totaling 77,914 hectares.

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The acquisition cost schedule to date is as follows:

Year	Cash Payment $	Shares #	Shares $	Property	Tenure, Minister of Finance & Other Fees	Charged to Income	Balance $
2004	37,777	50,000	17,500	Poplar 1	5,923	-	76,200
2005	30,000	464,286	163,500	Poplar 1	6,654	(200,923)	75,431
2006	115,000	100,000	24,000	Poplar 1	-	(24,000)	190,431
2007	115,000	190,000	102,600	Poplar 1	4,077	-	412,108
2008	75,000	-	-	Poplar 1	14,871	-	501,979
2009	75,000	-	-	Poplar 1	-	-	576,979
2009	-	10,000	9,500	Poplar 2	-	-	586,479
2009	-	2,500	2,000	Poplar 3	-	-	588,479
2009	-	-	-	Poplar 1-3	72,735	-	661,214
2010	75,000	-	-	Poplar 1	-	-	736,214
2010	-	20,000	11,200	Poplar 2	-	-	747,414
2010	-	5,000	2,800	Poplar 3	-	-	750,214
2010	-	-	-	Poplar 1-3	36,991	-	787,205
2011	-	30,000	24,000	Poplar 2	-	-	811,205
2011	-	7,500	5,625	Poplar 3	-	-	816,830
2011	200,000	-	-	Poplar 1	-	-	1,016,830
2011	-	-	-	Poplar 4	19,656	-	1,036,486
2012	150,000	-	-	Poplar 1	-	-	1,186,486
2012	-	40,000	24,000	Poplar 2	-	-	1,210,486
2012	-	15,000	7,350	Poplar 3	-	-	1,217,836
2012	-	-	-	Poplar 1-4	43,095	-	1,260,931

During the year ended December 31, 2005, the Company paid $11,000 for a reclamation deposit pursuant to regulatory requirements against reclamation obligations relating to exploration work on the Poplar mineral property interest. To date, the Company has placed an additional $33,382 on deposit, increasing the investment in reclamation deposits for Poplar to a total of $44,382.

During the year ended December 31, 2008, the Company staked 44,963 additional hectares in the area adjacent to the Poplar mineral property. These mineral claim holdings are 100% owned by the Company and all mineral claims are current and in good standing.

On August 20, 2009 the Company announced that The Office of the Wet'suwet'en (the "OW"), representing the interests of five Clans and thirteen Houses, and the senior executive of the Company have concluded a Memorandum of Understanding ("MoU"). The MoU recognized that both parties to the MoU are committed to a respectful, consultative relationship with regards to the Company's mineral exploration activities on Wet'suwet'en territories. The MoU was renewed and formalized in a Communications and Engagement Agreement on December 15, 2010 and is expected to continue over the foreseeable future as the Company and the OW work towards a continued transparent and mutually respectful ongoing relationship. On signing the MoU, the Company paid the Office of the Wet'suwet'en $10,000 and is obligated to make annual payments of $10,000 until such time as the MoU is terminated by either party. On May 1, 2012, the Company signed an extension of the Communications and Engagement Agreement.

The Company's 2010 spring exploration program on its Poplar property was abandoned due to unresolved internal issues of political representation and jurisdiction between the Wet'suwet'en Heredity Chiefs and a particular

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House group with the Wet'suwet'en Nation.

As part of efforts to consult and accommodate, further discussion with the Unis'tot'en have occurred, and the Company subsequently paid $10,000 to the Unis'tot'en as a capacity payment and has funded a $39,608 traditional use study of the Poplar area of geographical interest.

The Company continues to pursue meaningful engagement with First Nations interests identified by the Province of BC and seeks a respectful relationship to ensure that the mutual interests of those First Nations and the Company are respected.

ROK-Coyote

On October 29, 2010, the Company entered into a Letter of Agreement ("LA") with Firesteel Resources Inc. ("Firesteel") for an option to acquire a 75% interest in the ROK-Coyote mineral property interest (the "Property"). The Property is situated in the Stikine Arch region of north-western B.C. and is comprised of 19 contiguous claims covering 6,891 hectares.

On January 5, 2011, the Company formalized the LA by entering into an official Property Option Agreement with Firesteel. Pursuant to the terms of the Property Option Agreement, the Company is to be granted an option (the "Option") to acquire a seventy-five percent (75%) interest in the Property in consideration for the issuance of an aggregate of $496,000 in cash, an aggregate exploration expenditures commitment of $2,329,000 and the issuance of 650,000 common shares over a period of four years (the "Option Period"). During the Option Period, the Company will be the operator on the Property.

A $22,000 cash finder's fee was paid upon TSXV acceptance of the formal Property Option Agreement.

The acquisition cost schedule to date is as follows:

Date	Cash Payment $	Number of Shares	Tenure, Minister of Finance & Other Fees	Balance $
October 29, 2010	50,000 (paid)	-	-	50,000
December 1, 2010	22,000 (paid)	-	-	72,000
January 5, 2011	121,000 (paid)	50,000 (issued -$41,000)	-	234,000
January 5, 2012	50,000 (paid)	50,000 (issued - $16,500)	-	300,500
April 13, 2012	-	-	5,512	306,012

The future cost and expenditure commitments are comprised of:

Date	Cash Payment $	Number of Shares	Expenditure Commitments $
January 5, 2013	75,000	100,000	450,000
January 5, 2014	100,000	200,000	700,000
January 5, 2015	100,000	250,000	1,000,000
Total	275,000	550,000	2,150,000

Any common shares issued pursuant to the Option shall be subject to a pooling arrangement providing for the release of 25% of such shares on acceptance and 25% every three months thereafter. The Company shall also have a first right to repurchase or arrange for the purchase of any of its shares to be issued to Firesteel.

Firesteel retains the right to acquire a five percent (5%) interest in the Property for $200,000 three years after the Option is accepted for filing by the TSXV and prior to a production decision being made by the Company concerning the Property. In the event Firesteel elects to exercise this right, the Company's rights pursuant to the Option would be reduced to a 70% interest in the Property.

Firesteel will also be granted a 2% net smelter return royalty ("Royalty") on the Property, subject to the

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Company's right to purchase ½ of such royalty (1%) for $1,000,000 at any time within 240 days of commencement of commercial production. The Property consists of two blocks earned or under option by Firesteel from previous claim holders, each with 2% royalty obligations; one block in an area of common interest with a 0.5% royalty obligation; and a fourth block with no previous royalty obligation.

On April 30, 2012, the Company paid $28,700 for a reclamation deposit pursuant to regulatory requirements against reclamation obligations relating to exploration work on the ROK-Coyote mineral property interest.

Hudson Bay Mountain

In May 2005, the Company acquired a 100% interest in certain mineral claims known as the Hudson Bay Mountain mineral property interest located near Smithers, British Columbia. The initial acquisition agreement required the issuance of 460,000 common shares (valued at $690,000) and the making of six annual payments of $25,000 beginning upon acquisition.

On July 29, 2010, the Company announced that it had entered into an agreement to acquire additional claims, known as the Mason claims, surrounding its existing mineral property interest on Hudson Bay Mountain. The addition of these claims increases the Company's claims on Hudson Bay Mountain to 83 tenures totaling over 23,000 hectares. Pursuant to a sale and purchase agreement entered into between the Company and the vendor of the Mason claims, the Company acquired a 100% interest in the property interest by (i) issuing to the vendor 1,300,000 common shares of the Company (valued at $780,000); (ii) paying a total of $250,000 cash ($150,000 at the closing of the acquisition and $100,000 on September 13, 2010); and (iii) granting the vendor a 2% net smelter returns royalty on the Mason claims. As part of this second agreement, the vendor agreed to waive the final $25,000 payment obligation from the initial agreement. The vendor will retain a 2% NSR in respect of the initial claims.

The acquisition cost schedule is as follows:

Date	Cash Payment $	Share Issuance $	Tenure, Minister of Finance & Other Fees	Charge to Operations $	Balance $
May 11, 2005	-	690,000	-	(690,000)	-
May 13, 2005	25,000 (paid)	-	-	-	25,000
April 26, 2006	25,000 (paid)	-	-	-	50,000
April 26, 2007	25,000 (paid)	-	-	-	75,000
April 26, 2008	25,000 (paid)	-	-	-	100,000
April 26, 2009	25,000 (paid)	-	-	-	125,000
April 26, 2010	Waived (see July 29 agreement)		-	-	125,000
July 29, 2010	-	780,000	-	-	905,000
July 29, 2010	150,000 (paid)	-	-	-	1,055,000
September 13, 2010	100,000 (paid)	-	-	-	1,155,000
December 31, 2010	5,245 (paid)	-	-	-	1,160,245
December 31, 2011	-	-	15,330	-	1,175,575

The Hudson Bay Mountain mineral property interest is 100% owned by the Company and all mineral claims are current and in good standing.

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Copperline

On July 17, 2010 the Company entered into an agreement to acquire a 60% interest in the Copperline mineral property interest in British Columbia. The Copperline property surrounds Skutsil Knob at the south end of the Driftwood Range, 25 km northwest of Takla Lake, and about 120 km northeast of Smithers, B.C. Pursuant to the sale and purchase agreement, the Company has acquired a 60% undivided beneficial and recorded interest in the Copperline mineral property interest in consideration for the issuance to the vendor of a total of 2,700,000 common shares (issued) in the share capital of the Company (the shares were valued at $1,620,000). The Company has also incurred an additional $10,760 in tenure fees to ensure that all mineral claims are current and remain in good standing.

The remaining 40% interest in the mineral property interest is held by Max Minerals Ltd. (TSXV: MJM) and following the acquisition of the 60% interest, the Company has assumed the vendors' rights and obligations provided for in this agreement.

A portion of the claims comprising the Copperline property interest is subject to a 1.5% net smelter returns royalty held by Cominco Ltd.

Kleinebar Resources Ltd. (“Kleinebar”) also holds a 0.5% net smelter returns royalty on the part of the property interest subject to the Cominco royalty, and a 1.25% net smelter returns royalty on the balance of the property interest. The Kleinebar royalty can be purchased at any time for $500,000.

Management has elected at this time to concentrate efforts on other properties and interests. As there is no known market for this interest, the recoverable value based upon fair value less costs to sell is considered to be nominal. As such, this interest is carried at a nominal value.

The acquisition cost schedule is as follows:

Date	Cash Payment $	Share Issuance $	Tenure, Minister of Finance & Other Fees	Charge to Operations $	Balance $
July 17, 2010	-	1,620,000	-	-	1,620,000
December 31, 2011	-	-	10,760	(1,630,759)	1

Kelly Creek

By an agreement dated July 26, 2004, the Company was granted an option to acquire an undivided 100% interest in what are now six mineral claims, known as the Kelly Creek mineral property interest, situated in the Omineca Mining Division, Province of B.C. Terms of the agreement were the payment of $20,000 and the issuance of 80,000 common shares of the Company to be issued in various stages, with the final 40,000 common shares being issued in July, 2007. The optionor retains a 2% NSR, in respect of these mineral claims, with the Company being granted the right to purchase 1% of this royalty for consideration of $1,000,000.

The Kelly Creek mineral property interest is 100% owned by the Company and all related mineral claims are current and in good standing. Management has elected at this time to concentrate efforts on other properties and interests. As there is no known market for this interest, the recoverable value based upon fair value less costs to sell is considered to be nominal. As such, this interest is carried at a nominal value.

12. SHARE CAPITAL AND RESERVES

a) **Common Shares**

i) Authorized

The Company is authorized to issue an unlimited number of common shares without par value.

The holders of common shares are entitled to receive dividends and are entitled to one vote per share at meetings of the Company.

ii) Issued and paid

On February 22, 2012, the Company completed a non-brokered private placement, consisting of the issue and sale of 1,000,000 flow-through units at a price of $0.46 per flow-through unit and 1,000,000 common share units at a price of $0.40 per unit, for aggregate gross proceeds of $860,000. Each common share unit consisted of one common share and one-half of one common share purchase warrant. Each flow-through unit consisted of one flow-through common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one non-flow-through common share of the Company for $0.80 at any time within 18 months after the date the units are issued. The Company allocated $106,207 to the fair value of the share purchase warrants. As the market value was greater than the price of the flow-through units, no liability was incurred on issuance of the flow-through shares. As part of the issuance, the Company paid finder's fees of $28,200 and additional share issuance costs of $38,996.

On November 1, 2011, the Company commenced a Normal Course Issuer Bid ("NCIB") to acquire up to 600,000 of its common shares, over a one year period. The NCIB will continue until the earlier of November 1, 2012, and the date by which Lions Gate has either acquired 600,000 common shares or has paid $150,000 in total consideration for the purchase of common shares under the bid. Purchases are to be made through the facilities of the TSX Venture Exchange in accordance with TSX-V requirements. The price at which the company will purchase its common shares will be the market price of the common shares at the time of acquisition. All common shares purchased by Lions Gate under the bid will be returned to treasury for cancellation.

During the year ended December 31, 2011, 169,000 shares were acquired pending cancellation under the NCIB at a cost of $62,843 (an average of $0.37 per share). On January 5, 2012, these shares were cancelled and returned to treasury. During the quarter ended March 31, 2012, an additional 46,500 common shares were acquired pending cancellation under the NCIB at a cost of $18,460 (an average of $0.39 per share). On April 4, 2012, these shares were cancelled and returned to treasury.

During the quarter ended June 30, 2012, an additional 2,500 common shares were acquired pending cancellation under the NCIB at a cost of $1,150 (an average of $0.45 per share). The Company has presented share capital on a net basis.

On March 10, 2011, the Company completed a two-tranche brokered private placement, consisting of the issue and sale of 1,052,632 flow-through shares at a price of $0.95 per flow-through share and 6,289,000 common share units at a price of $0.80 per unit, for aggregate gross proceeds of $6,031,200. Each common share unit consisted of one common share and one-half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder to purchase one additional common share of the Company at a price of $1.20 per share for a period of two years after the closing of the offering. The Company paid commission of $230,228 and issued 275,318 broker compensation warrants exercisable at $0.82 per share expiring September 4, 2012 valued at $117,623. The flow-through liability was calculated using the residual method.

As at December 31, 2011, the Company had fulfilled its expenditure commitment to incur exploration expenditures in relation to flow-through share financing in 2011.

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b) **Flow-through Obligations**

The Company's obligations through its flow-through share program are as follows:

	$
Balance at December 31, 2011	-
Proceeds from February 22, 2012 issuance	460,000
Qualifying expenditures	(162,369)
Balance at June 30, 2012	**297,631**

c) **Contributed Surplus**

The following is a summary of changes in contributed surplus from December 31, 2011 to June 30, 2012:

	June 30 , 2012	**December 31, 2011**
	$	**$**
Opening Balance	**2,297,441**	1,630,073
Share-Based Payments (Note 13)	**141,597**	667,368
Expiry of Warrants	**1,290,486**	-
Contributed Surplus	**3,729,524**	2,297,441

d) **Share Purchase Warrants**

The following is a summary of changes in warrants from December 31, 2011 to June 30, 2012:

	Number of Warrants	**Amount $**
Balance December 31, 2011	**9,769,769**	**3,166,114**
Issue of warrants	**1,000,000**	**106,207**
Expiry of warrants	**(4,993,701)**	**(1,290,486)**
Balance as at June 30, 2012	**5,776,068**	**1,981,835**

As at June 30, 2012, the Company had outstanding warrants as follows:

Number of warrants	**Exercise price $**	**Expiry**
1,200,000	0.72	05/23/2013
156,250	1.00	07/13/2015
2,207,000	1.20	03/04/2013
937,500	1.20	03/10/2013
275,318	0.82	09/04/2012
1,000,000	0.80	10/22/2013

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The fair value of the warrants issued were determined using the Black-Scholes option pricing model, based on the following terms and assumptions:

	Period ended June 30, 2012	Year ended December 31, 2011
Dividend yield	0%	0%
Risk-free interest rate	1.10%	1.72% to 2.05%
Expected life	1.7 years	1.5 to 2 years
Expected volatility(1)	69.9%	82.4% to 84.6%
Weighted average grant date fair value	$0.11	$0.37

(1) Determined based on historical volatility of the Company's share price.

e) **Nature and Purpose of Equity and Reserves**

The reserves recorded in equity on the Company's consolidated statement of financial position include 'Contributed Surplus', 'Accumulated Other Comprehensive Loss/Income' and 'Accumulated Deficit'.

'Contributed Surplus' is used to recognize the value of stock option grants net of amounts transferred on exercising of options.

'Accumulated Other Comprehensive Loss/Income' includes an available-for-sale reserve. This reserve is used to recognize fair value changes on available-for-sale investments net of amounts realized and recorded in current operations.

'Accumulated Deficit' is used to record the Company's cumulative results of operations from inception net of any capital distributions.

13. SHARE-BASED PAYMENTS

a) **Option Plan Details**

The Company has a Rolling Incentive Stock Option Plan ("the Plan") under which non-transferable options to purchase common shares of the Company may be granted to directors, officers, employees or consultants of the Company. A maximum of 10% of the issued and outstanding common shares of the Company may be reserved for issuance pursuant to the exercise of stock options. The terms of the Plan provide that the Directors have the right to grant options to acquire common shares of the Company at a price not less than the closing market price of the shares on the date the Company grants and announces the option, less any discount permitted by the TSXV, at terms of up to ten years. The majority of stock options vest immediately on the date of grant unless otherwise required by the TSXV or the Board of Directors.

Other terms and conditions are as follows: no more than 5% of the issued shares may be granted to any one individual in any 12 month period; no more than 2% of the issued shares may be granted to a consultant, or an employee performing investor relations activities, in any 12 month period; disinterested shareholder approval must be obtained for (i) any reduction in the exercise price of an outstanding option, if the holder is an insider, (ii) any grant of stock options to insiders, within a 12 month period, exceeding 10% of the Company's issued shares, and (iii) the issuance to any one option holder, within a 12 month period, of a number of shares exceeding 5% of the Company's shares. Stock options will be reclassified in the event of any consolidation, subdivision, conversion or exchange of the Company's common shares. No amounts are paid or payable by the recipient on receipt of the option, and the options granted are not dependent on any performance-based criteria.

Expressed in Canadian Dollars

The following is a summary of changes in options from December 31, 2011 to June 30, 2012:

Grant Date	Expiry Date	Exercise Price ($)	Opening Balance	During the Period: Granted	During the Period: Exercised	During the Period: Expired/ Forfeited	Closing Balance	Vested and Exercisable	Unvested
06/24/2008	06/23/2013	1.12	225,000	-	-	(15,000)	210,000	210,000	-
07/24/2008	07/23/2013	1.40	10,000	-	-	-	10,000	10,000	-
04/02/2009	04/01/2014	0.72	75,000	-	-	-	75,000	75,000	-
09/19/2009	09/18/2014	1.07	25,000	-	-	-	25,000	25,000	-
01/16/2010	01/15/2015	1.10	150,000	-	-	-	150,000	150,000	-
01/04/2011	01/03/2016	0.80	794,000	-	-	-	794,000	794,000	-
04/12/2011	04/11/2016	0.90	125,000	-	-	-	125,000	125,000	-
04/28/2011	04/27/2016	0.80	150,000	-	-	-	150,000	100,000	50,000
04/28/2011	04/27/2016	0.80	100,000	-	-	-	100,000	100,000	-
06/08/2011	06/07/2016	0.80	100,000	-	-	(100,000)	-	-	-
07/06/2011	07/05/2016	0.80	100,000	-	-	-	100,000	100,000	-
01/06/2012	01/05/2017	0.80	-	170,000	-	-	170,000	170,000	-
02/01/2012	01/31/2017	0.80	-	150,000	-	-	150,000	62,500	87,500
04/05/2012	04/04/2017	0.66	-	265,000	-	-	265,000	265,000	-
			1,854,000	585,000	-	(115,000)	2,324,000	2,186,500	137,500
Weighted Average Exercise Price			$ 0.87	$ 0.74	$ -	$0.84	$ 0.84	$ 0.84	$ 0.80

b) **Fair Value of Options Issued During the Period**

The weighted average fair value at grant date of options granted during the six month period ended June 30, 2012 was $0.23 per option (year-ended December 31, 2011: $0.47).

Options Issued to Employees

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Options Issued to Non-Employees

Options issued to non-employees, are measured based on the fair value of the goods or services received, at the date of receiving those goods or services. If the fair value of the goods or services received cannot be estimated reliably, the options are measured by determining the fair value of the options granted, using a valuation model. In the current year, the fair value of the goods or services received from all options granted to non-employees could not be measured reliably, as non-employees also required their standard cash payments for their services, given the uncertainty in the current market environment.

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The model inputs for options granted during the six months ended June 30, 2012 included:

Grant Date	Expiry Date	Share Price at Grant Date	Exercise Price	Risk-Free Interest Rate	Expected Life	Volatility Factor	Dividend Yield
01/06/2012	01/05/2017	$ 0.33	$ 0.80	0.970%	3 years	85.75%	-%
02/01/2012	01/31/2017	$0.36	$0.80	1.023%	3 years	89.19%	-%
04/05/2012	04/04/2017	$0.66	$0.66	1.391%	3 years	82.96%	-%

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.

No options were exercised during the six month period ended June 30, 2012.

c) **Benefit Expense Arising from Share-based Payment Transactions**

Net expenses arising from share-based payment transactions recognized as part of employee benefit expense during the three months ended June 30, 2012 were $86,033 (June 30, 2011: $146,074). For the six month period ended June 30, 2012, net expenses from share-based payment transactions were $129,189 (six months ended June 30, 2011: $544,409).

d) **Amounts Capitalized Arising from Share-based Payment Transactions**

Total expenses arising from share-based payment transactions that were capitalized during the six month period ended June 30, 2012 as part of exploration and evaluation activities were $12,408 (six months ended June 30, 2011: $48,033). These expenses were capitalized to the Poplar consulting account.

e) **Weighted Average Remaining Life**

The weighted average remaining life of the outstanding options at June 30, 2012 is 3.50 years (June 30, 2011: 4.01 years).

14. Related Party Transactions

During the quarter ended June 30, 2012, the Company entered into related-party transactions with the following individuals:

Arni Johannson	Chairman
Paul Sarjeant	President & CEO
Michael Sweatman	CFO
Blair McIntyre	VP Operations
Andrew Gourlay	VP of Exploration

In addition, the Company entered into related-party transactions with the following corporations:

Canadian Nexus Ventures Ltd. ("CNV")	Corporation controlled by Chairman
MDS Management Ltd. ("MDS")	CFO exercises significant influence over corporation
Doublewood Consulting Inc. ("Doublewood")	Corporation controlled by President & CEO

All related party transactions were within the normal course of business and have been recorded at amounts agreed to by the transacting parties.

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The following is a summary of the Company's related party transactions during the period that are not discussed elsewhere in these condensed consolidated interim financial statements:

a) **Consulting Fees**

For the three months ended June 30, 2012, the Company paid or accrued consulting fees totaling $62,288 plus HST (three months ended June 30, 2011: $54,150) to directors, officers, and companies subject to their influence. The consulting fees consisted of $18,188 to the VP of Exploration, and $44,100 to Doublewood. Consulting fees incurred related to the Company's mineral properties are capitalized. As at June 30, 2012, $nil (December 31, 2011: $15,610) of these amounts are disclosed on the Company's condensed consolidated statement of financial position as due to related parties.

For the six months ended June 30, 2012, the Company paid or accrued consulting fees totaling $139,200 plus HST (six months ended June 30, 2011: $134,788) to directors, officers, and companies subject to their influence.

b) **Administrative Expenses**

The Company paid or accrued administrative expenses totaling $57,087 (three months ended June 30, 2011: $32,451) which are disclosed as office, rent and telephone, and legal fees in the Company's consolidated statement of operations, to related companies. These costs were reimbursements for various administrative and overhead expenses which consisted of the following: $14,176 for office rent (June 30, 2011 - $11,100), $24,535 related to shared office consultants (June 30, 2011 - $3,100), $4,856 related to telephone expenses (June 30, 2011 - $2,423) and the balance of $13,520 (June 30, 2011- $15,828) related to general office and administration expenses. $56,987 of the administrative expenses were reimbursed to CNV, while the remaining $100 were reimbursed to MDS.

For the six month period ended June 30, 2012, the Company paid or accrued administrative expenses totaling $116,680 (six months ended June 30, 2011: $54,633).

c) **Key Management Compensation**

Key management personnel compensation comprised:

	Three months ended June 30		**Six months ended June 30**	
	2012	**2011**	**2012**	**2011**
	$	**$**	**$**	**$**
Short term employee benefits and director fees	149,149	108,938	313,561	220,876
Share-based payments	64,648	45,972	81,851	328,883
	213,797	**154,910**	**395,412**	**549,759**

As at June 30, 2012, $10,011 (December 31, 2011: $5,750) of director fees and $4,406 of short-term employee benefits (December 31, 2011: $nil) are disclosed on the Company's consolidated statement of financial position as due to related parties.

d) **Substantial Shareholder**

John Icke, a director of the Company, is also the President and CEO of Resinco Capital Partners ("Resinco"). Resinco is a greater than 10% shareholder of the Company. In Q2 2012, Resinco began providing corporate secretarial services for the Company. For the three and six months ended June 30, 2012, these services resulted in an expense of $5,662 (three and six months ended June 30 , 2011 - $13,602). The comparative amount relates to joint expenses incurred in relation to the Company's marketing and promotional activities.

As at June 30, 2012, $9,946 (December 31, 2011: $7,645) of expenses owed to Resinco are disclosed on the Company's condensed consolidated statement of financial position as due to related parties.

e) **Loan to Officer**

On May 4, 2012, the Company advanced the first tranche of a loan to the President and CEO, which funds have been utilized to purchase shares of the Company in accordance with his contract. The first tranche totaled $50,000 and the loan can be extended to a maximum of $200,000. The loan bears interest at the CRA prescribed rate for shareholder loans (currently 1%), compounds annually, and has a term of two years. There were no outstanding loans to officers of the Company as at December 31, 2011.

Expressed in Canadian Dollars

15. SEGMENTED REPORTING

The Company is organized into business units based on mineral properties and has the following reportable operating segments, being that of acquisition and exploration and evaluation activities for the following properties:

	Poplar Property	Hud Bay Property	Copperline Property	ROK-Coyote	Kelly Creek	Total
	$	$	$		$	$
Balance at December 31, 2010	**2,430,623**	**1,170,245**	**1,630,760**	**-**	**1**	**5,231,629**
Exploration costs	1,325,464	29,063	-	18,955	-	1,373,482
Acquisitions	29,625	-	-	234,000	-	263,625
Balance at June 30, 2011	**3,785,712**	**1,199,308**	**1,630,760**	**252,955**	**1**	**6,868,736**
Exploration costs	1,484,670	94,283	-	174,334	17,500	1,770,787
Acquisitions	219,656	15,330	-	-	-	234,986
Write-offs	-	-	(1,630,759)	-	(17,500)	(1,648,259)
Balance at December 31, 2011	**5,490,038**	**1,308,921**	**1**	**427,289**	**1**	**7,226,250**
Exploration costs	280,579	5,696	-	31,457	-	317,732
Acquisitions	224,445	-	-	72,012	-	296,457
Balance at June 30, 2012	**5,995,062**	**1,314,617**	**1**	**530,758**	**1**	**7,840,439**

As at June 30, 2012, accounts payable and accrued liabilities of $50,939 (December 31, 2011 - $211,356) are owed on the Poplar property, while $nil (December 31, 2011 - $nil) are owed on the Hudson Bay Property, the Copperline Property, the ROK-Coyote Property, and all other segments. All expenses related to the projects are capitalized, as detailed above.

16. LOSS PER SHARE

	For three months ended June 30		For six months ended June 30	
Weighted Average Number of Common Shares:	**2012**	**2011**	**2012**	**2011**
Basic and Fully Diluted	25,529,987	23,646,993	25,008,182	21,042,208
Loss per share:	**2012**	**2011**	**2012**	**2011**
Comprehensive loss for period	$ (495,523)	$ (444,014)	$ (913,447)	$ (1,011,368)
Basic and Diluted Weighted Average Number of Common Shares	25,529,987	23,646,993	25,008,182	21,042,208
Loss Per Share	**$ (0.02)**	**$ (0.02)**	**$ (0.04)**	**$ (0.05)**

Expressed in Canadian Dollars

17. EVENTS AFTER THE REPORTING DATE

Normal Course Issuer Bid

On July 9, 2012, an additional 50,000 common shares were acquired pending cancellation under the NCIB at a cost of $17,650 (an average of $0.35 per share).

Poplar Claims Staked

In July 2012 the Company staked and had transferred 3 additional claims representing 209 hectares, bringing LGM's land position to 199 claims totaling 77,914 hectares.

18. COMMITMENTS

The following table reflects the Company's known aggregate financial commitments as at June 30, 2012:

	< Year 1	1 - 2 Years	2 - 3 Years	3 - 4 Years	4 - 5 Years	Total
Exploration & Evaluation Assets	$535,000	$810,000	$1,110,000	$10,000	$10,000	$2,475,000

As part of the terms of the Memorandum of Understanding ("MoU") that the Company holds with The Office of the Wet'suwet'en (the "OW"), the Company is obligated to make annual payments of $10,000 to the OW until such time as the MoU is terminated by either party. The Company has also committed to a further $275,000 of cash payments and $2,150,000 of expenditures on the ROK-Coyote property. Further details regarding these commitments are discussed in Note 11 "Exploration and Evaluation Assets".

19. CAPITAL MANAGEMENT

The Company manages its cash and cash equivalents, available-for-sale investments, share capital, and share purchase warrants as capital. As the Company is in the exploration and evaluation stage, its principal source of funds for its operations is from the issuance of common shares. The issuance of common shares requires the approval of the Board of Directors. It is the Company's objective to safeguard its ability to continue as a going concern, so that it can continue to explore and develop its properties for the benefit of its stakeholders. The Company uses stock options primarily to retain and provide future incentives to key employees and members of the management team. The granting of stock options is determined by the Board of Directors.

20. SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental Disclosure of Non-Cash Financing and Investing Activities:

	For Six Months Ended June 30, 2012 $	2011 $
Accrued but unpaid exploration and evaluation expenditures	50,939	109,366
Payment of prior period accrued exploration and evaluation expenditures	(211,356)	(31,602)
Issuance of common shares to acquire mineral properties	47,850	70,625
Capitalized stock-based compensation	12,408	48,033

Other Items:

	For Six Months Ended June 30, 2012 $	2011 $
Income taxes paid	-	-
Interest paid	-	(2,700)