



White Pine

Condensed Interim Consolidated Financial Statements of

WHITE PINE RESOURCES INC.

For The Three and Six Months Ended

September 30, 2012

Presented in Canadian Dollars

Unaudited



November 28, 2012

MANAGEMENT'S RESPONSIBILITY FOR CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited condensed interim consolidated financial statements of White Pine Resources Inc. ("**White Pine**") are the responsibility of the Board of Directors. The unaudited condensed interim consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board. These unaudited condensed interim consolidated financial statements do not include all of the disclosures required for annual financial statements and therefore should be read in conjunction with White Pine's audited annual consolidated financial statements and notes thereto for the year ended March 31, 2012. These unaudited condensed interim consolidated financial statements follow the same significant accounting policies and methods of application as those included in White Pine's most recent audited annual consolidated financial statements, except as described in note 3. Management acknowledges responsibility for the preparation and presentation of the consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to White Pine's circumstances. In the opinion of management, the unaudited condensed interim consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34, Interim Financial Reporting using accounting policies consistent with IFRS appropriate in the circumstances.

Management has established processes, which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the unaudited condensed interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the unaudited condensed interim consolidated financial statements and (ii) the unaudited condensed interim consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of White Pine, as of the date of and for the period presented by the unaudited condensed interim consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the internal controls over the financial reporting process, the consolidated financial statements and the auditors' report. The Audit Committee also reviews White Pine's Management's Discussion and Analysis to ensure that the financial information reported therein is consistent with the information presented in the consolidated financial statements. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements for issuance to the shareholders.

Management recognizes its responsibility for conducting White Pine's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

(Signed) "Robert D. Cudney"

Robert D. Cudney
President & Chief Executive Officer

(Signed) "Michael G. Leskovec"

Michael G. Leskovec
Chief Financial Officer

AUDITOR INVOLVEMENT

The unaudited condensed interim consolidated financial statements as at and for the six months ended September 30, 2012 have not been reviewed by White Pine's auditors.



WHITE PINE RESOURCES INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at,	September 30, 2012 (Unaudited)	March 31, 2012 (Audited)
ASSETS		
Current Assets		
Cash	\$ 359,162	\$ 464,509
Short-term investment	10,000	10,000
Accounts receivable and prepaid expenses	50,239	229,380
	419,401	703,889
Non-current Assets		
Exploration and evaluation assets (note 5)	6,295,710	6,231,105
Equipment (note 6)	10,483	12,436
	6,306,193	6,243,541
	\$ 6,725,594	\$ 6,947,430
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 26,250	\$ 88,038
SHAREHOLDERS' EQUITY		
Share Capital (note 7(a))	34,738,846	34,738,846
Accumulated Deficit	(37,994,347)	(37,834,299)
Other Components of Equity	9,954,845	9,954,845
	6,699,344	6,859,392
	\$ 6,725,594	\$ 6,947,430

Going Concern Basis of Accounting (note 1)

The accompanying notes are an integral part of the unaudited condensed interim consolidated financial statements



WHITE PINE RESOURCES INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(UNAUDITED)

	Three months ended September 30,		Six months ended September 30,	
	2012	2011	2012	2011
Expenses				
General and administrative	\$ 87,194	\$ 120,218	\$ 147,289	\$ 208,015
Camp expenses	350	75,861	1,750	101,390
Amortization	977	1,687	1,953	4,646
Write-down of exploration and evaluation assets	-	-	9,056	-
Stock-based compensation	-	-	-	475,489
	88,521	197,766	160,048	789,540
Other income (expenses)				
Flow-through share premium	-	-	-	26,065
	-	-	-	26,065
Net loss and comprehensive loss for the period	\$ (88,521)	\$ (197,766)	\$ (160,048)	\$ (763,475)
Net loss per share (note 8):				
Basic and fully diluted	\$ 0.00	\$ (0.01)	\$ 0.00	\$ (0.03)

The accompanying notes are an integral part of the unaudited condensed interim consolidated financial statements



WHITE PINE RESOURCES INC.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(UNAUDITED)

	Share capital	Accumulated deficit	Other components of equity		Total equity
			Warrants and broker warrants	Share-based payment reserve	
Balance at March 31, 2011	\$ 32,839,450	\$ (36,590,674)	\$ 2,295,042	\$ 7,316,704	\$ 5,860,522
Issuance of common shares on exercise of warrants	1,165,976	-	(521,733)	-	644,243
Stock-based compensation	-	-	-	475,489	475,489
Net loss for the period	-	(763,475)	-	-	(763,475)
Balance at September 30, 2011	34,005,426	(37,354,149)	1,705,206	7,860,296	6,216,779
Issuance of common shares related to exploration and evaluation asset acquisitions	55,000	-	-	-	55,000
Issuance of common shares, net of cash share issuance costs of \$13,037	511,963	-	-	-	511,963
Fair value of broker warrants issued	(99,043)	-	99,043	-	-
Issuance of flow-through shares, net of flow-through premium liability of \$29,500	265,500	-	-	-	265,500
Net loss for the period	-	(189,850)	-	-	(189,850)
Warrant modification	-	(290,300)	290,300	-	-
Balance at March 31, 2012	34,738,846	(37,834,299)	2,094,549	7,860,296	6,859,392
Net loss for the period	-	(160,048)	-	-	(160,048)
Balance at September 30, 2012	\$ 34,738,846	\$ (37,994,347)	\$ 2,094,549	\$ 7,860,296	\$ 6,699,344

The accompanying notes are an integral part of the unaudited condensed interim consolidated financial statements



WHITE PINE RESOURCES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

For the six months ended September 30,	2012	2012
Cash provided by (used in)		
Operations		
Net earnings (loss) for the period	\$ (160,048)	\$ (763,475)
Items not involving cash:		
Write-down of exploration and evaluation assets	9,056	-
Amortization	1,953	4,646
Stock-based compensation	-	475,489
Flow-through share premium	-	(26,065)
Change in non-cash working capital:		
Accounts receivable and prepaid expenses	179,141	(55,961)
Accounts payable and accrued liabilities	(61,788)	45,149
	(31,686)	(320,217)
Financing		
Exercise of warrants	-	644,243
	-	644,243
Investing		
Exploration and evaluation costs	(73,661)	(585,101)
Acquisition costs	-	(70,555)
Redemption of short-term investment	-	10,000
Equipment purchase	-	(7,500)
	(73,661)	(653,156)
Increase (decrease) in cash	(105,347)	(329,130)
Cash, beginning of period	464,509	886,048
Cash, end of period	\$ 359,162	\$ 556,918

The accompanying notes are an integral part of the unaudited condensed interim consolidated financial statements



WHITE PINE RESOURCES INC.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended September 30, 2012

1. NATURE OF OPERATIONS AND GOING CONCERN BASIS OF ACCOUNTING

White Pine Resources Inc. ("**White Pine**") was incorporated under the Business Corporations Act (Ontario) on May 11, 1979 and is a publicly listed Canadian junior resource company with exploration and evaluation assets in Canada. White Pine is engaged in the identification, acquisition, exploration and evaluation of gold, nickel, copper, zinc, silver and other base metal properties. These unaudited condensed interim consolidated financial statements comprise the accounts of White Pine and the assets, liabilities, revenues and expenses of its wholly-owned and controlled subsidiaries, Electrum Stater Resources Corporation, Spiral Mountain Corporation and Tupper Shields Copper Corporation (collectively "**White Pine's Subsidiaries**"), after the elimination of all material intercompany balances and transactions. White Pine's Subsidiaries have suspended their exploration and development activities and are inactive. White Pine's common shares are listed on the TSX Venture Exchange under the symbol "WPR".

White Pine's registered office is located at Suite 301, 141 Adelaide Street West, Toronto, Ontario, M5H 3L5.

The unaudited condensed interim consolidated financial statements for the six months ended September 30, 2012 were approved for issue by the Board of Directors on November 28, 2012.

These condensed interim consolidated financial statements have been prepared on a going concern basis, which assumes continuity of operations and realization of assets and settlement of liabilities in the normal course of business for the foreseeable future, which is at least, but not limited to, one year from September 30, 2012. However, White Pine is in the exploration stage and is subject to risks and challenges similar to companies in a comparable stage. These risks include, but are not limited to, the challenges of securing adequate capital in view of exploration, development and operational risks inherent in the mining industry; changes in government policies and regulations; the ability to obtain the necessary environmental permitting; challenges in future profitable production or, alternatively White Pine's ability to dispose of its exploration and evaluation assets on an advantageous basis; as well as global economic, precious and base metal price volatility; all of which are uncertain. As a result of these risks, there is no assurance that White Pine's funding initiatives will continue to be successful and these condensed interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption inappropriate. Changes in future conditions could require material writedowns of the carrying value of exploration and evaluation assets.

The underlying value of the mineral properties is dependent upon the existence and economic recovery of mineral reserves and is subject to, but not limited to, the risks and challenges identified above. Changes in future conditions could require material writedowns of the carrying value of mineral properties and deferred exploration.

These unaudited condensed interim consolidated financial statements do not include all of the disclosures required for annual financial statements and therefore should be read in conjunction with White Pine's audited annual consolidated financial statements and notes thereto for the year ended March 31, 2012. These unaudited condensed interim consolidated financial statements follow the same significant accounting policies and methods of application as those included in White Pine's most recent audited annual consolidated financial statements.

2. BASIS OF PRESENTATION

These unaudited condensed interim consolidated financial statements have been prepared in accordance with IAS 34 - Interim Financial Reporting on the basis of International Financial Reporting Standards ("**IFRS**") and interpretations as approved by the International Accounting Standards Board ("**IASB**") and are presented in Canadian dollars.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial framework and accounting policies applied in the preparation of these condensed interim consolidated financial statements are consistent with those as disclosed in its most recently completed audited annual consolidated financial statements for the year ended March 31, 2012.

(a) New Accounting Policies

Atacama did not adopt any new accounting policies during the six months ended September 30, 2012.



WHITE PINE RESOURCES INC.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended September 30, 2012

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these unaudited condensed interim consolidated financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

- (i) White Pine assesses the carrying value of exploration and evaluation assets at each reporting period to determine whether any indication of impairment exists;
- (ii) the calculation of the fair value of warrants, broker warrants and stock options issued by White Pine requires the use of estimates of inputs in the Black-Scholes option pricing valuation model; and
- (iii) due to the nature of White Pine's operations, various legal and tax matters are outstanding from time to time. By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events. In the opinion of management, these matters did not have a material effect on White Pine's financial position or results of operations as at and for the six months ended September 30, 2012.

5. EXPLORATION AND EVALUATION ASSETS

Property	Option & acquisition costs	Exploration	Write-downs	Balance September 30, 2012
Money Property	\$ 813,591	\$ 804,353	\$ -	\$ 1,617,944
Tender Property	308,215	344,070	-	652,285
Lowland	15,854	13,285,298	(9,275,671)	4,025,481
Garden Island Property	-	393,809	(393,809)	-
	\$ 1,137,660	\$ 14,827,530	\$ (9,669,480)	\$ 6,295,710

Property	Option & acquisition costs	Exploration	Write-downs	Balance March 31, 2012
Money Property	\$ 813,591	\$ 747,318	\$ -	\$ 1,560,909
Tender Property	308,215	336,500	-	644,715
Lowland	15,854	13,285,298	(9,275,671)	4,025,481
Garden Island Property	-	384,753	(384,753)	-
	\$ 1,137,660	\$ 14,753,869	\$ (9,660,424)	\$ 6,231,105



WHITE PINE RESOURCES INC.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended September 30, 2012

5. EXPLORATION AND EVALUATION ASSETS (continued)

	Money Property	Tender Property	Lowland	Garden Island Property	Total
Balance - March 31, 2012	\$ 1,560,909	\$ 644,715	\$ 4,025,481	\$ -	\$ 6,231,105
Exploration	57,035	7,570	-	9,056	73,661
Write-downs	-	-	-	(9,056)	(9,056)
Balance - September 30, 2012	\$ 1,617,944	\$ 652,285	\$ 4,025,481	\$ -	\$ 6,295,710

(a) Money and Tender Properties

In February 2011, and as amended in March 2012, White Pine acquired options (the "**Options**") to earn a 100% interest in the properties known as the Money property (the "**Money Property**") and the Tender property (the "**Tender Property**") and collectively with the Money Property, the "**Yukon Properties**") located in the White Gold District, Yukon Territory. A net smelter return royalty ("**NSR**") on each of the Yukon Properties of 2% is payable by White Pine on obtaining 100% interest; White Pine may purchase one-half of the NSR on the Money Property for \$2.5 million and one-half of the NSR on the Tender Property for \$2.5 million.

In order to acquire its 100% interest in the Money Property, White Pine will be required to:

- (i) make cash payments totaling \$950,000 in tranches as follows:
 - On signing: \$300,000 (paid);
 - By March 2, 2012: \$25,000 (paid);
 - By February 9, 2013: \$125,000;
 - By February 9, 2014: \$150,000;
 - By February 9, 2015: \$150,000; and
 - By February 9, 2016: \$200,000.
- (ii) issuing an aggregate of 2,750,000 common shares in tranches as follows:
 - On signing: 750,000 common shares (issued and valued at \$356,250);
 - By March 2, 2012: 150,000 common shares (issued and valued at \$33,000);
 - By February 9, 2013: 350,000 common shares;
 - By February 9, 2014: 500,000 common shares;
 - By February 9, 2015: 500,000 common shares; and
 - By February 9, 2016: 500,000 common shares.
- (iii) incurring an aggregate of \$1,250,000 in exploration expenditures on the Money Property as follows:
 - By April 2, 2013: incur \$200,000 (incurred);
 - By April 2, 2014: incur \$300,000 (incurred);
 - By April 2, 2015: incur \$350,000; and
 - By April 2, 2016: incur \$400,000.

In the event White Pine terminates the option on the Money property on or prior to February 8, 2013, the \$25,000 cash payment made on March 2, 2012 under the terms of the Money property shall be credited against the cash payment payable by February 9, 2013 with respect to the Tender property, and the 150,000 common shares issued on March 2, 2012 under the terms of the Money property shall be credited against the common shares issuable by February 9, 2013 with respect to the Tender property.



WHITE PINE RESOURCES INC.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended September 30, 2012

5. EXPLORATION AND EVALUATION ASSETS (continued)

(a) Money and Tender Properties (continued)

In addition, White Pine will also be required to issue an additional 125,000 common shares upon having incurred aggregate exploration expenditures of \$2.5 million on the Money Property, and a further 125,000 common shares upon having incurred aggregate exploration expenditures of \$3.75 million on the Money Property, in each case in the event that White Pine has otherwise fully exercised its option with respect to the Money Property.

In order to acquire its 100% interest in the Tender Property, White Pine will be required to:

- (i) make cash payments totaling \$425,000 in tranches as follows:
 - On signing: \$100,000 (paid);
 - By February 9, 2012: \$25,000 (paid);
 - By February 9, 2013: \$50,000;
 - By February 9, 2014: \$75,000;
 - By February 9, 2015: \$75,000; and
 - By February 9, 2016: \$100,000.
- (ii) issuing an aggregate of 1,250,000 common shares in tranches as follows:
 - On signing: 250,000 common shares (issued and valued at \$118,750);
 - By February 9, 2012: 100,000 common shares (issued and valued at \$22,000);
 - By February 9, 2013: 150,000 common shares;
 - By February 9, 2014: 250,000 common shares;
 - By February 9, 2015: 250,000 common shares; and
 - By February 9, 2016: 250,000 common shares.
- (iii) incurring an aggregate of \$750,000 in exploration expenditures on the Tender Property as follows:
 - By April 2, 2013: incur \$150,000 (incurred);
 - By April 2, 2014: incur \$150,000 (incurred);
 - By April 2, 2015: incur \$200,000; and
 - By April 2, 2016: incur \$250,000.

In the event White Pine terminates the option on the Tender property on or prior to February 8, 2013, the \$25,000 cash payment made on March 2, 2012 under the terms of the Tender property shall be credited against the cash payment payable by February 9, 2013 with respect to the Money property, and the 100,000 common shares issued on March 2, 2012 under the terms of the Tender property shall be credited against the common shares issuable by February 9, 2013 with respect to the Money property.

In addition, White Pine will also be required to issue an additional 125,000 common shares upon having incurred aggregate exploration expenditures of \$2.5 million on the Tender Property, and a further 125,000 common shares upon having incurred aggregate exploration expenditures of \$3.75 million on the Tender Property, in each case in the event that White Pine has otherwise fully exercised its option with respect to the Tender Property.

In the event that either of the Options are exercised, White Pine shall be required to make annual advance royalty payments (the "**Advance Royalty Payments**") of \$25,000 for each of the Yukon Properties in respect of which the Option is exercised commencing in 2016 and until such time as commercial production commences. Any amount paid in respect of such Advance Royalty Payments shall be credited against the NSR payable in respect of either of the Yukon Properties.

In connection with the Options, White Pine paid finder's fees by issuing 150,000 common shares valued at \$71,250. The finder's fees were allocated \$53,438 as to the Money Property and \$17,813 as to the Tender Property.



WHITE PINE RESOURCES INC.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended September 30, 2012

5. EXPLORATION AND EVALUATION ASSETS (continued)

(b) Lowland

On March 26, 2008 White Pine entered into an option agreement with Metalex Ventures Ltd. ("**Metalex**") and Arctic Star Diamond Corp. ("**Arctic**") pursuant to which White Pine was granted the option to acquire a 50% interest in certain claims of Metalex's and Arctic's James Bay properties located on and around the "Ring of Fire" in Ontario. In October 2011, Metalex acquired Arctic's interest in the Lowland property.

Under the terms of the agreement, White Pine had the right to fund a maximum of \$20.0 million in expenditures on the Lowland property over a four year period. For each \$5.0 million in expenditures, White Pine would acquire a 12.5% interest in the Lowland property, up to a maximum 50% interest.

In October 2011, Metalex granted White Pine a 37.5% interest in the Lowland property for the expenditures of \$13.3 million previously incurred on the property (including \$9.3 million written-off during fiscal 2009). The option agreement was therefore terminated and White Pine has retained its 37.5% interest in the Lowland property.

(c) Garden Island Property

On February 25, 2009, White Pine entered into an agreement (the "**Garden Island Option Agreement**") with TSR Resources Inc. ("**TSR**") pursuant to which TSR granted White Pine an option to acquire a resulting aggregate 10% interest (the "**Interest**") in 296 mineral claims located in Piedmont, Courville, Pascalis and Senneville Townships of Quebec, (collectively the "**Garden Island Property**").

TSR and Noront Resources Ltd. ("**Noront**") entered into an option agreement dated July 6, 2007 and amended on July 10, 2008 (the "**Noront Option Agreement**"), pursuant to which Noront has acquired a 50% interest in the Garden Island Property and upon exercise of the Garden Island Option Agreement, the Garden Island Property shall be held as 50% by Noront, 40% by TSR and 10% by White Pine.

To exercise the Garden Island Option Agreement and thereby acquire the Interest, White Pine incurred expenses on the Garden Island Property in the aggregate amount of \$325,000.

During fiscal 2010, White Pine wrote-down the carrying value of the Garden Island Property to a nominal amount, given discouraging exploration results.

During the year ended March 31, 2011, 2012 and the six months ended September 30, 2012, White Pine incurred exploration expenditures of \$24,753, \$35,000 and \$9,056, respectively, on the Garden Island Property which corresponded to its portion of costs related to claim renewals and the wind-up of the project. Since the carrying value was written-down to a nominal amount during fiscal 2010, these costs were charged to the statement of operations as additional write-downs and the balance of the carrying value was written off at each period end.

6. EQUIPMENT

As at September 30, 2012	Cost	Accumulated amortization	Net
Computer equipment	\$ 4,516	\$ 4,273	\$ 243
Computer software	20,984	16,831	4,153
Furniture and equipment	17,356	11,269	6,087
	\$ 42,856	\$ 32,373	\$ 10,483



WHITE PINE RESOURCES INC.

**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)**

For the six months ended September 30, 2012

6. EQUIPMENT (continued)

As at March 31, 2012	Cost	Accumulated amortization	Net
Computer equipment	\$ 4,516	\$ 4,202	\$ 314
Computer software	20,984	15,625	5,359
Furniture and equipment	17,356	10,593	6,763
	\$ 42,856	\$ 30,420	\$ 12,436

7. SHARE CAPITAL

(a) Common Shares

Authorized Capital - Unlimited number of common shares
 - Unlimited number of special shares
 - 500,000 preference shares

Issued

	Number of common shares	Consideration
Balance - March 31, 2012 and September 30, 2012	33,966,533	\$ 34,738,846

(b) Warrants

	Number of warrants	Number of broker warrants	Allocated value
Balance - March 31, 2012 and September 30, 2012	7,585,000	-	\$ 2,094,549

A summary of White Pine's outstanding warrants and brokers warrants at September 30, 2012 is presented below:

Issue date	Number of warrants	Exercise price	Expiry date
December 23, 2008	3,585,000	\$0.35	December 23, 2012
January 26, 2009	1,000,000	\$0.35	January 26, 2013
December 9, 2010	1,950,000	\$0.35	December 9, 2012
November 18, 2011	1,050,000	\$0.35	May 18, 2013
	7,585,000		

(c) Share-Based Payment Reserve and Stock Options

Share-Based Payment Reserve

Balance - March 31, 2012 and September 30, 2012	\$ 7,860,296
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WHITE PINE RESOURCES INC.

**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)**

For the six months ended September 30, 2012

7. SHARE CAPITAL (continued)

(c) Share-Based Payment Reserve and Stock Options (continued)

White Pine has a stock option plan (the "**Plan**") under which it is authorized to grant stock options to acquire common shares to Directors, officers, employees and consultants. The Plan is a "rolling plan" where the aggregate number of common shares which may be issued and sold under the Plan will not exceed 10% of the aggregate number of common shares issued and outstanding from time to time. The number of common shares which may be reserved for issue to any one individual under the Plan within any one year period shall not exceed 5% of the outstanding issue. The Board of Directors shall determine the exercise price of stock options issued, as applicable, based on the market price. The stock options are non-assignable and may be granted for a term not exceeding five years. Stock options issued under the Plan may vest at the discretion of the Board of Directors.

Stock Options

	Number of options	Weighted average exercise price
Balance - March 31, 2012	2,729,000	\$ 0.83
Expired	(10,000)	6.00
Balance - September 30, 2012	2,719,000	\$ 0.81

A summary of White Pine's outstanding stock options at September 30, 2012 is presented below:

Issue date	Options outstanding & exercisable	Exercise price	Weighted average remaining life (Years)
November 28, 2007	24,000	\$6.00	0.16
June 11, 2008	115,000	\$8.00	0.70
February 17, 2009	865,000	\$0.35	1.38
November 25, 2010	700,000	\$0.36	3.15
March 1, 2011	200,000	\$0.41	3.42
April 27, 2011	515,000	\$0.60	3.58
May 10, 2011	300,000	\$0.66	3.61
	2,719,000	\$0.81	2.61



WHITE PINE RESOURCES INC.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended September 30, 2012

8. NET LOSS PER SHARE

Net loss per share has been calculated using the weighted average number of common shares outstanding during the three and six months ended September 30, 2012 and 2011 as follows:

	Three months ended September 30,		Six months ended September 30,	
	2012	2011	2012	2011
Net loss for the period	\$ (88,521)	\$ (197,766)	\$ (160,048)	\$ (763,475)
Basic and fully diluted weighted average number of common shares outstanding during the period	33,966,533	30,253,218	33,966,533	29,760,208
Basic and fully diluted net loss per share	\$ 0.00	\$ (0.01)	\$ 0.00	\$ (0.03)

Fully diluted weighted average common shares outstanding during the three and six months ended September 30, 2012 and 2011 are not reflective of the outstanding stock options and warrants as their exercise would be anti-dilutive in the net loss per share calculation.

9. RELATED PARTY DISCLOSURES

(a) Executive Management Compensation

Executive management's compensation for the three and six months ended September 30, 2012 consisted of cash of \$9,375 and \$18,750, respectively (for the three and six months ended September 30, 2011 - \$9,375 and \$18,750, respectively).

(b) Executive Management Transactions

During the six months ended September 30, 2012 and 2011, there were no transactions and outstanding balances with executive management other than the cash as disclosed in note 9(a).

10. CAPITAL RISK MANAGEMENT

White Pine's capital consists of share capital, and other components of equity, which as at September 30, 2012 totaled \$44,693,691 (March 31, 2012 - \$43,570,928).

When managing capital, White Pine's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and development of exploration and evaluation assets.

The properties in which White Pine currently has an interest are in the exploration stage; as such White Pine is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, White Pine will spend its existing working capital and raise additional amounts as needed. White Pine will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of White Pine, is appropriate. There were no changes in White Pine's approach to capital management during the six months ended September 30, 2012.



WHITE PINE RESOURCES INC.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended September 30, 2012

11. PROPERTY, FINANCIAL AND OTHER RISK FACTORS

(a) Property Risk

As at September 30, 2012, White Pine had interests in the Money Property, Tender Property, Lowland, and Garden Island properties (the "**Properties**"). Although White Pine has taken steps to verify title to the Properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee White Pine's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

(b) Financial Risk

White Pine's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate and commodity price risk).

Risk management is carried out by White Pine's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

(i) Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. White Pine's credit risk is primarily attributable to cash and short-term investments. Cash and short-term investments consist of cash on hand and short-term securities with reputable financial institutions. Management believes that the credit risk concentration with respect to financial instruments included in cash and short-term investments is minimal.

(ii) Liquidity Risk

White Pine's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2012, White Pine has cash and short-term investments balances of \$369,162 (March 31, 2012 - \$474,509) to settle current liabilities of \$26,250 (March 31, 2012 - \$88,038). Most of White Pine's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

(iii) Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and the price of commodities.

(iv) Interest Rate Risk

White Pine has cash balances and no interest-bearing debt. White Pine's current policy is to invest excess cash in short-term securities which consist of certificates of deposit ("fixed income"). White Pine's cash balances and short-term investments bear interest at floating rates and as such are subject to interest rate cash flow risk resulting from market fluctuation in interest rates.

(c) Commodity Price Risk

White Pine is exposed to price risk, mainly gold and nickel, with respect to commodity prices which affects the valuation of exploration and evaluation assets and share price. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. White Pine closely monitors commodity prices as it relates to precious and base metals to determine the appropriate course of action to be taken.



WHITE PINE RESOURCES INC.

**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)**

For the six months ended September 30, 2012

11. PROPERTY, FINANCIAL AND OTHER RISK FACTORS (continued)

(d) Sensitivity Analysis

White Pine has designated, for accounting purposes, its cash and short-term investments as held for trading, which are measured at fair value. Accounts receivables are classified for accounting purposes as loans and receivables, which are measured at amortized cost which equals fair market value. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost which also equals fair market value.

As at September 30, 2012, the carrying value of White Pine's financial instruments approximate their fair values.