Condensed Interim Financial Statements of

VIKING GOLD EXPLORATION INC.

For the Three Months Ended March 31, 2012 and 2011

(Unaudited – expressed in Canadian dollars)

Responsibility for the Financial Statements

The accompanying Condensed Interim Financial Statements of Viking Gold Exploration Inc. (the "Company" or “Viking Gold”) for the three-month periods ended March 31, 2012 and March 31, 2011 are unaudited and are the responsibility of the management, and the Board of Directors of the Company. The Condensed Interim Financial Statements have been prepared by management, and approved by the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited Condensed Interim Consolidated Financial Statements. Where necessary, management has made informed judgments and estimates in accounting for transactions that were not complete as at the reporting date.

In the opinion of management, the Condensed Interim Financial Statements have been prepared within the acceptable limits of materiality and are in accordance with International Accounting Standard 34 “Interim Financial Reporting” using accounting policies consistent with International Financial Reporting Standards ('IFRS") appropriate in the circumstances.

Auditors’ Involvement

In accordance with National Instrument 51-102, Part 4, sub-section 4.3(3)(a), notice is hereby given that the accompanying Condensed Interim Financial Statements of the Company for the three-month periods ended March 31, 2012 and March 31, 2011 have not been reviewed by the Company’s auditors in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of the interim financial statements by the Company’s auditors.

VIKING GOLD EXPLORATION INC.

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VIKING GOLD EXPLORATION INC.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited – expressed in Canadian dollars)

	Notes	March 31, 2012	December 31, 2011
ASSETS			
Non-current assets			
Exploration and evaluation assets	3	$ 1,585,792	$ 1,483,882
Equipment	4	6,891	7,291
Investments	5	7,500	9,750
		1,600,183	1,500,923
Current assets			
Prepaid expenses		13,815	10,923
Amounts receivable	6	136,940	92,364
Cash and cash equivalents		345,760	1,008,105
		496,515	1,111,392
Total Assets		$ 2,096,698	$ 2,612,315
EQUITY AND LIABILITIES			
Equity			
Share capital	7	$ 8,383,653	$ 8,383,653
Reserve – equity-settled employee benefit reserve		896,198	911,055
Deficit		(7,296,598)	(7,229,646)
		1,983,253	2,065,062
Current liabilities			
Trade and other payables	9	113,445	547,253
Total Equity and Liabilities		$ 2,096,698	$ 2,612,315

Nature and continuance of operations (Note 1)
Commitments and contingencies (Notes 3 and 11)

The Board of Directors approved these condensed interim financial statements on May 24, 2011.

They are signed on the Company's behalf by:

/s/Mark Edwards
Director

/s/John Hansuld
Director

CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Unaudited – expressed in Canadian dollars)

	Notes	Three months ended March 31, 2012	Three months ended March 31, 2011
Revenue		$ -	$ -
Expenses			
Management fees	10	39,989	38,095
Professional and regulatory fees		28,414	27,327
Office and administration		25,114	19,813
Depreciation		400	750
Claims management		1,050	-
Investigation of new properties		5,000	1,000
Total expenses		99,967	86,985
Operating loss		(99,967)	(86,985)
Other income (expense)			
Interest income		408	-
Write-down of exploration and evaluation assets	3	-	(72,000)
Unrealized loss on investment	5	(1,000)	-
Gain on sale of investment	5	18,750	-
Total other income (expense)		18,158	(72,000)
Loss before income taxes		(81,809)	(158,985)
Deferred tax (recovery)	8	-	(39,382)
Net loss and comprehensive loss, attributable to common shareholders		$ (81,809)	$ (119,603)
Basic and diluted loss per common share		$ (0.001)	$ (0.002)
Weighted-average number of common shares			
Basic and diluted	7f	70,569,369	61,028,647

VIKING GOLD EXPLORATION INC.

CONDENSED INTERIM STATEMENTS OF CASH FLOWS

(Unaudited – expressed in Canadian dollars)

	Three months ended March 31, 2012	Three months ended March 31, 2011
Operating activities		
Net loss	$ (81,809)	$ (119,603)
Adjusted for		
Depreciation	400	750
Other expense, net	(18,158)	72,000
Deferred tax (recovery)	-	(39,382)
	(99,567)	(86,235)
Changes in non-cash working capital		
(Increase) in prepaid expenses	(2,892)	(14,050)
(Increase) decrease in amounts receivable	(44,576)	20,972
(Decrease) in trade and other payables, net of items (i)(ii) below	(11,630)	(3,142)
Net cash used in operating activities	(158,665)	(82,455)
Investing activities		
Interest received	408	-
Additions to exploration and evaluation assets, net of item (i) below	(494,226)	(2,508)
Proceeds on sale of investment	20,000	-
Net cash used in investing activities	(473,818)	(2,508)
Financing activities		
Issue costs of private placement units, net of item (ii) below	(29,862)	(42,700)
Exercise of warrants	-	40,000
Exercise of options	-	18,750
Net cash (used in) provided by financing activities	(29,862)	16,050
Net (decrease) in cash and cash equivalents	(662,345)	(68,913)
Cash and cash equivalents, beginning of period	1,008,105	1,099,517
Cash and cash equivalents, end of period	$ 345,760	$ 1,030,604
As at March 31, cash and cash equivalents is comprised of:		
Cash	$ 95,760	$ 95,604
GIC bearing interest at 0.9%, cashable at any time without penalty	250,000	935,000
	$ 345,760	$ 1,030,604
Additional information:		
(i) (Decrease) in accrued E&E expenditures	$ (392,316)	$ -
(ii) (Decrease) in accrued issue costs of private placements	(29,862)	(42,700)

See accompanying notes to the condensed interim financial statements.

VIKING GOLD EXPLORATION INC.

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

(Unaudited – expressed in Canadian dollars)

	Notes	# of Issued and fully paid common shares	Share capital	Equity-settled employee benefit reserve	Deficit	Total equity
Three months ended March 31, 2012:						
Balance – January 1, 2012		70,569,369	$ 8,383,653	$ 911,055	$ (7,229,646)	$ 2,065,062
Comprehensive loss for period		-	-	-	(81,809)	(81,809)
Options expired	7e	-	-	(14,857)	14,857	-
Net change for period		-	-	(14,857)	(66,952)	(81,809)
Balance – March 31, 2012		70,569,369	$ 8,383,653	$ 896,198	$ (7,296,598)	$ 1,983,253
Three months ended March 31, 2011:						
Balance – January 1, 2011		60,856,702	6,915,669	398,175	(3,042,328)	4,271,516
Exercise of warrants		200,000	40,000	-	-	40,000
Exercise of options		125,000	18,750	-	-	18,750
Value of options transferred on exercise		-	11,165	(11,165)	-	-
Comprehensive loss for period		-	-	-	(119,603)	(119,603)
Options expired		-	-	(4,467)	4,467	-
Net change for period		325,000	69,915	(15,632)	(115,136)	(60,853)
Balance – March 31, 2011		61,181,702	$ 6,985,584	$ 382,543	$ (3,157,464)	$ 4,210,663

See accompanying notes to the condensed interim financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

Viking Gold Exploration Inc. (the "Company") is a Canadian mineral exploration company with interests in projects located in Ontario, Quebec and the Northwest Territories. The Company's shares are publicly traded on the TSX Venture Exchange ("TSX-V") under the trading symbol "VGC". The Company has not generated any operating revenue since its reorganization in 2004. It is devoting its efforts to raising capital and exploring and developing its mineral property interests. The Company currently has no subsidiaries.

The address of the Company's registered office is #2B – 2900 John Street, Markham, Ontario, Canada, L3R 5G3.

As at March 31, 2012, the Company had working capital of $383,070 and an estimated flow-through expenditure obligation of approximately $620,000. Accordingly, continuing operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management believes that sufficient working capital will be obtained from external financing to meet the Company's current and future liabilities and commitments as they become due, though there is a significant risk that additional financing may not be available on a timely basis or on terms acceptable to the Company.

These Condensed Interim Financial Statements (also referred to as "these financial statements") have been prepared on the basis of accounting principles applicable to a going concern, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. Such adjustments could be material.

Although the Company 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 the Company's title. Property title may be subject to unregistered prior agreements, unregistered claims, aboriginal claims and non-compliance with regulatory and environmental requirements.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

These Condensed Interim Financial Statements are prepared using accounting policies that comply with International Financial Reporting Standards ("IFRS") in accordance with IAS 34, ("Interim Financial Reporting"). These financial statements should be read in conjunction with the Company's annual audited IFRS financial statements for the year ended December 31, 2011.

b) Basis of Measurement

These financial statements are prepared on the historical cost basis except for financial instruments that have been measured at fair value. In addition, these financial statements are prepared using the accrual basis of accounting except for cash flow information. The Company uses the Canadian dollar for both its functional (i.e. measurement) and presentation currencies.

Continued…

(Unaudited – expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Use of Judgments, Estimates and Assumptions

The preparation of Condensed Interim Financial Statements using accounting policies that comply with IFRS, requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. The estimates and underlying assumptions are based on historical experience and other factors believed to be reasonable under the circumstances. Accounting estimates are reviewed on an ongoing basis and revisions are recognized in the period in which the estimate is revised and the revision affects both current and future periods. Significant items in these Condensed Interim Financial Statements that involve the use of estimates include the valuation of exploration and evaluation assets, other warrants and share-based compensation, decommissioning, restoration and similar obligations, and the valuation of deferred income tax assets.

d) New IFRS Standards Not Yet Adopted

The Company has not yet adopted certain new IFRS standards, amendments and interpretations to existing standards, which have been published but are only effective for the Company's accounting periods beginning on or after January 1, 2012. These include:

New IFRS standards	Description	Effective date
• IFRS 9 – Financial Instruments (issued November 2009 and revised October 2010)	The existing standard was expanded in 2010 to include guidance on the classification and measurement of financial liabilities.	January 1, 2015 (extended from January 1, 2013)
• IFRS 10 – Consolidated Financial Statements (issued May 2011)	The standard provides a new definition of control, which is intended to provide more consistent guidance in the determination of whether control exists to justify consolidation of investees.	January 1, 2013
• IFRS 11 – Joint Arrangements (issued May 2011)	The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities.	January 1, 2013
• IFRS 12 – Disclosure of Interests in Other Entities (issued May 2011)	The standard sets out disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off statement of financial position vehicles.	January 1, 2013
• IFRS 13 – Fair Value Measurement (issued May 2011)	The standard provides guidance on measuring fair value when required by other IFRS's.	January 1, 2013
• Amendments to IAS 1 – Presentation of Financial Statements (issued June 2011)	The standard was amended to align the presentation of items in other comprehensive income with U.S. standards.	July 1, 2012

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(Unaudited – expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) New IFRS Standards Not Yet Adopted (Continued)

New IFRS standards	Description	Effective date
• Amendments to IAS 27 – Separate Financial Statements (issued May 2011)	The standard addresses accounting and disclosure for investments in subsidiaries, joint ventures and associates in separate financial statements.	January 1, 2013
• Amendments to IAS 28 – Investments in Associates and Joint Ventures (issued May 2011)	The standard establishes accounting principles for investments in associates under significant influence. It sets out the equity method of accounting for investments in associates and joint ventures.	January 1, 2013

These eight new IFRS standards apply to annual periods beginning on or after the stated effective date. Early adoption is available, however, if an entity early adopts any of IFRS 10, 11, 12, or amendments to IAS27/28, it must adopt all five of these standards at the same time. Management is currently assessing the impact of adopting these proposed new standards on the Company's financial reporting.

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(Unaudited – expressed in Canadian dollars)

3. EXPLORATION AND EVALUATION ASSETS

In 2011, the Company acquired 5 mineral property interests, 2 in Ontario (ON) and 3 in Quebec (QC). These 5 active properties are either currently being explored or are planned for future exploration.

The Company also has 6 inactive mineral property interests that comprise its "Morris Lake Project" – a block of contiguous claims and leases situated approximately 73 kilometres north of Yellowknife, Northwest Territories (NT).

Below is a summary of the 11 properties:

Properties	Year Acquired	Notes	Current Mineral Tenure (all 100% unless otherwise stated)	# of Claims/ Leases
Active Properties				
Verneuil, QC				
Verneuil Central	2011	3b	Claims; 70% undivided working interest **	44
Verneuil West	2011	3b	Claims	19
Verneuil East	2011	3b	Claims	10
				73
Venton Lake, ON	2011	3a	Claims	13
Larose, ON	2011	3b	Claims	16
				29
Inactive Properties				
Morris Lake Project, NT				
Viking Yellowknife	2003		Leases; 60% undivided working interest **	3
Max Lake	2004		Leases	2
ML Properties	2006		Claims	5
Peregrine	2006		Claims; 60% undivided working interest **	5
Maguire Lake	2009		Claims	3
LM Claims	2010		Claims	3
				21
Total				123

** Prior to December 31, 2011, the mineral tenure was disclosed as a joint venture; it is now disclosed as an undivided working interest.

In 2011, the Company recorded write-downs totaling $3,635,489 (including $72,000 in the first quarter of 2011) in respect of the 6 Morris Lake properties, though the Company still retains the mineral property interests. The Company is continuing discussions with unrelated third parties, including existing working interest partners, to determine levels of interest and potential opportunities for optioning the properties to these parties. A full description of each of the 6 properties can be found in the Company's annual audited IFRS financial statements for 2011. Should the Company incur any additional costs on or after January 1, 2012 to maintain its mineral property interests in the Morris Lake properties, these amounts will be expensed directly in operations.

A continuity of the Company's exploration and evaluation (E&E) assets for the year ended December 31, 2011 and the three months ended March 31, 2012 follows. Additional information about the Company's active properties is presented thereafter.

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(Unaudited – expressed in Canadian dollars)

3. EXPLORATION AND EVALUATION ASSETS (Continued)

	Balance, January 1, 2011	Expenditures for 2011	Write-downs for 2011	Balance, December 31, 2011	Expenditures for three months ended March 31, 2012	Balance, March 31, 2012
Acquisition costs						
Venton Lake, ON	$ -	$ 112,536	$ -	$ 112,536	$ -	$ 112,536
Larose, ON	-	93,028	-	93,028	-	93,028
Verneuil, QC						
Verneuil Central	-	137,372	-	137,372	-	137,372
Verneuil West	-	93,926	-	93,926	-	93,926
Verneuil East	-	65,615	-	65,615	-	65,615
Active properties	-	502,477	-	502,477	-	502,477
Morris Lake, NT						
Viking Yellowknife	123,500	-	(123,499)	1	-	1
Max Lake	29,700	-	(29,699)	1	-	1
ML Properties	8,359	-	(8,358)	1	-	1
Maguire Lake	10,967	-	(10,966)	1	-	1
LM Claims	8,277	-	(8,276)	1	-	1
Inactive properties	180,803	-	(180,798)	5	-	5
Total properties	180,803	502,477	(180,798)	502,482	-	502,482
Deferred expl'n expenditures						
Larose, ON	-	179	-	179	-	179
Verneuil, QC						
Verneuil Central	-	718,829	-	718,829	56,125	774,954
Verneuil West	-	164,214	-	164,214	30,183	194,397
Verneuil East	-	98,177	-	98,177	15,602	113,779
Active properties	-	981,399	-	981,399	101,910	1,083,309
Morris Lake, NT						
Viking Yellowknife	1,841,268	42,261	(1,883,529)	-	-	-
Max Lake	512,669	1,843	(514,512)	-	-	-
ML Properties	104,762	-	(104,762)	-	-	-
Peregrine	971,382	(20,213)	(951,168)	1	-	1
Maguire Lake	720	-	(720)	-	-	-
Inactive properties	3,430,801	23,891	(3,454,691)	1	-	1
Total properties	3,430,801	1,005,290	(3,454,691)	981,400	101,910	1,083,310
Total expenditures						
Venton Lake, ON	-	112,536	-	112,536	-	112,536
Larose, ON	-	93,207	-	93,207	-	93,207
Verneuil, QC						
Verneuil Central	-	856,201	-	856,201	56,125	912,326
Verneuil West	-	258,140	-	258,140	30,183	288,323
Verneuil East	-	163,792	-	163,792	15,602	179,394
Active properties	-	1,483,876	-	1,483,876	101,910	1,585,786
Morris Lake, NT						
Viking Yellowknife	1,964,768	42,261	(2,007,028)	1	-	1
Max Lake	542,369	1,843	(544,211)	1	-	1
ML Properties	113,121	-	(113,120)	1	-	1
Peregrine	971,382	(20,213)	(951,168)	1	-	1
Maguire Lake	11,687	-	(11,686)	1	-	1
LM Claims	8,277	-	(8,276)	1	-	1
Inactive properties	3,611,604	23,891	(3,635,489)	6	-	6
Total properties	$ 3,611,604	$ 1,507,767	$ (3,635,489)	$ 1,483,882	$ 101,910	$ 1,585,792

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3. EXPLORATION AND EVALUATION ASSETS (Continued)

Information concerning the Company's individual active properties follows.

a) Venton Lake

On April 12, 2011, the Company signed a letter agreement in which it was granted an option to earn a 100% undivided interest in 13 mining claims located near Thunder Bay, Ontario known as "Venton Lake". The agreement provides that the Company (as optionee) will earn a 100% interest in the property by making an initial $75,000 cash payment followed by three additional annual cash payments of $75,000 each from the "Effective Date" (of the transaction) which is defined as the date the TSX-V approves the transaction plus 10 days. Each respective cash payment is also to be accompanied by the issuance of common shares of the Company to the optionor, as follows – 150,000 shares (initial – completed), 50,000 shares (after the first year – completed see Note 15), 50,000 shares (after the second year) and 100,000 shares (after the third year), for a total of 350,000 shares.

Upon the exercise of the option, the optionor will retain a 2.5% NSR on output from the properties following the commencement of commercial production. For the period commencing on the date that is 60 months following the Effective Date and ending on the commencement of commercial production, the Company is required to pay an advance minimum royalty of $15,000 per year to the optionor within 30 days of the start of each year, which aggregate amounts shall be deducted from the subsequent 2.5% NSR payments. The Company may buy back up to one-fifth of the 2.5% NSR at a price of $500,000, for a period of 20 years from the Effective Date. The Company may abandon the option granted to it by giving 30 days notice prior to abandonment, provided that the mineral rights will be in good standing for at least six months following the date of abandonment.

The TSX-V approved the Venton Lake transaction on April 26, 2011. The transaction closed on September 19, 2011.

b) Verneuil and Larose

On May 10, 2011, the Company signed a property sale agreement with Freewest Resources Canada Inc. ("Freewest"), a wholly owned subsidiary of Cliffs Natural Resources Inc. (NYSE: CLF), in which it agreed to acquire a 70% undivided working interest in the Verneuil property ("Verneuil Central") and a 100% undivided interest in the Larose property ("Larose"), in exchange for a combined share-based payment of 1,000,000 common shares (valued at $200,000) and a 0.5% NSR on each property.

Verneuil Central is comprised of 44 claims in Verneuil Township in the Abitibi region of Quebec. The other 30% interest in Verneuil Central is held by Golden Tag Resources Ltd. ("Golden Tag"). Larose is comprised of 16 claims in Moss Township in northwestern Ontario. Verneuil Central is subject to an existing 1% NSR and Larose to an existing 3% NSR. The NSR's described herein apply to all minerals in perpetuity.

On June 7, 2011, the Company signed a letter agreement with other parties in which it agreed to acquire "Verneuil East", a 100% undivided interest in 10 mining claims located immediately east of Verneuil Central, in exchange for cash of $20,000 (paid), a share-based payment of 200,000 common shares (issued) and a 2% NSR in perpetuity. The Company may re-purchase half of the 2% NSR for $1,000,000 at any time.

On June 13, 2011, the Company signed a letter agreement with other parties in which it agreed to acquire "Verneuil West", a 100% undivided interest in 19 mining claims located immediately west of Verneuil Central, in exchange for cash of $30,000 (paid), a share-based payment of 300,000 common shares (issued) and 150,000 warrants (issued and exercisable at a price of $0.30 for 2 years), and a 2% NSR in perpetuity. The Company may re-purchase half of the 2% NSR for $1,000,000 at any time.

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(Unaudited – expressed in Canadian dollars)

3. EXPLORATION AND EVALUATION ASSETS (Continued)

b) Verneuil and Larose (Continued)

The TSX-V approved the Verneuil/Larose transaction on May 27, 2011 and the Verneuil East and West transactions on June 21, 2011. These three transactions closed on June 28, July 20 and June 29, 2011, respectively.

The Company and Golden Tag agreed that Golden Tag is not required to contribute financially towards deferred exploration expenditures incurred on the Verneuil Central property prior to January 1, 2012.

On December 8, 2011, the Company entered into an option agreement with Golden Share Mining Corporation ("Golden Share") whereby Golden Share may earn up to a 50% interest in the Larose property. Under the terms of the agreement, Golden Share agreed to issue 100,000 shares to the Company on the later of (i) execution of the agreement and (ii) TSX-V approval (completed with an assigned value of $8,500 – see Note 5, Investments), and an additional 100,000 shares on the first anniversary date of the agreement.

Golden Share has agreed to spend $200,000 in the first year of the agreement on exploration of the property plus another $150,000 in each of years two and three of the agreement. The parties have also agreed that at the time they become 50/50 owners in the property, they will enter into a joint venture agreement with Golden Share as the operator.

4. EQUIPMENT

A continuity of the Company's equipment for the three months ended March 31, 2012 follows.

Three months ended March 31, 2012	Field equipment	Office equipment	Total
Cost			
As at January 1, 2012	$ 13,203	$ 2,585	$ 15,788
Additions for period	-	-	-
Disposals for period	-	-	-
As at March 31, 2012	13,203	2,585	15,788
Accumulated Depreciation			
As at January 1, 2012	7,795	702	8,497
Depreciation for period	300	100	400
Disposals for period	-	-	-
As at March 31, 2012	8,095	802	8,897
Net Book Value			
As at January 1, 2012	$ 5,408	$ 1,883	$ 7,291
As at March 31, 2012	$ 5,108	$ 1,783	$ 6,891

Continued…

(Unaudited – expressed in Canadian dollars)

5. INVESTMENTS

	March 31, 2012	December 31, 2011
FVTPL (Held-for-trading) Investment		
Investment in Golden Share Mining Corporation, 100,000 common shares, originally recorded at an issue date fair value of $0.085 per share	$ 7,500	$ 8,500
Unquoted Equity Instrument		
Investment in Copper Hill Resources Inc. ("CHRI") 10% interest, at cost	-	1,250
	$ 7,500	$ 1,250

On December 9, 2011, the Company received 100,000 common shares of Golden Share as an option payment (see Note 3b, Exploration and Evaluation Assets – Verneuil and Larose Properties). The investment is carried at the March 31, 2012 fair market value of $0.075/share (December 31, 2011 – $0.085/share). The unrealized loss on this investment of $1,000 is included in net loss for the three months ended March 31, 2012.

CHRI is a privately owned mineral exploration company that owns a 100% interest in the Powderhorn Lake and Turk's Gut properties located in Newfoundland and Labrador, Canada. Prior to 2006, CHRI was a wholly owned subsidiary of the Company. On March 22, 2012, the Company sold its 10% investment in CHRI for proceeds of $20,000 and a 2% NSR on CHRI's "Turks Gut" exploration property. CHRI may purchase at any time from the Company, half of the 2% NSR for $1 million. No value has been assigned to the 2% NSR in the Company's financial statements. The realized gain on sale of this investment of $18,750 is included in net loss for the three months ended March 31, 2012.

6. AMOUNTS RECEIVABLE

Amounts receivable of $136,940 (December 31, 2011 – $92,364) consists of HST/QST input tax credits receivable of $101,560 (December 31, 2011 – $92,364) and exploration recoveries due from Golden Tag (Note 3b) of $35,380 (December 31, 2011 – nil).

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(Unaudited – expressed in Canadian dollars)

7. SHARE CAPITAL

a) Authorized Share Capital
The Company's authorized share capital consists of an unlimited number of voting common shares without nominal or par value.

b) Issued Share Capital
As at March 31, 2012, the Company's issued share capital is 70,569,369 (December 31, 2011 – 70,569,369) common shares with a stated value of $8,383,653 (December 31, 2011 - $8,383,653). A continuity of the Company's share capital is disclosed in the Statements of Changes in Equity.

c) Non-Brokered Private Placements
There were no private placements during the three months ended March 31, 2012.

d) Warrants
A continuity of the Company's outstanding warrants for the three months ended March 31, 2012 follows:

Expiry date(s)	Term in years	Exercise price	January 1, 2012	Issued 2012	Exercised 2012	Expired 2012	March 31, 2012
June 30, 2012	3	$0.20	4,091,500	-	-	-	4,091,500
November 2, 2012	2	$0.15	3,750,000	-	-	-	3,750,000
November 2, 2012	2 **	$0.08	110,000	-	-	-	110,000
December 30, 2012	3	$0.20	3,000,000	-	-	-	3,000,000
January 27, 2013	3	$0.20	13,654,000	-	-	-	13,654,000
June 29, 2013	2 **	$0.30	150,000	-	-	-	150,000
Nov./Dec. 2013	2	$0.20	3,495,834	-	-	-	3,495,834
Nov./Dec. 2013	2 **	$0.20	651,667	-	-	-	651,667
Totals			28,903,001	-	-	-	28,903,001
Weighted-average exercise price			$0.19	$ -	$ -	$ -	$0.19

The Company has the right to accelerate the expiry of the 13,654,000 outstanding investor warrants issued on January 27, 2010 if the Company's stock trades over $0.30 for 30 consecutive days.

All warrants reflected in the schedules above are investor warrants, except for those flagged ** which are broker and other warrants.

Continued…

(Unaudited – expressed in Canadian dollars)

7. SHARE CAPITAL

e) Stock Options

Under the Company's stock option plan, options may be granted to employees for up to 10% of the issued and outstanding common shares. The exercise price of the options is not less than the Company's closing market price on the day prior to the grant of the options less the applicable discount permitted by the TSX-V, and will not otherwise be less than $0.10 per share. The maximum exercise period after the grant of the option is 5 years.

A continuity of the Company's outstanding and exercisable stock options for the three months ended March 31, 2012 follows:

Expiry date	Exercise price	January 1, 2012	Granted 2012	Exercised 2012	Expired 2012	March 31, 2012
January 26, 2012	$0.13	150,000	-	-	(150,000)	-
January 8, 2013	$0.135	50,000	-	-	-	50,000
April 9, 2013	$0.16	550,000	-	-	-	550,000
September 12, 2013	$0.115	100,000	-	-	-	100,000
February 4, 2015	$0.11	650,000	-	-	-	650,000
October 6, 2015	$0.125	1,200,000	-	-	-	1,200,000
November 15, 2015	$0.17	700,000	-	-	-	700,000
May 17, 2016	$0.24	300,000	-	-	-	300,000
September 12, 2016	$0.17	1,675,000	-	-	-	1,675,000
December 8, 2016	$0.20	1,675,000	-	-	-	1,675,000
Totals		7,050,000	-	-	(150,000)	6,900,000
Weighted-average exercise price		$0.16	$ -	$ -	$0.13	$0.17

All of the options reported above have a 5-year term and vested at their respective grant dates.

Stock Options Expiring in 2012

On January 26, 2012, 150,000 options expired unexercised. The grant date fair value of these options was $14,857.

The 6,900,000 options outstanding and exercisable as at March 31, 2012, have a weighted-average remaining contractual life of 2.9 years, and represent approximately 9.8% of the Company's outstanding common shares.

f) Diluted Loss Per Share

Loss per share is calculated using the basic and diluted weighted-average number of common shares outstanding during the three months ended March 31, 2012, which was 70,569,369 (2011 – 61,028,647). The determination of the weighted-average number of shares outstanding for the calculation of diluted loss per share does not include the potential effect of outstanding warrants (March 31, 2012 – 28,903,001, March 31, 2011 – 26,410,499) and options (March 31, 2012 – 6,900,000, March 31, 2011 – 3,800,000), as they are anti-dilutive.

Continued…

(Unaudited – expressed in Canadian dollars)

8. INCOME TAXES

The deferred income tax (recovery) for the three months ended March 31, 2012 and 2011 is comprised of the following amounts:

	2012	2011
Deferred tax (recovery) based on application of 26.25% average tax rate	$ (21,500)	$ (40,000)
Adjustments		
Deferred tax expense related to effective renunciation of flow-through expenditures incurred	26,700	618
Additional recovery attributable to unrecorded deferred tax asset	(5,200)	-
Income tax (recovery) for period	$ -	$ (39,382)

A continuity of the deferred tax (liability) for the three months ended March 31, 2012 and 2011 follows:

	2012	2011
Balance – beginning of period, January 1	$ -	$ (363,382)
Condensed interim statement of loss and comprehensive loss		
Income tax recovery for period	-	39,382
Balance – end of period, March 31	$ -	$ (324,000)

The Company has a potential deferred tax asset of approximately $478,000 as at March 31, 2012, which the Company has not recorded, on the basis that it is not probable that the Company will generate future taxable income to utilize it. The potential deferred tax asset is attributable to the write-down of exploration and evaluation assets as at December 31, 2011 (see Note 3).

9. TRADE AND OTHER PAYABLES

	March 31, 20112	December 31, 2011
Trade payables	$ 6,564	$ 386,242
Accrued expenses	90,334	128,504
Due to related parties (Note 10)	16,547	32,507
	$ 113,445	$ 547,253

(Unaudited – expressed in Canadian dollars)

10. RELATED PARTY TRANSACTIONS

The Company considers its related parties to consist of the Company's key management personnel (i.e. officers, directors and advisory committee members) and close family members and companies related to such individuals. Details of transactions with key management personnel and their related companies, for the three months ended March 31, 2012 and 2011, are as follows:

	2012	2011
Condensed Interim Statements of Loss and Comprehensive Loss		
Management fees – Officers	$ 39,989	$ 38,095
Rent – Officers and director	6,330	-
	$ 46,319	$ 38,095

The Company's officers receive management fees through their companies pursuant to fee-for-service arrangements with the Company, in lieu of salaries. The Company's board of directors approves these fees and the share-based compensation.

Trade and other payables as at March 31, 2012 includes amounts owed to related parties of $16,547 (December 31, 2011 – $32,507) consisting of amounts owed to officers and their companies/law firm (see Note 9). These related party liabilities are unsecured, non-interest bearing and due within 30 days.

11. COMMITMENTS AND CONTINGENCIES

a) Flow-through Shares

The Company is committed to incur, on a best efforts basis, $786,563 in qualifying Canadian exploration expenditures pursuant to a private placement for which flow-through share proceeds had been received and renounced to investors with an effective date of December 31, 2011. As at March 31, 2012, the Company had incurred qualifying expenditures of approximately $167,000; accordingly, the Company must incur approximately $620,000 of qualifying expenditures prior to January 1, 2013.

The Company has agreed to indemnify the subscribers of its flow-through shares for tax-related amounts that become payable by them, if the Company fails to meet it expenditure commitments.

b) Environmental Contingencies

The Company's exploration activities are subject to various federal, provincial and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and are generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations and has made, and expects to make in the future, appropriate expenditures to comply with such laws and regulations.

Continued…

12. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash (classified as loans and receivables), cash equivalents and an investment (classified as financial assets at fair value through profit or loss), amounts receivable (classified as loans and receivables), and accounts payable and accrued liabilities (classified as other financial liabilities).

As at March 31, 2012, the carrying values and fair values of the Company's financial instruments are approximately the same. In addition, the Company's financial instruments that are carried at fair value consist of cash equivalents, classified as "Level 2", and a FVTPL investment, classified as "Level 1", within the fair value hierarchy.

The Company has not used any hedging or financial derivatives.

13. SEGMENTED INFORMATION

The Company's operations comprise a single operating segment engaged in the acquisition, exploration and development of mineral properties in Canada.

14. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the basis of presentation adopted in the current period.

15. EVENT OCCURRING AFTER THE REPORTING PERIOD

On April 26, 2012, the Company issued 50,000 common shares as the first annual option payment for Venton Lake (see Note 3a). The fair value of the shares issued was $4,250. The Company is engaged in discussions with the optionor of the Venton Lake property with respect to delaying the first $75,000 annual cash payment and scheduling the commencement of initial exploration work.