GOLDTRAIN RESOURCES INC

(An Exploration Stage Enterprise)

UNAUDITED INTERIM FINANCIAL STATEMENTS

For the three and nine month periods ended September 30, 2012 and 2011

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited interim financial statements of Goldtrain Resources Inc. are the responsibility of the management and Board of Directors of the Company.

The unaudited interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited interim financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the interim financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 Interim Financial Reporting of International Financial Reporting Standards using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving the unaudited interim financial statements together with other financial information of the Company 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 financial reporting process and the unaudited interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited interim financial statements together with other financial information of the Company for issuance to the shareholders.

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

"Carl McGill", CEO
Carl McGill

"Johnny Oliveira", CFO
Johnny Oliveira

NOTICE TO READER

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of management. The unaudited interim financial statements for the three and nine month periods ended September 30, 2012 and 2011 have not been reviewed by the Company's auditors.

GoldTrain Resources Inc.

UNAUDITED INTERIM STATEMENTS OF FINANCIAL POSITION

(An Exploration Stage Enterprise)
(Canadian dollars)

AS AT,		September 30, 2012		December 31, 2011
ASSETS				(Audited)
Current				
Cash	**$**	**14,816**	$	523,629
Trade and other receivables (Note 5)		**4,368**		32,386
Other financial assets (Note 6)		**83,000**		176,000
Prepaid expenses		**2,000**		1,500
		104,184		733,515
Property, plant and equipment (Note 7)		**11,675**		4,853
	$	**115,859**	$	738,368
LIABILITIES				
Current				
Trade and other payables (Note 9 and 11)	**$**	**456,032**	$	533,129
Flow-through share premium liability (Note 12 (a))		**28,000**		159,000
		484,032		692,129
EQUITY				
Share capital (Note 12 (a))		**1,660,238**		1,660,238
Reserve for warrants (Note 13)		**543,525**		543,525
Reserve for share based payments (Note 14)		**66,000**		66,000
Accumulated deficit		**(2,637,936)**		(2,223,524)
		(368,173)		46,239
	$	**115,859**	$	738,368

Nature of Operations and Going Concern (Note 1)
Commitments and Contractual Obligations (Note 16)

Approved on behalf of the Board on October 30, 2012:

"Brian Wright" Director

"Donald A. Sheldon" Director

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

GoldTrain Resources Inc.

UNAUDITED INTERIM STATEMENTS OF COMPREHENSIVE LOSS

(An Exploration Stage Enterprise)
(Canadian dollars)

	Three Months		Nine Months	
Periods ended September 30,	**2012**	2011	**2012**	2011
Expenses				
Professional and consulting fees (Note 11)	**$ 25,407**	$ 69,575	**$ 103,293**	$ 129,382
Shareholder Information	**7,927**	6,100	**13,340**	10,190
Office, general and administrative	**2,402**	14,172	**13,025**	35,447
Exploration and evaluation expenditures (Note 8)	**31,066**	162,854	**421,267**	193,282
Share based payments (Note 12(c))	**-**	-	**-**	9,000
Part XII.6 tax	**(1,551)**	-	**1,140**	-
Amortization (Note 7)	**1,046**	480	**5,678**	1,439
Net loss before the undernoted	**$ 66,297**	$ 253,181	**$ 557,743**	$ 378,740
Unrealized loss on other financial assets (Note 6)	**35,000**	16,821	**24,059**	92,144
(Gain) Loss on sale of marketable securities (Note 6)	**-**	-	**(36,390)**	4,499
Flow-through share premium recovery (Note 12 (a))	**(7,000)**	-	**(131,000)**	-
Net loss and comprehensive loss for the period	**$ 94,297**	$ 270,002	**$ 414,412**	$ 475,383
Loss per share				
Basic and diluted	**$ 0.002**	$ 0.007	**$ 0.008**	$ 0.014
Weighted average number of common shares outstanding				
Basic and diluted	**49,422,611**	41,472,252	**49,422,611**	33,303,094

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

GoldTrain Resources Inc.

UNAUDITED INTERIM STATEMENTS OF CHANGES IN EQUITY

(An Exploration Stage Enterprise)
(Canadian dollars)

	Share Capital		Reserves			
	Number of Shares	Amount	Share based payments	Warrants	Accumulated deficit	Total
Balance at January 1, 2011	25,523,474	$ 683,682	$ 57,000	$ 258,525	$ (1,539,623)	$ (540,416)
Private placements	11,006,663	817,000	-	-	-	817,000
Shares issued for debt	5,592,474	279,624	-	-	-	279,624
Shares issued for other financial assets	7,000,000	350,000	-	-	-	350,000
Shares issued for property	300,000	30,000	-	-	-	30,000
Warrants issued for property	-	-	-	16,000	-	16,000
Warrants issued on private placement	-	(263,000)	-	263,000	-	-
Cost of share issuance - cash	-	(72,068)	-	-	-	(72,068)
Cost of share issuance – warrants issued	-	(6,000)	-	6,000	-	-
Flow-through share premium liability	-	(159,000)	-	-	-	(159,000)
Share based payments	-	-	9,000	-	-	9,000
Comprehensive loss for the year	-	-	-	-	(683,901)	(683,901)
Balance at December 31, 2011	**49,422,611**	**$ 1,660,238**	**$ 66,000**	**$ 543,525**	**$ (2,223,524)**	**$ 46,239**
Comprehensive loss for the period	**-**	**-**	**-**	**-**	**(414,412)**	**(414,412)**
Balance at September 30, 2012	**49,422,611**	**$ 1,660,238**	**$ 66,000**	**$ 543,525**	**$ (2,637,936)**	**$ (368,173)**
Balance at December 31, 2010	25,523,474	$ 683,682	$ 57,000	$ 258,525	$ (1,539,623)	$ (540,416)
Private placements	3,340,000	167,000	-	-	-	167,000
Shares issued for debt	5,592,474	279,624	-	-	-	279,624
Shares issued for other financial assets	7,000,000	350,000	-	-	-	350,000
Shares issued for property	300,000	30,000	-	-	-	30,000
Warrants issued for property	-	-	-	16,000	-	16,000
Warrants issued on private placement	-	(187,000)	-	187,000	-	-
Cost of share issuance - cash	-	(11,006)	-	-	-	(11,006)
Share based payments	-	-	9,000	-	-	9,000
Comprehensive loss for the period	-	-	-	-	(475,383)	(475,383)
Balance at September 30, 2011	41,755,948	$ 1,312,300	$ 66,000	$ 461,525	$ (2,015,006)	$ (175,181)

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

GoldTrain Resources Inc.

UNAUDITED INTERIM STATEMENTS OF CASH FLOW

(An Exploration Stage Enterprise)
(Canadian dollars)

Nine month periods ended September 30,	2012	2011
Operating activities		
Net loss for the period	**$ (414,412)**	$ (475,383)
Add items not affecting cash:		
Amortization	**5,678**	1,439
Share based payments (Note 12 (c))	**-**	9,000
Realized gain on other financial assets	**(36,390)**	4,499
Unrealized loss on other financial assets	**24,059**	92,144
Warrants issued for property	**-**	16,000
Shares issued for property	**-**	30,000
Flow-through share premium recovery	**(131,000)**	-
Changes in non-cash working capital items (Note 15)	**(49,579)**	57,524
Cash flows used in operating activities	**(601,644)**	(264,777)
Investing activities		
Purchase of property, plant and equipment	**(12,500)**	-
Proceeds on sale of other financial assets	**105,331**	136,166
Cash flows provided from financing activities	**92,831**	136,166
Financing activities		
Issuance of common shares, net of issue costs	**-**	155,994
Payment of promissory notes payable	**-**	(11,200)
Cash flows provided from financing activities	**-**	144,794
Net (decrease) increase in cash	**(508,813)**	16,183
Cash, beginning of period	**523,629**	6,610
Cash, end of period	**$ 14,816**	$ 22,793

SUPPLEMENTAL CASH FLOW INFORMATION (Note 15)

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

1. NATURE OF OPERATIONS AND GOING CONCERN CONSIDERATIONS

GoldTrain Resources Inc. ("GoldTrain" or the "Company") is a public company amalgamated under the laws of the Province of Ontario on April 27, 2009. The Company's head office is located at 180 Dundas St. W., Suite 1801, Toronto, ON, M5G 1Z8. GoldTrain's principal business is the acquisition and exploration of mineral properties. Substantially all of the efforts of the Company are devoted to these business activities. To date, the Company has not earned significant revenue and is considered to be in the exploration stage. The ability of the Company to carry out its business plan rests with its ability to secure equity and other financing.

As at September 30, 2012, the Company had a working capital deficiency of $379,848 (December 31, 2011 – working capital of $41,386), had not yet achieved profitable operations, had accumulated losses of $2,637,936 (December 31, 2011 - $2,223,524) and expects to incur further losses in the development of its business, all of which casts doubt upon the Company's ability to continue as a going concern. The Company is in the exploration stage and has no proven reserves or production relating to its operations. The application of the going concern assumption is dependent upon the Company's ability to generate future profitable operations and obtain necessary financing to do so.

Management believes the Company has sufficient funds or access to sufficient funds to cover planned operations throughout the next twelve month period. However, management plans on securing additional financing through the issue of new equity, among other things. Nevertheless, there is no assurance that these initiatives will be successful.

These financial statements have been prepared on the basis of accounting principles applicable to a "going concern", which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. The business of mining and exploring for minerals involves a high degree of risk and there is no guarantee that the Company's exploration programs will yield positive results or that the Company will be able to obtain the necessary financing to carry out the exploration and development of its mineral property interests.

Management believes the going concern assumption to be appropriate for these financial statements. If the going concern assumption was not appropriate, adjustments might be necessary to the carrying value of the assets and liabilities, reported revenues and expenses, and the statement of financial position classifications used in the financial statements.

The future profitability of exploration properties and the Company's continued existence are dependent upon the preservation of its interests in the underlying properties, the development of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis.

Although the Company has taken steps to verify title to the properties 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 government licensing requirements or regulations, unregistered prior agreements, undetected defects, unregistered claims, native land claims, and non-compliance with regulatory and environmental requirements.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These unaudited interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These unaudited interim financial statements were authorized by the Board of Directors of the Company on October 30, 2012.

2.2 Basis of presentation

These unaudited interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's December 31, 2011 annual financial statements. Management advises readers of these unaudited interim financial statements to review the audited financial statements and accompanying notes as at December 31, 2011 in conjunction with the review of these statements.

2.3 Adoption of new and revised standards and interpretations

The IASB issued a number of new and revised International Accounting Standards, IFRS, amendments and related interpretations which are effective for the Company's financial years beginning on or after January 1, 2012. For the purpose of preparing and presenting the financial information for the relevant periods, the Company has consistently adopted all these new standards for the relevant reporting periods. At the date of authorization of these Financial Statements, the IASB and IFRIC has issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods and the Company has not early adopted these standards, amendments and interpretations. However, the Company is currently assessing what impact the application of these standards or amendments will have on the financial statements of the Company.

- IFRS 7 '*Financial Instruments, Disclosures*' - effective for annual periods beginning on or after January 1, 2013, IFRS 7 has been amended to provide more extensive quantitative disclosures for financial instruments that are offset in the statement of financial position or that are subject to enforceable master netting similar arrangements.
- IFRS 9 *'Financial Instruments: Classification and Measurement'* – effective for annual periods beginning on or after January 1, 2015, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments.
- IFRS 10 '*Consolidated Financial Statements'* – effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.
- IFRS 11 '*Joint Arrangements'* - effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form.
- IFRS 12 '*Disclosure of Interests in Other Entities'* - effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

2. BASIS OF PRESENTATION *(continued)*

2.3 Adoption of new and revised standards and interpretations *(continued)*

- IFRS 13 '*Fair Value Measurement' -* effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, provides the guidance on the measurement of fair value and related disclosures through a fair value hierarchy.
- IAS 1 '*Presentation of Financial Statements'* - the IASB amended IAS 1 with a new requirement for entities to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss.
- IAS 12 '*Income Taxes*' – In December 2010, effective for annual periods beginning on or after January 1, 2012, IAS 12 Income Taxes was amended to introduce an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, SIC 21, *Income Taxes – recovery of revalued non-depreciable assets*, will no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC 21, which is withdrawn.
- IAS 19 '*Employee Benefits*' - effective for annual periods beginning on or after January 1, 2013, a number of amendments have been made to IAS 19, which included eliminating the use of the "corridor" approach and requiring remeasurements to be presented in OCI. The standard also includes amendments related to termination benefits as well as enhanced disclosures.
- IAS 27 '*Separate Financial Statements*' - effective for annual periods beginning on or after January 1, 2013, as a result of the issue of the new consolidation suite of standards, IAS 27 Separate Financial Statements has been reissued, as the consolidation guidance will now be included in IFRS 10. IAS 27 will now only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.
- IAS 28 '*Investments in Associates and Joint Ventures'* - effective for annual periods beginning on or after January 1, 2013, as a consequence of the issue of IFRS 10, IFRS 11 and IFRS 12, IAS 28 has been amended and will provide the accounting guidance for investments in associates and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The amended IAS 28 will be applied by all entities that are investors with joint control of, or significant influence over, an investee.
- IAS 32 '*Financial instruments, Presentation'* – In December 2011, effective for annual periods beginning on or after January 1, 2013, IAS 32 was amended to clarify the requirements for offsetting financial assets and liabilities. The amendments clarify that the right of offset must be available on the current date and cannot be contingent on a future date.

3. CAPITAL MANAGEMENT

The Company's objectives in managing its capital are: to maintain adequate levels of funding to support its expenditures arising from the Company's investments; to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of its properties; to maintain a flexible capital structure for its projects for the benefit of its stakeholders; to maintain corporate and administrative functions necessary to support the Company's operations and corporate functions; and to seek out and acquire new projects of merit.

The Company considers its capital to be equity, which is comprised of share capital, reserve accounts, and accumulated deficit, which as at September 30, 2012 was a deficiency of $368,173 (December 31, 2011 – capital of $46,239).

3. CAPITAL MANAGEMENT *(continued)*

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The board of directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will continue to assess its existing working capital and raise additional amounts as needed. The Company 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.

The Company's investment policy is to invest its cash in low-risk, highly liquid, short-term interest-bearing investments, selected with regards to the expected timing of upcoming expenditures.

The Company expects its capital resources will be sufficient to carry out its exploration plans and operations through its current operating period. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the nine month period ended September 30, 2012. The Company is not subject to externally imposed capital requirements.

4. FINANCIAL INSTRUMENTS

Fair value
The Company's financial instruments as at September 30, 2012 include cash, other financial assets, trade and other receivables, and trade and other payables. The Company has designated its cash and other financial assets as FVTPL, which are measured at fair value. Fair value of cash and other financial assets are determined based on transaction value and is categorized as Level 1 measurement. Fair value of trade and other receivables and trade and other payables are determined from transaction values which were derived from observable market inputs. Fair values of these financial instruments are based on Level 2 measurements. The Company records its financial instruments at their carrying amounts which approximates fair value, unless otherwise disclosed in the financial statements. The carrying amounts approximate fair values due to the short-term maturities of these financial instruments.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Interest-rate risk
The Company has cash and cash equivalent balances bearing fixed interest rates and no interest- bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

4. FINANCIAL INSTRUMENTS *(continued)*

Equity price risk
Equity price risk arises from the possibility that changes in market prices will affect the value of the financial instruments of the Company. The Company is exposed to fair value fluctuations on its other financial assets. The Company's other financial instruments (cash, trade and other receivables, and trade and other payables) are not subject to price risk.

Credit risk
Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations.

The Company's credit risk is primarily attributable to cash and receivables included in current assets. The Company has no material concentration of credit risk arising from operations. Cash consist of bank deposits, which have been invested in a Canadian chartered bank, from which management believes the risk of loss is remote. As at September 30, 2012, the Company's receivables primarily consist of amounts due from the Canadian government. The Company's receivables are normally collected within a 60-90 day period. The Company has not experienced any significant collection issues to September 30, 2012. The Company is exposed to credit risk with regards to debtors refusing payment and the government denying the Company claims filed.

The Company's maximum exposure to credit risk as at September 30, 2012 is the carrying value of cash and trade and other receivables.

Liquidity risk
The Company'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, the Company had current assets of $104,184 (December 31, 2011 - $733,515) to settle current liabilities of $484,032 (December 31, 2012 - $692,129). The ability of the Company to continue to pursue its exploration activities and continue as a going concern is dependent on its ability to secure additional equity or other financing and the continued accommodation from its service providers. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. As at September 30, 2012, the Company had a working capital deficiency of $379,848 (December 31, 2011 – working capital of $41,386).

Sensitivity Analysis

The sensitivity analysis shown in the notes below may differ materially from actual results. Interest rate risk on cash equivalents is minimal as these have fixed interest rates.

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible over a one year period:

(ii) The Company's other financial assets are subject to fair value fluctuations. As at September 30, 2012, if the fair value of investments had fluctuated by 10% with all other variables held constant, net loss and comprehensive net loss for the nine month period ended September 30, 2012 would have changed by $8,000.

(Canadian dollars)

5. TRADE AND OTHER RECEIVABLES

The Company's trade and other receivables arise from harmonized sales tax ("HST") receivable due from government taxation authorities. These are broken down as follows:

	As at, September 30, 2012	As at, December 31, 2011
HST receivable	**$ 4,368**	$ 32,386
Total trade and other receivables	**$ 4,368**	$ 32,386

Below is an aged analysis of the Company's trade and other receivables:

	As at, September 30, 2012	As at, December 31, 2011
Less than 1 month	**$ 4,368**	$ 32,386
Total trade and other receivables	**$ 4,368**	$ 32,386

At September 30, 2012, the Company anticipates full recovery of these amounts and therefore no impairment has been recorded against these receivables. The credit risk on the receivables has been further discussed in Note 4.

The Company holds no collateral for any receivable amounts outstanding as at September 30, 2012.

6. OTHER FINANCIAL ASSETS – FVTPL SECURITIES

Other financial assets are comprised of marketable securities of a publicly traded company on the TSXV. As at September 30, 2012, these fair value through profit and loss investments have been measured at their fair value of $83,000 (December 31, 2011 – $176,000). The impact to the financial statements of the revaluation to market value resulted in an unrealized loss of $24,059 (2011 – $nil) as market values of these securities decreased during the period and a realized gain of $36,390 (2011 – $92,144) through the sale of 680,000 (2011 – Nil) of these marketable securities.

7. PROPERTY, PLANT AND EQUIPMENT

	Automotive equipment	Core shack	Total
Cost			
As at January 1, 2011 and December 31, 2011	$ 11,828	$ 1,827	$ 13,655
Additions/disposals	**12,500**	**-**	**12,500**
As at September 30, 2012	**$ 24,328**	**$ 1,827**	**$ 26,155**
Accumulated depreciation			
As at January 1, 2011	$ 6,198	$ 687	$ 6,885
Depreciation expense	1,689	228	1,917
As at December 31, 2011	**7,887**	**915**	**8,802**
Depreciation expense	**5,541**	**137**	**5,678**
As at September 30, 2012	**$ 13,428**	**$ 1,052**	**$ 13,434**
Net book value			
As at December 31, 2011	3,941	912	4,853
As at September 30, 2012	**10,900**	**775**	**11,675**

(Canadian dollars)

8. MINERAL PROPERTIES

The evaluation and exploration expenses for the Company are broken down as follows:

	Nine Month Period Ended September 30,		Cumulative to date *
	2012	2011	
Clement Property	**$ 31,835**	$ 1,254	**$ 281,692**
Missinabie/Nudulama Property	**348,308**	175,586	**1,093,083**
Chiniguchi River/Janes Property	**41,124**	16,442	**647,197**
Exploration and evaluation expenditures	**$ 421,267**	$ 193,282	**$ 2,021,972**

* Only properties currently under exploration are included in this figure.

Chiniguchi River – Janes Township, Ontario
The Company has a 75% interest in 8 unpatented mining claims (containing 120 claim units) in the Chiniguchi River area covering approximately 1920 hectares in Janes Township, District of Sudbury. The vendor retains a 2% net smelter royalty which continues until the property is written off. GoldTrain recently staked 4 new claims (49 units covering approximately 748 hectares) adjoining the Chiniguchi River property to the south.

Clement Township – Hagar, Ontario
The Company has a 100% interest in 15 unpatented mining claims (containing 227 claim units) covering approximately 3632 hectares in the Clement Township area, approximately 65 kilometres northeast of Sudbury.

Missinabie/Nudulama Property – Brackin and LeesonTownship, Ontario
The Company has a 100% interest in 7 unpatented mining claims (containing 92 claim units) covering approximately 1472 hectares in the Brackin Township area, approximately 72 kilometres northeast of the town of Wawa, Ontario. The vendor retains a 2% net smelter royalty which continues until the property is written off.

On January 30, 2010, the Company entered into an agreement to acquire a 100% interest in 2 unpatented mining claims in the Leeson Township area, in the mining district of Sault Ste. Marie. Under the terms of the agreement, the Company acquired a 100% interest in the property by issuing 400,000 common shares (issued) and paid $11,200 in the form of non-interest bearing promissory notes payable as follows: $2,500 within six months of the date of the agreement, $1,200 on December 31, 2010, $2,500 within twelve months of the date of the agreement, and $5,000 within twenty months of the date of the agreement. All of the promissory notes have been paid. The vendor retains a 3% net smelter royalty on the property, two-thirds of which can be purchased for $2,000,000.

On or about December 13, 2010, the Company entered into an agreement to purchase a 100% interest in 11 patented and 11 leased claims in Leeson Township (Nudulama Property) approximately 85 kilometers northeast of Wawa, Ontario. The patented claims are adjacent to the Missinabie Property. The agreement closed on September 26, 2011. Under the terms of the agreement, the Company paid $100,000, issued 300,000 common shares valued at a fair value of $30,000 and issued 300,000 warrants. Each warrant will entitle the holder to acquire one common share at an exercise price of $0.10 for 24 months. The fair value of the 300,000 warrants was estimated at $16,000 using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk-free interest rate 0.93%; volatility 100% and an expected life of 2 years. The vendor retains a 2% net smelter royalty on the property, one-half of which can be purchased for $1,000,000.

(Canadian dollars)

9. TRADE AND OTHER PAYABLES

Trade and other payables of the Company are principally comprised of amounts outstanding for trade purchases relating to exploration activities and amounts payable for operating and financing activities. The usual credit period taken for trade purchases is between 30 to 90 days.

The following is an aged analysis of the trade and other payables:

	As at,	
	September 30, 2012	December 31, 2011
Less than 1 month	**$ 21,621**	$ 166,136
1 – 3 months	**460**	886
Over 3 months	**433,951**	366,107
Total trade and other payables	**$ 456,032**	$ 533,129

10. LONG-TERM DEBT

The debt was due to a company affiliated with a director of GoldTrain. The loan was without interest or security. The loan was due and payable based on the schedule below provided that the Company had the right to prepay the amount at any time and provided further that the creditor had the right (1) to tender the amount at face value in whole or in part from time to time (i) on the exercise of its Class “B” Warrants or (ii) in any private placement or other financing of non-flow-through shares or units being undertaken by GoldTrain or (2) to accelerate the due date in the event of any (i) change of control or (ii) corporate restructuring.

The Company settled the debt in full by making a $100,000 payment on May 2, 2011 and $91,634 on June 3, 2011 in treasury securities pertaining to a unit-for-debt private placement (see Note 12).

11. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT

Key management includes the Company's directors, officers and any employees with authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly.

Certain corporate entities and consultants that are related to the Company’s officers and directors or persons holding more than 10% of the issued and outstanding shares of the Company provide consulting and other services to GoldTrain. All transactions were conducted in the normal course of operations and are measured at the exchange amounts, which is the amount of consideration established and agreed to by the related parties and are as follows:

During the nine month period ended September 30, 2012, the Company was charged $46,000 (2011 - $88,000) for legal fees by a law firm of which a director of the Company is an officer, director and shareholder.

The Company settled $18,129 on May 2, 2011 and $8,366 on June 3, 2011 pertaining to a unit-for-debt private placement (see Note 12) of accounts owing to officers, directors and companies controlled by officers and directors of the Company.

Included in accounts payable at September 30, 2012 is $431,000 (December 31, 2011 - $430,000) owing to key management and related parties.

(Canadian dollars)

12. SHARE CAPITAL

(a) Common shares

Authorized – Unlimited number of common shares
Unlimited number of preference shares issuable in series

	Number of Shares	Amount
Balance, January 1, 2011	25,523,474	$ 683,682
Private placements	11,006,663	817,000
Shares issued for settlement of debt	5,592,474	279,624
Shares issued for other financial assets	7,000,000	350,000
Shares issued for property	300,000	30,000
Warrants issued on private placement	-	(263,000)
Shares issue costs – cash	-	(72,068)
Shares issue costs – warrants issued as finder's fees	-	(6,000)
Flow-through share premium	-	(159,000)
Balance, December 31, 2011 and September 30, 2012	**49,422,611**	**$ 1,660,238**

(b) Issuances of shares

On April 19, 2011, the Company completed a private placement totaling 3,240,000 units at $0.05 each for an aggregate amount of $162,000. Each unit was comprised of one common share and one common share purchase warrant exercisable at a price of $0.10 for a period of 24 months. The fair value of the 3,240,000 share purchase warrants was estimated at $38,000 using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk-free interest rate 1.77%; volatility 100% and an expected life of 2 years.

On April 29, 2011, the Company closed a unit-for-debt private placement at a price of $0.05 per unit by issuing 3,332,473 units in order to settle $166,623.66 of debt owing by GoldTrain. Each unit was comprised of one common share and one common share purchase warrant exercisable at a price of $0.10 for a period of 24 months. The issuance of common shares and warrants was completed pursuant to agreements made by GoldTrain with certain creditors, directors, officers and consultants of the Company. The fair value of the 3,332,473 share purchase warrants was estimated at $39,000 using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk-free interest rate 1.73%; volatility 100% and an expected life of 2 years.

On June 1, 2011, the Company completed a private placement totaling 100,000 units at $0.05 each for an aggregate amount of $5,000. Each unit was comprised of one common share and one common share purchase warrant exercisable at a price of $0.10 for a period of 24 months. The Company paid a cash finder's fee of $400 and granted 8,000 finder's warrants equal in number to 8% of the number of securities sold by such finder. Each finder's warrant entitles the holder to purchase one common share for a price of $0.10 for a period of 24 months. The fair value of the 100,000 share purchase warrants was estimated at $1,000 using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk-free interest rate 1.45%; volatility 100% and an expected life of 2 years. The fair value of the 8,000 finder's warrants was estimated at $Nil using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk-free interest rate 1.45%; volatility 100% and an expected life of 2 years.

12. SHARE CAPITAL *(continued)*

On June 1, 2011, the Company closed a units-for-debt private placement at a price of $0.05 per unit by issuing 2,260,001 units, in order to settle $113,000.05 of debt owing by GoldTrain. Each unit was comprised of one common share and one common share purchase warrant exercisable at a price of $0.10 for a period of 24 months. The issuance of common shares and warrants was completed pursuant to agreements made by GoldTrain with certain directors, consultants and other creditors of the Company. The fair value of the 2,260,001 share purchase warrants was estimated at $26,000 using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk-free interest rate 1.45%; volatility 100% and an expected life of 2 years.

On June 9, 2011, the Company settled its liabilities to KWG Resources Inc. ("KWG") by issuing 7,000,000 units in satisfaction of an outstanding debt of $350,000. Each unit was comprised of one common share and one common share purchase warrant exercisable at a price of $0.10 for a period of 24 months. The Company had incurred this debt through the acquisition of 3,452,217 liquid securities from KWG. The fair value of the 7,000,000 share purchase warrants was estimated at $81,000 using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk-free interest rate 1.44%; volatility 100% and an expected life of 2 years.

On September 26, 2011 the Company issued 300,000 common shares pursuant to the Nudulama property agreement described in Note 8.

On December 30, 2011, the Company completed a private placement totaling 1,999,998 units at $0.07 each for an aggregate amount of $140,000. Each unit was comprised of one common share and one common share purchase warrant. Each full warrant is exercisable into one common share at a price of $0.15 for a period of 18 months. In addition, a total of 5,666,665 flow-through units were issued at $0.09 per unit for gross proceeds of $510,000. Each flow-through unit was comprised of one flow-through common share and one half of one common share purchase warrant. Each full warrant is exercisable into one common share at a price of $0.15 for a period of 18 months. The Company paid cash finder and work fees of $41,441 and granted 355,555 finder's warrants. Each finder's warrant entitles the holder to purchase one common share for a price of $0.15 for a period of 18 months. The fair value of the 4,833,329 share purchase warrants was estimated at $78,000 using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk-free interest rate 0.95%; volatility 100% and an expected life of 1.5 years. The fair value of the 355,555 finder's warrants was estimated at $6,000 using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk-free interest rate 0.95%; volatility 100% and an expected life of 1.5 years.

During the nine month period ended September 30, 2012, the flow-through premium was calculated to be $Nil (Year ended December 31, 2011 - $159,000). During the nine month period ended September 30, 2012, flow-through share premium liability of $131,000 (2011 - $Nil) was reversed (resulting from flow-through funds spent) and recorded as a flow-through share premium recovery in the statements of loss for the nine month period ended September 30, 2012. The remaining flow-through share premium liability of $28,000 (December 31, 2011 - $159,000) will be reversed through the statements of loss as the Company spends the remaining $89,000 (December 31, 2011 - $510,000) in eligible Canadian Exploration Expenditures.

(Canadian dollars)

12. SHARE CAPITAL *(continued)*

(c) Options

The Company has a stock option plan (the "Plan") under which the board of directors of the Company may grant options to acquire common shares of the Company to directors and officers, employees and consultants of the Company. Exercise prices cannot be less than the closing price of the Company's shares on the trading day preceding the date of grant less any discounts permitted by regulatory policies and the maximum term of any option cannot exceed five years. The maximum aggregate number of common shares under option at any time under the Plan is 3,209,594. As at September 30, 2012, the Company had 759,594 (December 31, 2011 – 759,594) options available for issuance under the Plan. The options outstanding to purchase common shares are as follows:

	September 30, 2012		December 31, 2011	
	Options	**Weighted Average Exercise price**	Options	Weighted Average Exercise price
Outstanding at beginning of period/year	**2,450,000**	**$ 0.11**	1,900,000	$ 0.12
Transaction during the period/year				
Granted	**-**	**-**	550,000	0.10
Outstanding at end of period/year	**2,450,000**	**$ 0.11**	2,450,000	$ 0.11

The following summarizes information on the stock options outstanding at September 30, 2012:

Range of Exercise Prices ($)	**No. of Options Outstanding**	**Weighted Average Remaining Life (Years)**	**Weighted Average Exercise Price ($)**
0.05	100,000	2.84	0.05
0.10	550,000	3.67	0.10
0.12	1,800,000	2.32	0.12
0.05 - 0.12	**2,450,000**	**2.64**	**0.11**

The fair value of each option was estimated on the date of grant. The following are the assumptions used under Black-Scholes at the measurement date for the year ended December 31, 2011:

	June 1, 2011	**Total**
Options Issued	550,000	550,000
Risk-free interest rate	2.24%	
Expected life	5 years	
Exercise price	$0.10	
Price volatility	100%	
Dividend yield	Nil	
Forfeiture rate	Nil	
Share based compensation	$9,000	$9,000

The weighted average grant-date fair value of options granted during the nine month period ended September 30, 2012 was $Nil (Year ended December 31, 2011 – $0.02) per option issued.

(Canadian dollars)

12. SHARE CAPITAL *(continued)*

(d) Common Share Purchase Warrants

The exercise price and expiry date of the warrants outstanding at September 30, 2012 are as follows:

Warrants	Exercise Price	Expiry Date
3,240,000	0.10	April 19, 2013
3,332,473	0.10	May 2, 2013
2,368,001	0.10	June 3, 2013
7,000,000	0.10	June 9, 2013
300,000	0.10	September 26, 2013
5,188,884	0.15	June 30, 2013
21,429,358		

13. RESERVE FOR WARRANTS

Reserve for warrants is comprised of the following:

	September 30, 2012	December 31, 2011
Balance, beginning of the period/year	**$ 543,525**	$ 258,525
Warrants issued on private placement	**-**	269,000
Warrants issued for property	**-**	16,000
Balance, end of period/year	**$ 543,525**	$ 543,525

14. RESERVE FOR SHARE BASED PAYMENTS

Reserve for share based payments is comprised of the following:

	September 30, 2012	December 31, 2011
Balance, beginning of the period/year	**$ 66,000**	$ 57,000
Share based payments	**-**	9,000
Balance, end of period/year	**$ 66,000**	$ 66,000

15. SUPPLEMENTAL CASH FLOW INFORMATION

	September 30, 2012	September 30, 2011
Trade and other receivables	**$ 28,018**	$ 11,043
Prepaid expenses	**(500)**	(49,000)
Trade and other payables	**(77,097)**	95,481
Changes in non-cash working capital balances	**$ (49,579)**	$ 57,524
Interest paid	**$ -**	$ -
Income tax paid	**$ -**	$ -

16. COMMITMENTS AND CONTRACTUAL OBLIGATIONS

The Company's activities are subject to environmental regulation (including regular environmental impact assessments and permitting) in each of the jurisdictions in which its mineral properties are located. Such regulations cover a wide variety of matters including, without limitation, prevention of waste, pollution and protection of the environment, labour relations and worker safety. The Company may also be subject under such regulations to clean-up costs and liability for toxic or hazardous substances which may exist on or under any of its properties or which may be produced as a result of its operations. It is likely that environmental legislation and permitting will evolve in a manner which will require stricter standards and enforcement. This may include increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a higher degree of responsibility for companies, their directors and employees. The Company has not determined and is not aware whether any provision for such costs is required and is unable to determine the impact on its financial position, if any, of environmental laws and regulations that may be enacted in the future due to the uncertainty surrounding the form that these laws and regulations may take.

During the year ended December 31, 2011, 5,666,665 flow-through shares were issued pursuant to the private placements described in Note 12 for gross proceeds of $510,000. As at September 30, 2012, the Company is committed to spending approximately $89,000 (December 31, 2011 - $510,000) on Canadian exploration costs by December 31, 2012 as part of its 2011 flow-through funding agreements the Company. The Company has indemnified the subscribers for any tax related amounts that become payable by the subscribers as a result of the Company failing to meet its expenditure commitments.