Lakeside MINERALS INC

(AN EXPLORATION STAGE COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JANUARY 31, 2013 AND 2012

(EXPRESSED IN CANADIAN DOLLARS)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Lakeside Minerals Inc., are the responsibility of the management and Board of Directors of the Company.

The consolidated 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 consolidated 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 consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with 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 consolidated 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 consolidated 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 consolidated 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.

(signed) Mario Justino, CEO

(signed) Marco Guidi, CFO

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Lakeside Minerals Inc.

We have audited the accompanying consolidated financial statements of Lakeside Minerals Inc. (the “Company”), which comprise the consolidated statements of financial position as at January 31, 2013 and January 31, 2012 and the consolidated statements of loss and comprehensive loss, changes in equity and cash flow for the years ended January 31, 2013 and January 31, 2012 and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Lakeside Minerals Inc. as at January 31, 2013 and January 31, 2012 and its financial performance and its cash flows for the years ended January 31, 2013 and January 31, 2012 in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our option, we draw attention to Note 1 in the consolidated financial statements which indicates that the Company has material uncertainties that may cast doubt about the Company ability to continue as a going concern.

Collins Barrow Toronto LLP

Licensed Public Accountants
Chartered Accountants
Toronto, Ontario
May 28, 2013

LAKESIDE MINERALS INC.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

Assets		**January 31, 2013**		January 31, 2012
Current				
Cash and cash equivalents	**$**	**18,026**	$	1,230,116
HST receivable and other receivables (note 9)		**257,633**		188,312
Prepaid expenses (note 10)		**6,455**		35,784
Total assets	**$**	**282,114**	$	1,454,212
Liabilities				
Current				
Line of credit (note 8)	**$**	**5,489**	$	-
Accounts payable and accrued liabilities (note 11)		**778,383**		441,467
Flow-through premium liability (note 12)		**20,000**		260,300
Total liabilities		**803,872**		701,767
Shareholders' (Deficiency) Equity				
Share capital (note 13)		**2,964,683**		2,654,203
Shares to be issued		**4,000**		-
Reserve for warrants (note 14)		**595,118**		507,453
Reserve for options (note 15)		**161,582**		155,195
Accumulated deficit		**(4,247,141)**		(2,564,406)
Total shareholders' (deficiency) equity		**(521,758)**		752,445
Total liabilities and shareholders' (deficiency) equity	**$**	**282,114**	$	1,454,212

Nature of operations and going concern (note 1)
Commitments and contingencies (note 18)
Subsequent event (note 20)

APPROVED ON BEHALF OF THE BOARD

"Andres Tinajero" (Director)

"Yannis Banks" (Director)

[The accompanying notes are an integral part of these consolidated financial statements.]

LAKESIDE MINERALS INC.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

Years ended January 31,		**2013**		2012
Expenses				
Management, consulting fees and salaries (note 16)	**$**	**314,376**	$	379,579
Professional fees		**65,443**		455,540
Office and general		**160,765**		135,070
Share based payments (note 15)		**6,387**		72,497
Exploration and evaluation expenditures (note 7)		**1,471,739**		640,419
Transaction costs (note 4)		**-**		545,300
Total expenses		**(2,018,710)**		(2,228,405)
Other income				
Interest		**5,675**		770
Tax recovery		**70,000**		64,000
Flow-through premium (note 12)		**260,300**		-
		335,975		64,770
Net loss and comprehensive loss	**$**	**(1,682,735)**	$	(2,163,635)
Weighted average shares outstanding				
- basic and diluted		**31,208,957**		15,850,608
Loss per share				
- basic and diluted	**$**	**(0.054)**	$	(0.136)

[The accompanying notes are an integral part of these consolidated financial statements.]

LAKESIDE MINERALS INC.
Consolidated Statements of Cash Flow
(Expressed in Canadian Dollars)

For the years ended January 31,		2013		2012
Operating Activities				
Net loss	**$**	**(1,682,735)**	$	(2,163,635)
Adjustments to reconcile net loss to cash flow:				
Share based payments		**6,387**		72,497
Shares issued for services		**-**		13,000
Shares issued for optioned properties		**113,000**		120,000
Transaction costs		**-**		545,300
Flow-through premium		**(260,300)**		-
Net change in non-cash working capital items:				
HST receivable and other receivables		**70,679**		(74,413)
Accounts payable and accrued liabilities		**415,166**		299,122
Prepaid expenses		**29,329**		(35,784)
Cash flow used in operating activities		**(1,448,474)**		(1,223,913)
Financing Activities				
Proceeds from issuance of share capital, net of issue costs		**226,895**		2,128,589
Proceeds received for shares to be issued		**4,000**		-
Proceeds from RTO		**-**		29,795
Line of credit		**5,489**		-
Cash flow provided from financing activities		**236,384**		2,158,384
Net decrease in cash		**(1,212,090)**		934,471
Cash and cash equivalents – beginning of year		**1,230,116**		295,645
Cash and cash equivalents – end of year	**$**	**18,026**	$	1,230,116

[The accompanying notes are an integral part of these consolidated financial statements.]

LAKESIDE MINERALS INC.
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Share Capital		Reserves				
	Number of Shares	Amount	Share based payments	Warrants	Shares to be Issued	Accumulated Deficit	Total
Balance at January 31, 2011	**10,005,100**	**$ 520,417**	**$ 82,698**	**$ 62,029**	**$ -**	**$ (400,771)**	**$ 264,373**
Issued for cash consideration:							
Private placements	13,823,167	2,508,050	-	-	-	-	2,508,050
Warrants Issued	-	(385,426)	-	385,426	-	-	-
Warrants Broker	-	(59,998)	-	59,998	-	-	-
Issued for non-cash consideration:							
Issued for services	130,000	13,000	-	-	-	-	13,000
Issued for mineral properties	800,000	120,000	-	-	-	-	120,000
Issued for Grassland shares	3,399,534	577,921	-	-	-	-	577,921
Share issuance costs	-	(379,461)	-	-	-	-	(379,461)
Flow-through share issuance premium	-	(260,300)	-	-	-	-	(260,300)
Share based payments	-	-	72,497	-	-	-	72,497
Net loss for the year	-	-	-	-	-	(2,163,635)	(2,163,635)
Balance at January 31, 2012	**28,157,801**	**$ 2,654,203**	**$ 155,195**	**$ 507,453**	**$ -**	**$ (2,564,406)**	**$ 752,445**
Issued for cash consideration:							
Private placements	2,765,771	257,450	-	-	-	-	257,450
Warrants Issued	-	(81,581)	-	81,581	-	-	-
Warrants Broker	-	(6,084)	-	6,084	-	-	-
Issued for non-cash consideration:							
Issued for mineral properties	2,450,000	113,000	-	-	-	-	113,000
Issued for services	601,923	78,250	-	-	-	-	78,250
Share issuance costs	-	(30,555)	-	-	-	-	(30,555)
Flow-through share issuance premium	-	(20,000)	-	-	-	-	(20,000)
Proceeds received for shares to be issued	-	-	-	-	4,000	-	4,000
Share based payments	-	-	6,387	-	-	-	6,387
Net loss for the year	-	-	-	-	-	(1,682,735)	(1,682,735)
Balance at January 31, 2013	**33,975,495**	**$ 2,964,683**	**$ 161,582**	**$ 595,118**	**$ 4,000**	**$ (4,247,141)**	**$ (521,758)**

[The accompanying notes are an integral part of these consolidated financial statements.]

1. NATURE OF OPERATIONS AND GOING CONCERN

On December 20, 2011, Grasslands Entertainment Inc., ("Grasslands") now Lakeside Minerals Inc. (the "Company"), completed a reverse take-over ("RTO") with Lakeside Minerals Corp. and the name changed from Grasslands Entertainment Inc. to Lakeside Minerals Inc. The Company is engaged in the acquisition, exploration and development of mineral resource properties in Canada. To date, the Company has not earned significant revenues and is considered to be in the exploration stage. The address of the Company's registered office is 77 King Street West, Suite 2905, Toronto, Ontario M5K 1H1.

The Company is in the process of exploring, and has not yet determined whether there are economically viable reserves on the properties it has optioned. As such, there is uncertainty with respect to the Company's ability to continue as a going concern, dependent upon such events as financing, discovery of reserves, and market demand conditions.

As is common with exploration companies, the Company is dependent upon obtaining necessary equity financing from time to time to finance its on-going and planned exploration activities and to cover administrative costs.

At January 31, 2013 the Company had a working capital deficiency of $521,758 (January 31, 2012 – working capital of $752,445), had not yet achieved profitable operations, has accumulated losses of $4,247,141 (January 31, 2012 – $2,564,406) and expects to incur further losses in the development of its business, all of which casts substantial doubt upon the Company's ability to continue as a going concern. The Company will require additional financing in order to conduct its planned work programs on mineral properties, meet its ongoing levels of corporate overhead and discharge its liabilities as they come due.

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 noncompliance with regulatory and environmental requirements.

2. BASIS OF PRESENTATION

2.1 Statement of compliance

The Company's consolidated financial statements, including comparatives, have been prepared in accordance with and using accounting policies in full compliance with the International Financial Reporting Standards ("IFRS") and International Accounting Standards ("IAS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), effective for the Company's reporting for the year ended January 31, 2013.

These audited consolidated financial statements were authorized by the Board of Directors of the Company on May 28, 2013.

2.2 Basis of presentation

These consolidated financial statements are presented in Canadian dollars, which is the Company's and its entities' functional and reporting currency.
The audited consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out in Note 3.

2. BASIS OF PRESENTATION, (continued)

2.3 Adoption of new and revised standards and interpretations

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 which 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 consolidated 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.
- 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 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 11and 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.

2. BASIS OF PRESENTATION, (continued)

2.3 Adoption of new and revised standards and interpretations

- IAS 32 '*Financial instruments, Presentation'* – Effective for annual periods beginning on or after January 1, 2014, 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary; Lakeside Minerals Corp.

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All significant inter-company transactions and balances are eliminated on consolidation.

b) Mineral properties

Acquisition and exploration costs, net of incidental revenues, are charged to operations in the period incurred until such time as it has been determined that a property has economically recoverable reserves, in which case subsequent exploration costs and the costs incurred to develop a property are capitalized into property, plant and equipment ("PPE").

***c)* Share based payments**

Share based payment transactions

Employees (including directors and senior executives) of the Company receive a portion of their remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be measured reliably, they are measured at fair value of the share-based payment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Equity settled transactions

The costs of equity-settled transactions with employees are measured by reference to the fair value at the date on which they are granted.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in reserve for options.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vested irrespective of whether or not the market condition is satisfied provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

d) Taxation

Income tax expense represents the sum of tax currently payable and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the date of the statement of financial position.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the date of the statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each date of the statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each date of the statement of financial position and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of the statement of financial position.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive income.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

e) Loss per share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted loss per share assumes conversion, exercise or contingent issuance of options, warrants and securities only when such conversion, exercise or issuance would have a dilutive effect on loss per share. For the years ended January 31, 2013 and 2012, no potential shares are included in the computation as they are anti-dilutive.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

f) Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss (“FVTPL”).

Financial assets classified as FVTPL are measured at fair value with realized gains and losses recognized through earnings. The Company’s cash and cash equivalents are classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity are measured at amortized cost.

Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered other than temporary. At January 31, 2013 the Company has not classified any financial assets as available for sale, loans and receivables or held to maturity.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

g) Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company’s line of credit and accounts payable and accrued liabilities are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized through the statement of comprehensive income. At January 31, 2013 the Company has not classified any financial liabilities as FVTPL.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

h) Impairment of financial assets

The Company assesses at each consolidated statement of financial position date whether a financial asset is impaired.

Assets carried at amortized cost
If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is then reduced by the amount of the impairment. The amount of the loss is recognized in net income or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in net income or loss.

In relation to trade receivables, a provision for impairment is made and an impairment loss is recognized in net income or loss when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are written off against the allowance account when they are assessed as uncollectible.

Available-for-sale
If an available-for-sale asset is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognized in net income or loss, is transferred from equity to net income or loss. Reversals in respect of equity instruments classified as available-for-sale are not recognized in profit or loss.

i) Impairment of non-financial assets

At each consolidated statement of financial position date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive loss, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

j) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and cash held in trust, which are readily convertible into a known amount of cash.

k) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

l) Flow-through shares

The Company has financed a portion of its exploration activities through the issuance of flow-through shares, which transfer the tax deductibility of exploration expenditures to the investors. Proceeds received on the issuance of such shares have been credited to share capital less the premium paid for the sale of tax deductions. To the extent that the Company issues common shares to subscribers on a flow-through basis at a premium to the market value of non flow-through common shares, any such premium is recorded as a liability on the Company's statement of financial position at the time of subscription. This liability is reduced, on a pro-rata basis, as the Company fulfills its expenditure renunciation obligation, when renunciation occurs, associated with such flow-through share issuances, with the premium recognized as income. The Company takes the initial recognition exemption on deferred taxes as it relates to flow-through shares.

m) Share issuance costs

Costs incurred in connection with the issuance of share capital are netted against the proceeds received. Costs related to the issuance of share capital and incurred prior to issuance are recorded as deferred share issuance costs and subsequently netted against proceeds when they are received.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

n) Decommissioning, restoration and similar liabilities ("Asset retirement obligation" or "ARO")

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of mineral properties and PPE, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a liability for an asset retirement obligation is recognized at its fair value in the period in which it is incurred. Upon initial recognition of the liability, the corresponding asset retirement obligation is added to the carrying amount of the related asset and the cost is amortized as an expense over the economic life of the asset using either the unit-of-production method or the straight-line method, as appropriate. Following the initial recognition of the asset retirement obligation, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. As at January 31, 2013, no provision for restoration was necessary.

o) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

p) Significant accounting judgments and estimates

The preparation of these consolidated financial statements requires management to make judgements and estimates and form 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. On an ongoing basis, management evaluates its judgements and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the circumstances as the basis for its judgements and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. The most significant estimates relate to: recoverability of taxes receivable, valuation of deferred income tax amounts, and the calculation of warrants and share-based payments. The most significant judgements relate to going concern assessment, recognition of deferred tax assets and liabilities, determination of the commencement of commercial production and the determination of the economic viability of a project.

(Expressed in Canadian Dollars)

4. REVERSE TAKE-OVER

Grasslands Entertainment Inc., now Lakeside Minerals Inc. completed a reverse take-over with Lakeside Minerals Corp. ("Lakeside") on December 20, 2011, and the name change from Grasslands Entertainment Inc. to Lakeside Minerals Inc.

Upon completion of the RTO, the former shareholders of Lakeside Minerals Corp. became the controlling shareholders of the Company. For accounting purposes, Lakeside Minerals Corp. is the deemed acquirer and the Company the deemed acquired company, and accordingly, Lakeside Mineral Corp.'s balances are accounted for at cost and the Company's are accounted for at fair value. Since the operations of the Company do not constitute a business, this transaction has been accounted for as a reverse takeover that is not a business combination. Therefore, the share capital and deficits of the Company as at December 20, 2011 was eliminated, the fair value of the shares of Grasslands on December 20, 2011 was allocated to share capital and the transaction costs were expensed.

The RTO involved the amalgamation of Lakeside Minerals Corp. with a wholly-owned subsidiary of the Company. Pursuant to the RTO, the Company acquired all of the issued and outstanding common shares of Lakeside in exchange for the issuance of an aggregate of 24,758,267 common shares of the Company. In addition, the Company issued 8,294,081 common share purchase warrants, 781,853 broker warrants and 2,450,000 stock options in exchange for the same number of common share purchase warrants, broker warrants and stock options that had previously been issued by Lakeside. The RTO was approved by the shareholders of the Company on October 31, 2011 and the shareholders of Lakeside Minerals Corp. on December 12, 2011.

Details of the RTO were as follows:

Identifiable net assets of Grasslands Entertainment Inc.:		
Cash and cash equivalents	$	29,795
Accounts receivable		98,462
Accounts payable		(95,636)
		32,621
Deemed transaction costs		545,300
Total	$	577,921
Consideration paid:		
Common shares issued to Grasslands Entertainment Inc. shareholders	$	577,921
Total	$	577,921

The deemed transaction costs relating to the acquired public exchange listing, were expensed.

5. CAPITAL MANAGEMENT

The Company considers its capital structure to consists of share capital, shares to be issued, reserves for warrants, reserves for options and accumulated deficit. When managing capital, the Company'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 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 team to sustain the 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 spend its existing working capital and raise additional amounts as needed.

Management has chosen to mitigate the risk and uncertainty associated with raising additional capital within current economic conditions by:

i) minimizing discretionary disbursements;
ii) reducing or eliminating exploration expenditures which are of limited strategic value;
iii) exploring alternate sources of liquidity.

In light of the above, the Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient potential and if it has adequate financial resources to do so.

As at January 31, 2013, the Company's capital consists of share capital, shares to be issued, reserves for warrants, reserves for options and accumulated deficit in the amount of $(521,758) (January 31, 2012 - $752,445).

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 year ended January 31, 2013. The Company is not subject to externally imposed capital requirements.

6. RISK FACTORS

Fair value

The carrying amount of cash and cash equivalents, line of credit, and accounts payables and accrued liabilities approximate fair value due to the relative short maturity of these financial instruments. As at January 31, 2013, cash and cash equivalents are considered level 1.

Credit Risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents. Cash and cash equivalents are held with a reputable Canadian chartered bank and law firm. Management believes that the credit risk concentration with respect to financial instruments included in cash and cash equivalents is minimal.

(Expressed in Canadian Dollars)

6. RISK FACTORS, (continued)

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at January 31, 2013, the Company had a cash and cash equivalents balance of $18,026 (January 31, 2012 - $1,230,116) and current liabilities of $803,872 (January 31, 2012 - $701,767).

Commodity Price Risk

Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability of development depends upon the world market price of precious metals. These metal prices have fluctuated significantly in recent years. There is no assurance that, even as commercial quantities of these metals may be produced in the future, a profitable market will exist for them. As of January 31, 2013, the Company was not a producing entity. As a result, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

7. EXPLORATION AND EVALUATION EXPENDITURES

The Company had entered into a series of option agreements with arm's length parties to acquire various mineral exploration properties (mining claims) in the province of Quebec.

The evaluation and exploration expenditures for the Company for the years ended January 31, 2013 and 2012 are as follows:

Property:	**January 31, 2013**	**January 31, 2012**
Dufay	$ 305,069	$ 338,964
Disson	73,165	108,692
Launay	1,093,023	98,932
Kipawa	482	36,103
Quevillon	-	22,500
Others	-	35,228
	$ 1,471,739	$ 640,419

7. EXPLORATION AND EVALUATION EXPENDITURES, (continued)

Exploration properties comprise the following:

Dufay Property

The Company entered into an agreement with arm's length parties dated October 19, 2010, to acquire a 100% interest in the Dufay property consisting of 53 contiguous claims covering 27.45 sq. km located some 30 km west-southwest of Rouyn-Noranda, Quebec. Pursuant to the terms of the Dufay agreement, the Company issued 1,000,000 shares of its common stock issued at an estimated fair value of $0.05 per common share and paid $25,000 to the vendors immediately upon signing the agreement. The Company also agreed to issue an additional 1,500,000 common shares and pay $225,000 as follows:

a) $50,000 and 250,000 shares on the first anniversary of the agreement (paid).
b) $75,000 and 250,000 shares on the second anniversary. (amended as per below)
c) $100,000 and 1,000,000 shares on the third anniversary. (amended as per below)

The Company shall spend at least $500,000 (spent) in exploration on the mining claims within the first 18 months after the execution of the agreement and an additional $500,000 in exploration on the mining claims within the second 18 months. (amended as per below)

Upon successful completion of all these obligations the vendor shall transfer title to the claims to the Company, subject to a Net Smelter Royalty ("NSR") of 2%, of which a 1% NSR may be acquired upon payment of $500,000.

On October 22, 2012, the Company and its vendors amended the terms of the agreement relating to the Dufay property whereby the cash payments of $75,000, to be payable on October 19, 2012, and $100,000, to be payable on October 19, 2013, have been amended to:

(a) $25,000 payable to the vendors on November 30, 2012
(b) $12,500 payable to the vendors on June 1, 2013
(c) $37,500 payable to the vendors on June 1, 2014
(d) $50,000 payable to the vendors on June 1, 2015
(e) $50,000 payable to the vendors on June 1, 2016

In addition to the 250,000 common shares issuable as originally agreed, the Company will issue to the vendors an additional 150,000 common shares for a total issuance of 400,000 common shares. As of January 31, 2013, 400,000 shares have been issued.

The work commitment on the Dufay property has been amended to provide for exploration expenditures of a minimum of $150,000 in the 18 month period commencing October 22, 2012 and $350,000 in the 18 month period commencing April 22, 2014.

On January 30, 2013, the Company terminated the option agreement on the Dufay property.

7. EXPLORATION AND EVALUATION EXPENDITURES, (continued)

Disson Property

Located 22 km northeast of La Sarre, northwestern Quebec, the Disson property consists of 85 non-contiguous claims that cover a total area of 38.93 sq km. Of the 85 claims, 36 claims, 11.18 sq km, are under option agreement to earn 100% interest and 49 claims, 27.74 sq km, are 100% owned by the Company. The property is easily accessed via secondary gravel roads off Highway 111.

The Company entered into an agreement with arm's length parties dated December 7, 2010, to acquire a 100% interest in the Disson property initially consisting of 36 contiguous claims. Pursuant to the terms of the agreement, the Company issued 250,000 shares of its common stock issued at an estimated fair value of $0.05 per common share and paid $15,000 to the vendors immediately upon signing the agreement. The Company also agreed to issue an additional 1,250,000 common shares and pay $245,000 as follows:

a) $20,000 within seven days of the Company completing a going public transaction (paid).
b) $35,000 and 250,000 shares on the first anniversary of the agreement (paid and issued).
c) $50,000 and 250,000 shares on the second anniversary (issued), (amended as per below).
d) $60,000 and 250,000 shares on the third anniversary (amended as per below).
e) $80,000 and 500,000 shares on the fourth anniversary (amended as per below).

The Company shall perform $300,000 in exploration on the mining claims over a period of three years from the date of the agreement.

Upon successful completion of all these obligations the vendors shall transfer title to the claims to the Company, subject to a NSR of 1%, of which a 0.5% NSR may be acquired upon payment of $1,000,000.

Under the vendors' prior agreement with Globex Mining Enterprises Inc. a total of 32 Disson mining claims are subject to a 1% Gross Metal Royalty.

On July 31, 2011, the Company staked 40 claims covering 22.64 sq km south and west of the Disson claims.

On June 21, 2012, the Company staked an additional 9 claims covering 5.10 sq km adjacent to the southeast edge of the Disson claims.

On October 22, 2012, the Company and its vendors amended the cash terms of the agreement relating to 36 of 85 claims of the Disson property. The cash payments of $50,000 payable on December 7, 2012, $60,000 payable on December 7, 2013 and $80,000 payable on December 7, 2014 have been amended to:

(a) $25,000 payable to the vendors on June 1, 2013
(b) $30,000 payable to the vendors on June 1, 2014
(c) $40,000 payable to the vendors on June 1, 2015
(d) $95,000 payable to the vendors on June 1, 2016

All of the common shares issuable remain the same.

7. EXPLORATION AND EVALUATION EXPENDITURES, (continued)

Launay Property

The property is located some 48 km northeast of Rouyn-Noranda, in Launay, Privat, and Manneville Townships, northwestern Quebec. Through staking, option and purchase agreements, the Company consolidated a large land package over the prospective Macamic deformation zone, a major deformation zone in the Abitibi subprovince. The Launay property currently comprises 229 non-contiguous claims that cover a total area of 102.9 sq km:

- 118 claims, 55.0 sq km, were staked and are 100% owned by the Company.
- 29 claims, 11.7 sq km, are under option agreement to the Company to acquire a 100% interest, subject to property payments, work commitments and subject to a 2% NSR with buyback of 1% NSR for $1,000,000.
- 21 claims, 8.7 sq km, are 100% owned by the Company; these claims were purchased from Melkior Resources Inc. for company shares: 15 of these claims are subject to a 2% NSR with buyback of 1% NSR for $1,000,000; the other 6 claims are subject to a 1% NSR with total buyback for $500,000
- 35 claims, 16.0 sq km, are under option agreement to the Company to acquire 100% interest from Les Explorations Carat Inc. for cash payments and company shares; claims are subject to a 2% NSR with buyback of 1% NSR for $1,000,000.
- 11 claims, 4.5 sq km, are 100% owned by the Company; the claims were purchased from Jack Stoch Geoconsultant Services Ltd. for company shares, subject to a two percent (2%) gross metal royalty ("GMR"); the Company has the option of first refusal to buy back a one percent (1%) GMR.
- 15 claims, 6.7 sq km, are under option agreement to the Company to acquire 100% interest from 9219-8845 Québec inc. for company shares; claims are subject to a 2% NSR with buyback of 1% NSR for $1,000,000. (Note 20)

The Company entered into an agreement with arm's length parties dated December 7, 2010, to acquire a 100% interest in the Launay property originally consisting of 29 non-contiguous claims covering 11.7 sq km. Pursuant to the terms of the Launay Agreement, the Company issued 250,000 shares of its common stock issued at an estimated fair value of $0.05 per common share and paid $10,000 to the vendors immediately upon signing the agreement. The Company also agreed to issue an additional 750,000 common shares and pay $90,000 as follows:

a) $15,000 due within seven days of the Company completing a going public transaction (paid).
b) $20,000 and 250,000 shares on the first anniversary of the agreement (paid and issued).
c) $25,000 (amended as per below) and 250,000 shares on the second anniversary.
d) $30,000 (amended as per below) and 250,000 shares on the third anniversary.

The Company shall perform $250,000 in exploration on the mining claims over a period of three years from the date of the agreement.

Upon successful completion of all these obligations the vendor shall transfer title to the claims to the Company, subject to a 2% NSR, of which a 1% NSR may be acquired upon payment of $1,000,000.

7. EXPLORATION AND EVALUATION EXPENDITURES, (continued)

On April 30, 2012, the Company entered into an agreement with Melkior Resources Inc. (TSX-V: MKR) (“Melkior”) to acquire twenty-one (21) mineral claims, the Trojan and Launay South blocks, which are adjacent to Lakeside’s Launay property claim blocks located in Privat and Launay Townships. Under the terms of the agreement, Lakeside acquired 100% interest in the mineral claims by issuing 750,000 common shares (issued) to Melkior and recognizing the continuance of third party net smelter royalties on the mineral claims.

On June 5, 2012, the Company entered into an agreement with Les Explorations Carat Inc. (“Les Explorations”) to acquire thirty-five (35) mineral claims, located east of the Rochette block and east and west of the Labreteche block. Under the terms of the agreement, Lakeside acquired 100% interest in the mineral claims by agreeing to make two cash payments of $5,000 each within 6 months (paid) and 12 months of the execution of the agreement; issuing 200,000 common shares (issued) to Les Explorations; and, granting of a 2% NSR on the mineral claims. The Company can buy back half of the 2% NSR with a payment of $1,000,000.

On September 7, 2012, the Company entered into an agreement with privately owned Jack Stoch Geoconsultant Services Ltd. (JSGS) to acquire eleven (11) mineral claims covering 4.5 sq km, also known as the Freegold property. Under the terms of the agreement, the Company can acquire a 100% interest in the Freegold property subject to the Company issuing 600,000 common shares (issued) to JSGS. JSGS retains a two percent (2%) Gross Metal Royalty (“GMR”) and the Company has the option of first refusal to buy back a one percent (1%) GMR.

On October 22, 2012, the Company and its vendors amended the terms of the agreement relating to 28 of 229 claims of the Launay property. The cash payments of $25,000 payable on December 7, 2012 and $30,000 payable on December 7, 2013 have been amended to:

(a) $25,000 payable to the vendors on June 1, 2013
(b) $30,000 payable to the vendors on June 1, 2014

All of the common shares issuable remain the same.

On January 8, 2013, the Company entered into an agreement with 9219-8845 Quebec Inc. (“Canadian Mining House”) to acquire 15 mineral claims. Under the terms of the agreement, the Company can acquire 100% interest subject to the Company issuing 150,000 shares. Canadian Mining House retains a 2% NSR on the claims. The Company can buy back half of the 2% NSR with a payment of $1,000,000.

Other Properties

The Company holds or held other properties in Quebec, namely Kipawa, 21M16 and New Claims. Changes to the status of these properties are as follows:

Kipawa Property

The property is located 38 km east of the town of Témiscaming, northwestern Quebec, some 170 km south of city of Rouyn-Noranda. The property originally consisted of 45 contiguous claims in one irregularly shaped block covering a total of 26.48 sq km. The property now comprises 27 contiguous claims in one irregularly shaped block covering a total of 15.92 sq km.

The Company entered into an agreement with arm’s length parties dated December 2, 2010, to acquire a 100% interest in the Kipawa property consisting of 45 claims located 38 km east of the town of Témiscaming, Quebec.

7. EXPLORATION AND EVALUATION EXPENDITURES, (continued)

Pursuant to the terms of the agreement, the Company issued 50,000 shares of its common stock to the vendors immediately upon signing the agreement valued at $2,500. The Company also agreed to pay $4,500 within seven days of the Company closing a going public transaction (paid).

Upon successful completion of all these obligations the Vendor shall transfer title to the claims to the Company.

As at January 31, 2013, the vendor had not yet transferred title to the claims to the Company.

Sufficient work has been carried out to maintain the current claims in good standing through to January 2014.

21M16 Property

The Company entered into an agreement with arm's length parties dated November 15, 2010, to acquire a 100% interest in 21M16 property consisting of 56 claims located in the province of Quebec.

As of September 2011, Management elected not to renew the 21M16 claims. The majority of these claims expired in November 2011 and the remaining claims expired in April 2012.

New Claims Property

On March 31, 2011, the Company terminated the Uranium 22B15 property agreement and forfeited its option to acquire the claims. The Company received from the vendor, for consideration of $1.00, forty-four (44) claims here referred to as the "New Claims" property.

As of December 2011, Management elected not to renew these claims. On the Lac Evain block, the remaining claims expired in December 2012; on the Kinojevis block all the claims expired in November 2012; and, on the 391 block, all the claims expired in February of 2012.

Quevillon Property

The Company entered into an agreement with arm's length parties dated December 7, 2010, to acquire a 100% interest in the Quevillon property consisting of 8 claims located southwest of Lebel-sur-Quebec in the province of Quebec.

As of June 2012, Management elected to terminate the Quevillon property agreement.

8. LINE OF CREDIT

As at January 31, 2013, the Company had a secured line of credit of $250,000. The facility bears interest at the lender's prime rate plus 1.75%. Advances under the facility are payable in full upon demand. As at January 31, 2013, the Company had drawn $5,489 against the facility.

(Expressed in Canadian Dollars)

9. HST RECEIVABLE AND OTHER RECEIVABLES

The Company's HST and other receivables arise from harmonized services tax ("HST"), and amounts due from government taxation authorities.

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

		January 31, 2013		January 31, 2012
Less than 1 year	**$**	**193,633**	$	148,347
Greater than 1 year		**64,000**		39,965
Total trade and other receivables	**$**	**257,633**	$	188,312

The Company anticipates full recovery of these amounts and therefore no impairment has been recorded against these receivables.

10. PREPAID EXPENSES

		January 31, 2013		January 31, 2012
Advances to suppliers	**$**	**6,300**	$	21,904
Rent		**-**		5,834
Insurance		**155**		8,046
Total prepaid expenses	**$**	**6,455**	$	35,784

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payables of the Company are principally comprised of amounts outstanding for trade purchases relating to exploration activities, professional fees, amounts payable for financing activities and payroll liabilities.

The following is an aged analysis of the accounts payables:

		January 31, 2013		January 31, 2012
Less than 90 days	**$**	**667,852**	$	441,467
Greater than 90 days		**110,531**		-
Total accounts payable and accrued liabilities	**$**	**778,383**	$	441,467

12. FLOW-THROUGH PREMIUM

The Company financed its exploration activities through the issuance of flow-through shares, which transferred the tax deductibility of exploration expenditures to the investors. Proceeds received on the issuance of such shares have been credited to share capital less the premium paid for the sale of tax deductions. To the extent that the Company issued common shares to subscribers on a flow-through basis at a premium to the market value of non-flow-through common shares, any such premium was recorded as a liability on the Company's statement of financial position at the time of subscription. This liability was reduced when renunciation occurred, associated with such flow-through share issuances, with the premium recognized as income. Renunciation of flow through shares issued in the prior calendar year occurred subsequent to the year end of January 31, and thus flow-throw premium liability at January 31, 2013 amounts to $20,000 (2012 - $260,300).

13. SHARE CAPITAL

Share Issuances

<u>During the year ended January 31, 2013:</u>

On March 14, 2012, the Company closed a non-brokered private placement of 1,713,079 units for gross proceeds of $222,700. As part of the private placement, the Company converted $28,250 of Frontier payable to 217,308 units. The Company also issued 384,615 units to convert $50,000 worth of legal fees. Each unit, priced at $0.13, is comprised of one (1) common share and one (1) common share purchase warrant. Each warrant will entitle the holder to purchase an additional common share of the Company at a price of $0.20 for 24 months from the date of closing, subject to an acceleration clause.

The Company paid a finder's fee equal to 8% of the gross proceeds raised under the Offering and issued compensation options equal to 8% of the number of units sold under the Offering. Each compensation option is exercisable at a price of $0.13 into one common share of the Company and one warrant, exercisable at any time until 24 months from the date of closing.

On May 14 2012 and July 9, 2012, the Company issued 750,000 shares and 200,000 shares respectively as part of its property option agreement for the Launay property.

On September 27, 2012, the Company issued 600,000 shares as part of its property agreement for the Freegold property as part of the greater land package of the Launay property.

On November 8, 2012, the Company issued 250,000 shares, 400,000 shares and 250,000 shares as part of its property agreement for the Disson, Dufay and Launay properties respectively.

On December 27, 2012, the Company closed a non-brokered private placement of 1,270,000 units for gross proceeds of $63,000. The private placement comprised two types of units. Each unit A (“Unit A”), priced at $0.04 per unit, consists of one (1) common share of the Company (a "Common Share") and one half (1/2) of one Common Share purchase warrant (each a "Warrant A"); each unit B (“Unit B”), priced at $0.25 per unit, consists of four (4) flow-through shares (each a "FT Share"), one (1) Common Share of the Company, and one (1) Common Share purchase warrant (“Warrant B”). The relative fair value of the flow-through premium on the units was determined to be $20,000.

Each full Warrant A entitles the holder to acquire one common share of the Company at a price of $0.06 per Common Share for a period of 12 months from the closing date, then the exercise price of the Warrant A rises to $0.10 for an additional 12 months. Each full Warrant B entitles the holder to acquire one common share of the Company at a price of $0.10 per share for a period of 24 months from the closing date. The terms of both the Warrant A and B are subject to an acceleration right at the option of the Company, provided that the common shares of the Company trade at or above $0.20 for a full 20 consecutive trading days and the Company has provided Warrant holders with 30 days prior written notice of the accelerated Warrant exercise date. Details of the warrant valuation are disclosed in Note 14.

The Company paid a cash amount equal to 8% ("Finder's Fee") of the gross proceeds received from the sale of Units B, and finder's warrants ("Finder's Warrant") equal to 8% of the number of Units B sold under the Offering. Each Finder’s Warrant will be exercisable at $0.25 to purchase five (5) additional common shares (the “Finder’s Shares”) and one (1) warrant, which is exercisable at a price of $0.10 per common share for a period of two (2) years from the closing date.

13. SHARE CAPITAL, (continued)

<u>During the year ended January 31, 2012:</u>

On April 4, 2011, the Company completed a flow-through share private placement of 2,050,000 units at a price of $0.10 per unit, for gross proceeds of $205,000. Each unit consisted of one flow-through common share and one-half warrant. A whole warrant can be exercised to acquire one common share for a period of 24 months from the date of completion of a going public transaction, for cash consideration of $0.20. The flow-through unit was not issued at a premium to the non flow-through unit; hence, a flow-through premium share liability was not recorded.

On April 4, 2011, the Company completed a non flow-through share private placement of 2,000,000 units at a price of $0.10 per unit, for gross proceeds of $200,000. Each unit consisted of one common share and one-half warrant. A whole warrant can be exercised to acquire one common share for a period of 24 months from the date of completion of a going public transaction, for cash consideration of $0.20.

On May 1 2011, the Company converted $13,000 of payables into 130,000 common shares at a value of $0.10 per common share.

On September 28, 2011, the Company completed an interim financing of 2,237,667 units for gross proceeds of $350,650 comprised of a $60,000 flow-through unit financing (with each flow-through unit priced at $0.20 and comprised of one flow-through share and one-half of one warrant) and a $290,650 non flow-through unit financing (with each non flow-through unit priced at $0.15 and comprised of one common share and one-half of one warrant). Each warrant will be exercisable into one common share of the Company at an exercise price of $0.30 for a period of 24 months from the date upon which the Company completes a going public transaction, subject to acceleration in certain circumstances. The relative fair value of the flow-through premium on the units was determined to be $15,000.

In connection with the interim financing, Lakeside paid Foundation Markets Inc. a fee equal to 8% of the gross proceeds raised and compensation options equal to 8% of the number of units sold. Each compensation option will entitle the holder to purchase one non flow-through unit at a price of $0.15 per unit, exercisable for the period of 24 months from the completion of a going public transaction, subject to acceleration in certain circumstances. Details of the warrant valuation are disclosed in Note 14.

On December 20, 2011, the Company completed a financing of 7,535,500 units for gross proceeds of $1,752,400 comprised of a $1,226,500 flow-through unit financing (with each flow-through unit priced at $0.25 and comprised of one flow-through share and one-half of one warrant) and a $525,900 non flow-through unit financing (with each non flow-through unit priced at $0.20 and comprised of one common share and one-half of one warrant). Each warrant will be exercisable into one common share of the Company at an exercise price of $0.40 for a period of 24 months from the date upon which the Company completes a going public transaction, subject to acceleration in certain circumstances. The relative fair value of the flow-through premium on the units was determined to be $245,300.

In connection with the December 20, 2011, financing, Lakeside paid a fee equal to 8% of the gross proceeds raised and compensation warrants equal to 8% of the number of units sold. Each compensation option will entitle the holder to purchase one non flow-through unit at a price of $0.40 per unit, exercisable for the period of 24 months from the completion of a going public transaction, subject to acceleration in certain circumstances. Details of the warrant valuation are disclosed in Note 14.

(Expressed in Canadian Dollars)

14. RESERVE FOR WARRANTS

Warrants to purchase common shares carry exercise prices and terms to maturity at January 31, 2013 are as follows:

Month of Expiry	No. of warrants	Exercise Price ($)
December 20, 2013	3,407,500	0.20
December 20, 2013	1,118,831	0.30
December 20, 2013 – broker	179,013	0.15
December 20, 2013	3,767,750	0.40
December 20, 2013 – broker	602,840	0.40
March 14, 2014	2,097,694	0.20
March 14, 2014 – broker	137,046	0.13
December 27, 2014	25,000	0.06*
December 27, 2014	244,000	0.10
December 27, 2014 – finders' units	17,920	0.25**
	11,597,594	

* Up to December 27, 2014 and $0.10 thereafter.
** Exercisable into 1 unit to purchase 5 common shares and 1 warrant. Warrant is exercisable at a price of $0.10 per common share.

The following table summarizes the weighted average assumptions used with the Black-Scholes valuation model for the determination of the fair value of the warrants and broker warrants granted during the year ended January 31, 2013:

Issue date	March 14, 2012	March 14, 2012 broker	December 27, 2012	December 27, 2012	December 27, 2012 finders' units	Total
No. of warrants	2,097,694	137,046	25,000	244,000	17,920	2,521,660
Share price	$ 0.095	$ 0.095	$ 0.03	$ 0.03	$ 0.03	
Exercise price	$ 0.20	$ 0.13	$ 0.06*	$ 0.10	$ 0.25**	
Expected life in years	2.00	2.00	2.00	2.00	2.00	
Volatility	113%	113%	100%	100%	100%	
Risk-free interest rate	1.24%	1.24%	1.14%	1.14%	1.14%	
Dividend yield	-	-	-	-	-	
Fair value of warrants	$ 79,4933	$ 5,873	$ 264	$ 1,824	$ 211	$ 87,665

Expected volatility is based on comparable companies.

(Expressed in Canadian Dollars)

14. RESERVE FOR WARRANTS, (continued)

The following table summarizes the weighted average assumptions used with the Black-Scholes valuation model for the determination of the fair value of the warrants and broker warrants granted during the year ended January 31, 2012:

Issue date	**April 4, 2011**	**August 12, 2011**	**September 28, 2011**	**September 28, 2011 broker**	**December 20, 2011**
No. of warrants	2,025,000	637,000	481,831	179,013	3,767,750
Share price	$ 0.08	$ 0.12	$ 0.12	$ 0.11	$ 0.17
Exercise price	$ 0.20	$ 0.30	$ 0.30	$ 0.15	$ 0.40
Expected life in years	2.75	2.33	2.25	2.25	2.00
Volatility	113%	113%	113%	113%	113%
Risk-free interest rate	2.19%	1.02%	0.97%	0.97%	0.88%
Dividend yield	-	-	-	-	-
Fair value of warrants	$ 79,726	$ 34,349	$ 25,329	$ 9,560	246,022

Issue date	**December 20, 2011 broker**	**Total**
No. of warrants	602,840	7,693,434
Share price	$ 0.16	
Exercise price	$ 0.40	
Expected life in years	2.00	
Volatility	113%	
Risk-free interest rate	0.88%	
Dividend yield	-	
Fair value of warrants	50,438	445,424

Expected volatility is based on comparable companies.

(Expressed in Canadian Dollars)

15. RESERVE FOR OPTIONS

The Company awards stock options to directors, management and employees of the Company. The compensation expense is recognized when options are issued if exercisable immediately otherwise over the vesting term.

On February 3, 2011, the Company granted an aggregate of 400,000 stock options exercisable immediately at a price of $0.20 per share at any time over a period of 5 years to a director and officer of the Company.

On March 23, 2011, the Company granted an aggregate of 300,000 stock options exercisable at a price of $0.20 per share over a period of 5 years to an officer of the Company of which 100,000 stock options are exercisable immediately. The remaining stock options vest in tranches of 50,000 every 6 months from the effective date.

On June 22, 2011, the Company granted 200,000 stock options exercisable immediately at a price of $0.40 per share at any time over 5 years to an officer of the Company.

On December 21, 2011, the Company granted 150,000 stock options exercisable immediately at a price of $0.40 per share at any time over 5 years to consultants of the Company.

On October 1, 2012, the Company granted 200,000 stock options exercisable immediately at a price of $0.20 per share at any time over 5 years to an officer of the Company.

The Company established a stock option plan to provide additional incentive to its directors, officers, employees and consultants in their efforts on behalf of the Company in the conduct of its affairs. The stock option plan provides that the total number of shares which may be issued thereunder is limited to 10% of the aggregate number of shares outstanding. Under the terms of the plan, options vest immediately and expire on the fifth anniversary from the date of issue unless otherwise stated. As at January 31, 2013, the Company has 747,550 (January 31, 2012 – 365,780) options available for issuance under the plan.

Lakeside has the following stock options outstanding:

	January 31, 2013		January 31, 2012	
	Weighted Average Exercise Price	**Number of 0ptions**	Weighted Average Exercise Price	Number of Options
Outstanding - beginning of year	**$ 0.23**	**2,450,000**	$ 0.20	1,400,000
Transactions during the year:				
Granted	**0.20**	**200,000**	0.26	1,250,000
Exercised	-	-	-	-
Expired	-	-	0.20	(200,000)
Outstanding	**$ 0.23**	**2,650,000**	$ 0.23	2,450,000
Exercisable	**$ 0.23**	**2,600,000**	$ 0.23	2,300,000

(Expressed in Canadian Dollars)

15. RESERVE FOR OPTIONS, (continued)

The weighted average remaining contractual life for outstanding options is as follows:

Price Range	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Life (years)	Number of Options - exercisable	Weighted Average Exercise Price
$0.20	2,300,000	$ 0.20	3.12	2,250,000	$ 0.20
$0.40	350,000	$ 0.40	3.59	350,000	$ 0.40
$0.20 - $0.40	2,650,000	$ 0.23	3.18	2,600,000	$ 0.23

The estimated fair value of share based compensation during the year ended January 31, 2013 was determined using the Black-Scholes option pricing model with the following assumptions:

Share price	$0.035
Risk-free interest rate	1.28%
Expected life of options	5 years
Expected volatility	100%
Expected dividend yield	0%

The estimated fair value of share based compensation during the year ended January 31, 2012 was determined using the Black-Scholes option pricing model with the following assumptions:

Share price	$0.10
Risk-free interest rate	2.09%
Expected life of options	5 years
Expected volatility	135%
Expected dividend yield	0%

During the year ended January 31, 2013, $3,000 of share based payments was recorded in connection with 200,000 options issued on October 1, 2012 and $3,387 of share based payments expense was recognized in relation to the vesting of the options issued on March 23, 2011.

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimated, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options. Expected volatility is based on comparable companies.

16. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

The Company and Foundation Opportunities Inc. ("FOI") entered into a financial advisory and consulting agreement on October 15, 2010. FOI is a subsidiary of Foundation Financial Holdings Corp. ("FFHC"). FFHC is an entity in which Adam Szweras is a director and each of Yannis Banks, and Jeremy Goldman, is an officer, director and shareholder. In consideration for services the Company agreed to pay a fee of $7,000 per month for a period of eighteen months that ended April 2012. The Company and FOI entered into a financial advisory and consulting agreement on April 14, 2012 and the Company agreed to pay a fee of $5,000 per month for a period of three months. This agreement was further replaced by an agreement in May 2012 where the Company agreed to pay $5,000 per month for a period of three months after which the contract continues on a month by month basis unless terminated by either party. For the year ended January 31, 2013, the Company paid FOI $64,000 (2012 - $159,000, including a success fee of $75,000 for the completion of a going public transaction) of which $16,950 is included in accounts payable and accrued liabilities. In addition, Foundation Markets Inc. ("FMI") a subsidiary of FFHC received a cash commission payment of $14,816 (2012 - $82,444) and 113,969 broker warrants (2012 – 179,013) valued at $4,884 (2012 - $9,560) for the placement of the Company's common shares, which are included in share capital and reserve for warrants respectively.

The Company and Cavalry Corporate Solutions Ltd ("Cavalry") entered into a management services agreement on November 1, 2010. The management services agreement includes the services of the Company's Chief Financial Officer ("CFO"). Cavalry is an entity in which FFHC is the sole shareholder. In consideration for services the Company agreed to pay $4,000 for the first three month period and $5,000 per month until January 31, 2012. The agreement was amended to $7,500 per month thereafter. For the year ended January 31, 2013, the Company recorded $90,000 (2012 - $94,500) for management services provided by Cavalry of which $3,475 is included in accounts payable and accrued liabilities. These services include CFO services.

During the year ended January 31, 2013, Fogler Rubinoff LLP ("Fogler") a law firm in which Adam Szweras an officer of the Company is also a partner, provided $43,149 (2012 - $272,048) of legal services, which are included in professional fees. As at January 31, 2013, $32,542 due to Fogler is included in accounts payable and accrued liabilities The Company also issued 384,615 units priced at $0.13 to convert $50,000 worth of legal fees. Each unit, priced at $0.13, is comprised of one (1) common share and one (1) common share purchase warrant. Each warrant will entitle the holder to purchase an additional common share of the Company at a price of $0.20 for 24 months from the date of closing, subject to an acceleration clause.

The Company entered into a general consultancy agreement with Caracle Creek International Consulting Inc. ("CCIC") in which Scott Jobin-Bevans is a director and a significant, but not controlling, shareholder. Scott Jobin Bevans is a director of the Company. CCIC was engaged to provide a NI 43-101 report and field work on the Dufay mineral property. CCIC provided $5,242 (2012 - $173,893) of consulting services during the year ended January 31, 2013, which was expensed in exploration and evaluation expenditures.

During the year ended January 31, 2013, $140,841 (2012 - $220,168) was paid to the Chief Executive Officer.

17. SEGMENTED INFORMATION

At January 31, 2013, the Company's operations comprise of a single reporting operating segment engaged in mineral exploration in Quebec.

(Expressed in Canadian Dollars)

18. COMMITMENTS AND CONTINGENCIES

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 generally becoming more restrictive. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

Flow-through shares
The Company is committed to spending approximately $48,800 associated with its flow-through offerings. The Company intends to fulfill all flow-through commitments by December 31, 2013.

19. INCOME TAX

Provision for Income Taxes

No deferred tax asset has been recognized because of the uncertainty as to the utilization of the losses for income tax purposes. The Company has accumulated losses for Canadian income tax purposes of approximately $2,956,450 (2012 - $1,539,000) which will expire between 2029 and 2033.

The Company has not deducted Canadian exploration and development expenditures of $348,461 (2012 - $921,189) available for deduction against future Canadian taxable income.

	January 31, 2013	January 31, 2012
Loss before income taxes	$ (1,682,735)	$ (2,163,635)
Tax rate	26.50%	28.08%
Calculated income tax recovery	(445,925)	(606,987)
Quebec rebate receivable	(70,000)	(64,000)
Non deductible expense and non taxable income	(65,125)	173,978
Change in rate and others	249,070	(201,663)
Change in deferred taxes not recognized	261,980	634,672
Income tax recovery	$ (70,000)	$ (64,000)

The tax effects of temporary differences that give rise to future income tax assets and liabilities are as follows:

	January 31, 2013	January 31, 2012
Deferred income tax assets		
Non-capital loss carry forwards	$ 783,459	$ 401,554
Share issue costs	85,225	82,311
Cumulative exploration and development expenses	107,458	230,297
	976,142	714,162
Less: Deferred taxes not recognized	(976,142)	(714,162)
	$ -	$ -

20. SUBSEQUENT EVENT

On March 4 2013, the Company issued 150,000 shares as part of its property option agreement for the Launay property.

On March 25, 2013, the Company entered into shares for debt agreements totalling $333,639 with arm's length and non-arm's length parties. A total of 5,865,734 units, for gross proceeds of $293,287 were issued to unrelated parties for settlement of debt, and 807,053 common shares for gross proceeds of $40,353 were issued to insiders and related parties for outstanding fees. Each unit, priced at $0.05, consists of one (1) Share and one (1) share purchase warrant. Each full warrant entitles the holder to acquire one common share of the Company at a price of $0.10 per share for a period of five years from the closing date. The term of the warrant is subject to an acceleration right at the option of the Company, provided that the common shares of the Company trade at or above $0.40 for a full 20 consecutive trading days and the Company has provided warrant holders with 30 days prior written notice of the accelerated warrant exercise date.