TORO

RESOURCES CORP

CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTH PERIOD ENDED
SEPTEMBER 30, 2012

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF THE
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the condensed interim consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited interim condensed consolidated financial statements of Toro Resources Corp (the "Company") for the three months ended September 30, 2012 have been prepared by and are the responsibility of the Company's management, and have not been reviewed by the Company's auditors.

TORO RESOURCES CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited)
(Expressed in Canadian Dollars)

	SEPTEMBER 30 2012	JUNE 30 2012
ASSETS		
Current		
Cash and cash equivalents	$ 101,617	$ 140,683
Amounts receivable	25,791	23,329
Prepaid expenses	3,617	5,446
	131,025	169,458
Equipment (Note 6)	-	445
Exploration and evaluation assets (Note 7)	878,166	859,002
Reclamation deposit (Note 5)	46,804	46,804
	$ 1,055,995	$ 1,075,709
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 104,941	$ 94,328
SHAREHOLDERS' EQUITY		
Share capital (Note 8)	2,202,266	2,202,266
Contributed surplus	154,910	154,910
Deficit	(1,406,122)	(1,375,795)
	951,054	981,381
	$ 1,055,995	$ 1,075,709

Nature of operations and going concern (Note 1)

Approved on behalf of the Board of Directors

"William C. Galine" — Chief Executive Officer

"Ronald Atlas" — Chief Financial Officer

TORO RESOURCES CORP.
CONDENSED INTERIM CONSOLIDATED
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2012
(Unaudited)
(Expressed in Canadian Dollars)

	THREE MONTHS ENDED SEPTEMBER 30	
	2012	2011
Expenses		
Consulting fees	**$ -**	$ 15,000
Depreciation	**445**	195
Foreign exchange loss	**335**	-
Management fees	**12,000**	12,000
Office and miscellaneous	**4,364**	3,526
Professional fees	**4,129**	15,370
Regulatory fees	**1,300**	2,700
Rent	**3,885**	3,735
Shareholder communications	**1,680**	1,680
Transfer and filing fees	**624**	985
Travel	**1,565**	3,907
Net loss and comprehensive loss for the period	**$ 30,327**	$ 59,098
Loss per common share, basic and diluted	**$ (0.00)**	$ (0.00)
Weighted average number of common shares outstanding	**23,448,636**	23,148,636

TORO RESOURCES CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2012
(Unaudited)
(Expressed in Canadian Dollars)

	THREE MONTHS ENDED SEPTEMBER 30,	
	2012	2011 (Note 12)
Cash provided by (used In):		
Operating activities		
Net loss for the period	**$ (30,327)**	$ (59,098)
Amount not affecting cash:		
Amortization	**445**	195
	(29,882)	(59,903)
Net changes in non-cash operating working capital items:		
Amounts receivable	**(2,462)**	(4,719)
Prepaid expenses	**1,829**	-
Accounts payable and accrued liabilities	**10,879**	5,675
Net cash flows used in operating activities	**(19,636)**	(57,947)
Investing activities		
Mineral property expenditures and acquisition costs	**(19,430)**	(65,229)
Purchase of equipment	**-**	(1,550)
Reclamation deposit	**-**	(47,396)
Net cash flows used in investing activities	**(19,430)**	(114,175)
Net decrease in cash and cash equivalents for the period	**(39,066)**	(172,122)
Cash and cash equivalents, beginning of period	**140,683**	563,033
Cash and cash equivalents, end of period	**$ 101,617**	$ 390,911

TORO RESOURCES CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2012
(Unaudited)
(Expressed in Canadian Dollars)

	SHARE CAPITAL		CONTRIBUTED	ACCUMULATED	TOTAL SHAREHOLDERS'
	SHARES	AMOUNT	SURPLUS	DEFICIT	EQUITY
Balance June 30, 2011	23,148,636	$ 2,142,266	$ 154,910	$ (1,154,350)	$ 1,142,826
Net loss for the period	-	-	-	(59,098)	(59,098)
Balance September 30, 2011	23,148,636	2,142,266	154,910	(1,213,448)	1,083,728
Shares issued for mineral property (Notes 7 & 8)	300,000	60,000	-	-	60,000
Net loss for the period	-	-	-	(162,347)	(162,347)
Balance June 30, 2012	23,448,636	2,202,266	154,910	(1,375,795)	981,381
Net loss for the period	-	-	-	(30,327)	(30,327)
Balance September 30, 2012	**23,448,636**	**$ 2,202,266**	**$ 154,910**	**$ (1,406,122)**	**$ 951,054**

1. NATURE OF OPERATIONS AND GOING CONCERN

Toro Resources Corporation, (the "Company") was incorporated on June 30, 2005 in British Columbia, Canada and is listed on the Toronto Stock Exchange Venture ("TSX-V") with TRK as the trading symbol.

The Company is a natural resource company engaged in the acquisition and exploration of resource properties in the United States of America. The Company presently has no proven or probable reserves and on the basis of information to date, it has not yet determined whether these properties contain economically recoverable ore reserves. Consequently, the Company considers itself to be an exploration stage company.

The address of the Company's corporate office and principal place of business is Suite 600 – 595 Howe Street, Vancouver, British Columbia, V6C 2T5, Canada.

2. BASIS OF PRESENTATION

a) Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting ("IAS34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). They do not include all information required for full annual financial statements and should be read in conjunction with the Audited Consolidated Financial Statements of the Company for the year ended June 30, 2012.

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors on November 28, 2012.

b) Going Concern

The consolidated financial statements are prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown and these consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

c) Basis of Measurement

These financial statements have been prepared under on a historical cost basis except for financial instruments which have been measured at fair value. They include the consolidated financial statements of the Company and its 100% wholly owned U.S. subsidiary Toro Resources Inc. ("TRI"). The functional currency of the parent and its subsidiary company is the Canadian dollar, being the currency of the primary economic environment of the parent entity. The functional currency is also the presentation currency. The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources.

2. BASIS OF PRESENTATION (Continued)

c) Basis of Measurement (Continued)

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods. See Note 4 for Critical Accounting Estimates and Judgments made by management in the application of IFRS.

3. SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited consolidated financial statements as at June 30, 2012. The accompanying condensed interim consolidated financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended June 30, 2012.

Accounting Standards Issued but Not Yet Applied

International Financial Reporting Standard 9, Financial Instruments ("IFRS 9"), was issued in November 2009. It addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: Amortized cost and Fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends, to the extent not clearly representing a return of investment, are recognized in profit or loss; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely. This standard is required to be applied for accounting periods beginning on or after January 1, 2015, with earlier adoption permitted. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

Accounting standards issued but not yet applied

The following new standards, amendments and interpretations, which have not been early adopted in these consolidated financial statements, will not have an effect on the Company's future results and financial position:

- IFRS 10 Establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities (Effective for annual periods beginning on or after January 1, 2013)
- IFRS 11 Establishes principles for financial reporting by parties to a joint arrangement (Effective for annual periods beginning on or after January 1, 2013)
- IFRS 12 Applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity (Effective for annual periods beginning on or after January 1, 2013)
- IFRS 13 Defines fair value, sets out in a single IFRS framework for measuring value and requires disclosures about fair value measurements (Effective for annual periods beginning on or after January 1, 2013)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting standards issued but not yet applied (Continued)

- IAS 27 Contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements (Effective for periods beginning on or after January 1, 2013)
- IAS 28 Sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures (Effective for periods beginning on or after January 1, 2013)

4. USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The preparation of the financial statements also requires management to exercise judgment in the process of applying the accounting policies.

On an on-going basis, management evaluates its judgments and estimates in relation to assets, liabilities and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances, as the basis for its judgments and estimates. Revisions to accounting estimates are recognised prospectively from the period in which the estimates are revised. Actual outcomes may differ from those estimates under different assumptions and conditions.

Critical Accounting Estimates

The following are the key estimate and assumption uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

(a) Impairment

Assets, especially exploration and evaluation assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts exceed their recoverable amounts. The assessment of the carrying amount often requires estimates and assumptions such as discount rates, exchange rates, commodity prices, future capital requirements and future operating performance.

(b) Share-based payment transactions

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

4. USE OF ESTIMATES AND JUDGEMENTS (Continued)

(c) Title to mineral property interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

(d) Rehabilitation provision

The application of the Company's accounting policy for rehabilitation is based on internal estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates will result in changes to provisions from period to period. Actual rehabilitation costs will ultimately depend on future market prices for the rehabilitation costs which will reflect the market conditions at the time of the rehabilitation costs are actually incurred.

<u>Critical Judgments Used in Applying Accounting Policies</u>

(a) Exploration and evaluation expenditures

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

(b) Income taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

(Expressed in Canadian Dollars)

5. RECLAMATION DEPOSIT

During the year ended June 30, 2012, the Company was required to post a reclamation deposit in the amount of $46,804 (US$45,900) with the USDA Forest Service in order to continue its exploration of the Morgan Peak property. The deposit will be refunded to the Company upon completion of reclamation to the satisfaction of the USDA Forest Service. The reclamation deposits are being held in term deposits with various interest rates. The Company has no constructive or contingent liabilities arising from environmental or reclamation costs.

6. EQUIPMENT

		COMPUTER EQUIPMENT
COST		
Balance, July 1, 2011	$	1,550
Additions		-
Disposals		-
Balance, June 30, 2012		1,550
Additions		-
Balance September 30, 2012	**$**	**1,550**
DEPRECIATION		
Balance, July 1, 2011	$	325
Charge for the year		780
Balance June 30, 2012		1,105
Charge for the period		445
Balance September 30, 2012	**$**	**1,550**
NET BOOK VALUE		
At June 30, 2012	$	445
At September 30, 2012	**$**	**-**

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation costs for the three month period ended September 30, 2012 and the year ended June 30, 2012 comprise:

	MORGAN PEAK PROPERTY	
	THREE MONTHS ENDED SEPTEMBER 30 2012	**YEAR ENDED JUNE 30 2012**
Acquisition costs		
Balance, beginning of period	$ **264,208**	$ 153,035
Additions	**-**	111,173
Balance, end of period	**264,208**	264,208
Deferred exploration and evaluation costs		
Balance, beginning of period	**594,794**	471,948
Assessments and fees	**15,681**	27,012
Consulting and engineering	**2,390**	73,935
Drilling	**-**	-
Field and travel	**-**	14,431
Office	**65**	5,931
Reports and maps	**-**	-
Storage	**1,028**	1,537
Balance, end of period	**613,958**	594,794
Total deferred exploration and evaluation assets	$ **878,166**	$ 859,002

Morgan Peak, Arizona, USA

On December 10, 2009, the Company entered into a letter of intent with MinQuest Inc. ("MinQuest") to acquire a 100% undivided interest in the Morgan Peak Property in Arizona, USA, comprising 102 unpatented mineral claims covering a total of 2020 acres. Upon execution of the letter of intent, the Company paid to MinQuest a $10,862 (US$10,000) non-refundable deposit.

On February 1, 2010, the Company entered into a definitive mineral property agreement (amended June 6, 2012) with MinQuest in respect to the option to acquire a 100% interest in the property subject to a 3% Net Smelter Returns Royalty. At that time, the non-refundable deposit became part of the amount due upon signing the agreement.

On March 10, 2010, the Company assigned all its rights and obligations pursuant to the mineral contract to its wholly owned subsidiary, TRI, a company incorporated in Nevada.

In order to earn the interest, TRC is required to issue an aggregate of 3,000,000 shares of common stock and TRI is required to make cash payments to MinQuest totalling US$1,000,000, and incur an aggregate of US$4,300,000 in exploration expenditures as follows:

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS (Continued)

	CASH COMPENSATION (US $)	SHARE CONSIDERATION (NUMBER OF SHARES)	EXPLORATION EXPENDITURES
Upon signing the agreement	$ 20,000 (paid)	250,000 (issued)	$ -
On or before February 1, 2011	20,000 (paid)	250,000 (issued)	250,000 (spent)
On or before February 1, 2012	25,000 (paid)	300,000 (issued)	350,000 (spent)
On or before February 1, 2013	30,000	350,000	-
On or before February 1, 2014	40,000	400,000	950,000
On or before February 1, 2015	50,000	450,000	750,000
On or before February 1, 2016	50,000	500,000	1,000,000
On or before February 1, 2017	50,000	500,000	1,000,000
On or before February 1, 2018	715,000	-	-
	$ 1,000,000	3,000,000	$ 4,300,000

In addition, if the price of copper exceeds US$3.90/lb for a period of 20 consecutive business days between February 1, 2013 and February 1, 2014, the Company shall within 60 days fund a drilling program of US$150,000.

TRI also assumed the obligation to make cash payments totalling US$665,000 to the underlying property vendor as follows:

	CASH COMPENSATION (US $)
Upon signing the agreement	$ 10,000 (paid)
December 5, 2010	10,000 (paid)
December 5, 2011	25,000 (paid)
December 5, 2012	30,000
December 5, 2013	40,000
December 5, 2014	50,000
December 5, 2015	50,000
December 5, 2016	50,000
December 5, 2017	400,000
	$ 665,000

As at September 30, 2012, the Company has paid $126,708 (US$110,000) and issued 800,000 common shares with an aggregate fair value of $137,500 pursuant to the agreement.

The Company also issued 102,000 common shares with a fair value of $10,200 as finders' fees in respect to the transaction.

During the year ended June 30, 2010, the Company staked a further 28 claims, and during the year ended June 30, 2011, a further 68 claims were staked contiguous to the main property. At June 30, 2012, 8 of the staked claims remained active, during the three month period ended September 30, 2012 the Company has allowed the remaining staked claims to lapse.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL

a) Authorized:

Unlimited voting common shares without par value
Unlimited non-voting preferred shares with a par value of $1 each (none issued)

b) Issued and Outstanding - Common Shares:

No Common shares were issued during the three month period ended September 30, 2012.

During the year ended June 30, 2012, the Company issued 300,000 common shares pursuant to the Morgan Creek mineral property agreement with a fair value of $60,000.

c) Share Purchase Warrants

As at September 30, 2012, no share purchase warrants for the acquisition of common shares were outstanding.

A summary of changes in share purchase warrants for the three month period ended September 30, 2012 and the year ended June 30, 2012 is presented below:

	THREE MONTHS ENDED SEPTEMBER 30, 2012		YEAR ENDED JUNE 30, 2012	
	NUMBER	**WEIGHTED AVERAGE EXERCISE PRICE**	NUMBER	WEIGHTED AVERAGE EXERCISE PRICE
Balance, beginning of period	**-**	**$ -**	1,835,001	$ 0.30
Granted	**-**	**-**	-	-
Exercised	**-**	**-**	-	-
Expired	**-**	**-**	(1,835,001)	(0.30)
Balance, end of period	**-**	**$ -**	-	$ -

d) Stock Options

The Company has a stock option plan that provides for the issuance of stock options to its officers, directors, employees and consultants. Stock options must be non-transferable and the aggregate number of shares that may be reserved for issuance pursuant to stock options may not exceed 10% of the issued shares of the Company at the time of granting and may not exceed 5% to any individual.

The exercise price of stock options is determined by the board of directors of the Company at the time of grant and may not be less than the closing market price of the Company's shares on the day immediately prior to the award date, less any discount which may be permitted by the exchange on which the Company is listed. Options have a maximum term of five years.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (Continued)

d) Stock Options (Continued)

As at September 30, 2012, stock options were outstanding for the purchase of common shares as follows:

NUMBER OF OPTIONS	EXERCISE PRICE PER SHARE	NUMBER EXERCISABLE AT SEPTEMBER 30 2012	EXPIRY DATE
1,000,000	$ 0.10	1,000,000	March 4, 2015
200,000	$ 0.18	200,000	June 3, 2015
50,000	$ 0.18	50,000	August 31, 2015
200,000	$ 0.20	250,000	March 23, 2016
1,450,000		1,450,000	

A summary of changes in stock options for the three month period ended September 30, 2012 and the year ended June 30, 2012 is presented below:

	THREE MONTHS ENDED SEPTEMBER 30, 2012		YEAR ENDED JUNE 30, 2012	
	NUMBER	**WEIGHTED AVERAGE EXERCISE PRICE**	NUMBER	WEIGHTED AVERAGE EXERCISE PRICE
Balance, beginning of year	**1,450,000**	**$ 0.13**	1,450,000	$ 0.13
Granted	**-**	**-**	-	-
Exercised	**-**	**-**	-	-
Balance, end of year	**1,450,000**	**$ 0.13**	1,450,000	$ 0.13

Upon exercise of the stock options, consideration paid by the option holder together with the amount previously recognized in contributed surplus is recorded as an increase to share capital.

e) Share-based Payments

During the three month periods ended September 30, 2012, the Company recorded $nil (three month period ended September 30, 2011 - $nil) in share-based payments for options granted or vesting during the period.

(Expressed in Canadian Dollars)

9. RELATED PARTY TRANSACTIONS

The following related party transactions were in the normal course of operations and measured at the exchange amount, which is the amount established and agreed to by the related parties. Amounts due to and from related parties were non-interest bearing, unsecured and had not fixed terms of repayment.

In addition to those related party transactions disclosed elsewhere in the financial statements the Company incurred the following transactions and balances:

a) Included in accounts payable is $59,920 (June 30, 2012 - $64,400) due to a related individuals for consulting services and amounts of $1,770 (June 30, 2012 – $501) due to a company with a common director in respect of expense reimbursements.

b) During the three months ended September 30, 2012 and 2011, the Company accrued or was charged the following amounts by Key management personnel, directors, and companies with a common director or officer. Key management personnel are considered to be the President of the Company and the Vice President of Operations.

	THREE MONTHS ENDED SEPTEMBER 30	
	2012	2011
Amounts paid to key management personnel:		
Office expenses	**$ 420**	$ 420
Travel	**570**	570
Management fees	**12,000**	12,000
Amounts included in exploration and evaluation costs	**1,770**	14,670
	14,760	27,660
Amounts paid to other related parties:		
Office expenses	**52**	1,259
Travel	**-**	2,066
	52	3,325
	$ 14,812	$ 30,985

10. CAPITAL DISCLOSURES

The Company was formed for the purpose of acquiring exploration and development stage natural resource properties. The Board determines the Company's capital structure and makes adjustments to it based on funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Directors have not established quantitative return on capital criteria for capital management.

In August 2012 the Company reduced its holdings of mining claims by 83 claims. Currently the Company controls 110 mining claims, totaling approximately 850 hectares (2100 acres) located in Gila County, Arizona and does not generate any revenue, and accordingly the Company will be dependent in the future upon external financing to fund future exploration programs and its administrative costs. The Company will spend existing working capital and raise additional amounts as needed.

(Expressed in Canadian Dollars)

10. CAPITAL DISCLOSURES (Continued)

The Company will continue to assess new properties and to seek to acquire an interest in additional properties if management feels there is sufficient geologic or economic potential provided it has adequate financial resources to do so. The Directors review their capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company is reasonable.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Company considers the items included in the statement of shareholders' equity as capital. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, sell assets to reduce debt or return capital to shareholders. The Company is not subject to externally imposed capital requirements.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

IFRS 7 establishes a fair value hierarchy that priorities the input to valuation techniques used to measure fair value as follows:

Level 1 – Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2 – Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.

Level 3 – Applies to assets or liabilities for which there are unobservable market data.

The Company has no assets or liabilities subject to fair value measurement on a recurring basis. For assets measured at fair value on a non-recurring basis, the following table provides the fair value measures by level of valuation assumptions used:

	FAIR VALUE INPUT LEVEL	**SEPTEMBER 30, 2012**		JUNE 30, 2012	
		CARRYING AMOUNT	**ESTIMATED FAIR VALUE**	CARRYING AMOUNT	ESTIMATED FAIR VALUE
Financial Assets:					
Cash and cash equivalents	1	$ 101,617	$ 101,617	$ 140,683	$ 140,683
Reclamation deposit	2	46,804	46,804	46,804	46,804
		$ 148,412	$ 148,412	$ 187,487	$ 187,487

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Due to the relatively short term nature of cash, amounts receivable, reclamation deposit and accounts payable and accrued liabilities, the fair value of these instruments approximates their carrying value.

Risk management is carried out by the Company's management team with guidance from the Board of Directors. The Company's risk exposures and their impact on the Company's financial instruments are summarized below:

a) Credit Risk

The Company's credit risk is primarily attributable to cash, short-term investments and amounts receivable. Cash and short-term investments are held with one reputable Canadian chartered bank which is closely monitored by management. Financial instruments included in amounts receivable consist primarily of GST/HST recoverable from the Canadian government. Management believes that the credit risk concentration with respect to financial instruments included in cash, short-term investments and amounts receivable is minimal.

b) 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 held cash of $101,617 (June 30, 2012 - $140,683) HST receivable of $25,791 (June 30, 2012 - $23,329) and had current liabilities of $104,941 (June 30, 2012 - $94,328). All of the Company's liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

c) Market Risk

i) Interest Rate Risk

The Company had cash balances and short-term investments, 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 creditworthiness of its banks.

ii) Foreign Currency Risk

The Company's functional currency and the reporting currency is the Canadian dollar ("CDN$"). Periodically the Company incurs charges on its operations for settlement in currencies other than its functional currency and any gain or loss arising on such transactions is recorded in operations for the year.

The Company holds a 100% interest in its subsidiary Toro Resources Inc. ("TRI") which operates in the United States of America. TRI has transactions which are recorded in the US Dollar ("USD$").

As a result, the Company is subject to foreign currency and exchange risk on the translation of these transactions and year end balances to the reporting currency. Any gains or losses arising in the period are included in operations for the year.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

ii) Foreign Currency Risk (Continued)

As at September 30, 2012, a 1% strengthening in the USD relative to the CDN$ does not have a significant impact on the net loss for the period.

Any unrealized translation adjustments arising at period end are included in operating loss for the year.

The mineral property contract (Note 7) is denominated in US Dollars, and accordingly, changes in the exchange rate will affect the Company's future cash outflows pursuant to this agreement. As at September 30, 2012, a 1% strengthening in the USD$ relative to the CDN$ would result in future cash outflows increasing by approximately CDN$ 53,000.

The Company does not participate in any hedging activities to mitigate any gains or losses which may arise as a result of exchange rate changes.

As at September 30, 2012, financial assets and liabilities denominated in currencies other than the Canadian dollar are as follows:

	FINANCIAL ASSETS	FINANCIAL LIABILITIES
US dollars	$ 54,221	$ 3,730

iii) Commodity Price Risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. To mitigate price risk, the Company closely monitors commodity prices of precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company

12. COMPARATIVE FIGURES

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