TrueClaim Exploration

("an Exploration Stage Entity")

Consolidated Financial Statements
December 31, 2012

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A CHAN AND COMPANY LLP
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Shareholders of:
Trueclaim Exploration Inc.

We have audited the accompanying consolidated financial statements of Trueclaim Exploration Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2012, and the consolidated statements of loss and comprehensive loss, cash flows and consolidated statements of changes in equity for the year then ended, 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.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated 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 auditors' 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 auditors consider 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 the Company as at December 31, 2012, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

The consolidated financial statements as at December 31, 2011 and for the year then ended were audited by other auditors who expressed an opinion without reservation on those statements in their audit report dated April 27, 2012.

Matter of Emphasis
Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that the Company has incurred losses to date. This condition, along with other matters as set forth in Note 1, indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

"A Chan & Company LLP"
Chartered Accountants

Vancouver, British Columbia
April 30, 2013

Trueclaim Exploration Inc. ("an Exploration Stage entity")
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)
As at December 31, 2012 and December 31, 2011

	December 31, 2012 $	December 31, 2011 $
Assets		
Current assets		
Cash and cash equivalents	3,019	579,817
Receivables	40,161	85,076
Prepaid expenses	25,653	19,386
	68,833	684,279
Non-current assets		
Fixed assets (note 3)	-	16,037
Intangible assets (note 4)	5,327,127	5,036,656
Investments (note 5)	1	-
Total Assets	5,395,961	5,736,972
Liabilities		
Current liabilities		
Trade payables and accrued liabilities (note 10)	647,927	665,162
Other liabilities	-	259,733
Advance on private placement (note 6(g))	-	855,000
Total Liabilities	647,927	1,779,895
Shareholders' Equity		
Share capital (note 6)	7,653,298	6,647,549
Contributed surplus (note 7(c))	1,368,477	1,074,313
Warrants (note 6)	279,141	324,162
Accumulated deficit	(4,552,882)	(4,088,947)
Total Shareholders' Equity	4,784,034	3,957,077
Total Liabilities and Shareholders' Equity	5,395,961	5,736,972

Going concern (note 1)
Commitment (note 11)

Approved by the Board of Directors

"Byron Coulthard"
Director

"Troy Nikolai"
Director

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

Trueclaim Exploration Inc. ("an Exploration Stage entity")
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)
For the years ended December 31, 2012 and December 31, 2011

	2012	2011
	$	$
Operating Expenses		
Administrative expenses	243,446	613,676
Management fees (note 10)	241,934	499,323
Professional fees	135,464	214,256
Share based payments (note 7(c))	5,445	250,356
Travel	39,602	138,664
Amortization	4,261	2,927
Impairment on investment (note 5)	39,984	-
Impairment on fixed assets (note 3)	11,076	-
	721,232	1,719,202
Loss and comprehensive loss before taxes	(721,232)	(1,719,202)
Deferred income tax recovery	257,297	408,455
Net loss and comprehensive loss for the year	(463,935)	(1,310,747)
Net loss per share (note 2)		
Basic	(0.00)	(0.02)
Diluted	(0.00)	(0.02)
Weighted average number of basic and diluted common shares	93,472,302	73,212,853

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

Trueclaim Exploration Inc. ("an Exploration Stage entity")
Consolidated Statements of Changes in Equity
(Expressed in Canadian dollars)
For the years ended December 31, 2012 and December 31, 2011

	Share Capital	Contributed Surplus	Warrants	Accumulated Deficit	Total Equity
	$	$	$	$	$
Balance – January 1, 2012	6,647,549	1,074,313	324,162	(4,088,947)	3,957,077
Net loss and comprehensive loss for the year	-	-	-	(463,935)	(463,935)
Share options granted	-	5,445	-	-	5,445
Private placement	979,749	-	243,698		1,223,447
Expired warrants	-	288,719	(288,719)	-	-
Shares issued for mining properties	26,000	-	-	-	26,000
Balance – December 31, 2012	7,653,298	1,368,477	279,141	(4,552,882)	4,748,034
Balance – January 1, 2011	5,253,576	563,989	418,917	(2,778,200)	3,458,282
Net loss and comprehensive loss for the year	-	-	-	(1,310,747)	(1,310,747)
Share options exercised	50,290	(39,751)	15,621	-	26,160
Share options granted	-	250,356	-	-	250,356
Expired warrants	-	275,501	(314,858)	-	(39,357)
Private placement	659,181	-	161,526	-	820,707
Flow through unit issuance	396,527	24,218	42,956	-	463,701
Shares issued for mining properties	287,975	-	-	-	287,975
Balance – December 31, 2011	6,647,549	1,074,313	324,162	(4,088,947)	3,957,077

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

Trueclaim Exploration Inc. ("an Exploration Stage entity")
Consolidated Statements of Cash Flow
(Expressed in Canadian dollars)
For the years ended December 31, 2012 and 2011

	Year ended December 31, 2012	**Year ended December 31, 2011**
	$	**$**
Cash provided by (used in):		
Operating activities		
Net loss and comprehensive loss for the year	(463,935)	(1,310,747)
Adjustments for:		
Amortization	4,261	2,927
Share based payments	5,445	250,356
Income taxes	(257,297)	(408,455)
Impairment on investments	39,984	-
Impairment on fixed assets	11,076	-
Changes in items of working capital:		
Receivables	44,915	27,325
Prepaid expenses	(6,267)	34,111
Trade payables and accrued liabilities	(17,235)	335,754
	(639,053)	(1,068,729)
Investing activities		
Intangible assets	(304,456)	(1,700,617)
Disposal/(Purchase) of fixed assets	700	(16,078)
	(303,756)	(1,716,695)
Financing activities		
Net proceeds on issuance of shares	1,221,011	1,495,035
Net issuance of warrants and options	-	16,078
Advance on private placement	(855,000)	855,000
	366,011	2,376,194
Decrease in cash and cash equivalents	(576,798)	(409,047)
Cash and cash equivalents – Beginning of year	579,817	989,047
Cash and cash equivalents – End of year	3,019	579,817
Income taxes paid	-	-
Interest paid	-	-

See note 5 and note 6(c) for other non-cash items

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

1 Nature of operations and going concern

Trueclaim Exploration Inc. (the "Company") is a Canadian company which is engaged in the acquisition, exploration and development of resource properties in Canada and the United States. The Company has not yet determined whether its mining properties contain reserves that are economically recoverable. The recoverability of the amounts shown for mining properties are dependent upon the existence of economically recoverable reserves, the ability of the Company to fund costs to complete the exploration and evaluation of its properties, and upon future profitable production or proceeds from the disposal of properties.

The consolidated financial statements of the Company have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. The financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported revenues and expenses and balance sheet classification that would be necessary were the going concern assumption inappropriate. These adjustments could be material. During the year ended December 31, 2012, the Company had a net loss of \$463,935 (2011: loss \$1,310,747) and as at December 31, 2012, reported a deficit of \$4,552,882 (2011: 4,088,947). These circumstances may lend significant doubt as to the ability of the Company to continue operations into the foreseeable future as a going concern and, accordingly, the ultimate appropriateness of the use of reporting standards applicable to a going concern. Management has obtained financing through the issuance of new equity instruments from third parties for the Company to continue its operations and, while it has been successful in raising funds in the past, there can be no assurance that the Company will be able to do so in the future should additional funding be needed. Without such additional funding being available, the Company may be unable to continue its operations, and amounts realized for assets may be less than amounts reflected in these consolidated financial statements.

Although management has taken steps to verify title to mining properties in which the Company 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 and noncompliance with regulatory requirements.

The Company is a public company which is listed on the TSX Venture Exchange (the "Exchange"). The address of its registered office is #800 – 885 West Georgia Street, Vancouver, BC V6C 3H1.

In 2010, the Canadian Institute of Chartered Accountants ("CICA") Handbook was revised to incorporate International Financial Standards ("IFRS"), and require publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, the Company has commenced reporting on this basis in its consolidated financial statements. In the consolidated financial statements, the term "Canadian GAAP" refers to Canadian GAAP before the adoption of IFRS.

These consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements were approved by the board of directors for issue on April 30, 2013.

2 Summary of significant accounting policies and significant judgements and estimates

The significant accounting policies used in the preparation of these consolidated interim financial statements are described below.

Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention. The comparative figures presented in these consolidated financial statements are in accordance with IFRS.

Consolidation

The financial statements of the Company consolidate the accounts of Trueclaim Exploration Inc. and its subsidiary, Trueclaim Resources Inc. All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated on consolidation.

Subsidiaries are those entities which the Company controls by having the power to govern the financial and operating policies.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held with banks.

Fixed assets

Fixed assets are stated at cost less accumulated amortization and impairment. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the company and the cost can be measured reliably.

The major categories of fixed assets are amortized on a declining balance as follows:

Computer Equipment	30%

Intangible Assets

The Company records its interests in mining properties and areas of geological interest at cost as intangible assets in the consolidated statements of financial position. Each individual mining property is defined as a cash generating unit. Exploration and evaluation costs relating to these interests and projects are capitalized until the properties to which they relate are placed into production, sold or allowed to lapse. During the year ended December 31, 2012, $290,471 (2011 – $2,024,264) of costs were incurred for exploration, evaluation and acquisitions of mining properties. Management reviews the carrying values of intangible assets on a regular basis to determine whether any write downs are necessary. These costs will be amortized over the estimated useful life of the mining properties following commencement of production, or written off if the mining properties or projects are sold or allowed to lapse. General exploration expenditures not related to specific mining properties are expensed as incurred.

Flow-through shares

The Company will, from time to time, issue flow-through shares to finance a portion of its exploration programs. Pursuant to the terms of the flow-through share agreements, the Company agrees to incur qualifying expenditures and renounce the tax deductions associated with these qualifying expenditures to the subscribers at an agreed upon date.

The fair value of the tax benefit received by the subscriber is recorded as a liability which is extinguished when the tax effect of the temporary differences, resulting from the renunciation, is recorded. The difference between the liability and the value of the tax assets renounced is recorded as a deferred tax expense.

A deferred tax liability is recognized for the taxable temporary difference that arises from the difference between the carrying amount of eligible expenditures that are capitalized to exploration and evaluation assets and their tax basis. If the Company has sufficient tax assets to offset the deferred tax liability, the liability will be offset by the recognition of a corresponding deferred tax asset.

Income Tax

Current income taxes

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statements of loss and comprehensive loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes

Deferred tax assets and liabilities represent income taxes expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the Company's consolidated financial statements and the corresponding tax basis used in the computation of taxable profit. Deferred tax assets also represent income taxes expected to be recoverable on unclaimed losses carried forward.

Deferred taxes are calculated using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences, with some exceptions described below. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be used. Neither deferred tax liabilities, nor deferred tax assets, are recognized as a result of temporary differences that arise from the initial recognition of goodwill or a transaction, other than a business combination, that affects neither accounting profit nor taxable profit. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset the current tax assets against the current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Deferred tax asset and liabilities are measured using the enacted or substantively enacted tax rates as of the balance sheet date that are expected to be in effect when the differences reverse or when unclaimed losses are utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of all or part of the asset to be utilized. To the extent that an asset not previously recognized fulfills the criteria for asset recognition, a deferred tax asset is recognized.

Deferred tax is recognized in the consolidated statements of loss and comprehensive loss, unless it relates to items recognized directly in equity, in which case the deferred tax related to those items is also recognized directly in equity.

Loss per share

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the period, if dilutive. During the years ended December 31, 2012 and 2011, all of the outstanding stock options and warrants were antidilutive.

Share capital

Non-monetary consideration
Shares issued as purchase consideration in non-monetary transactions are recorded at the fair value of the consideration received by the Company.

Shares issued to non-employees are recorded at the fair value of the goods and services received by the company.

Stock-based compensation
Employees (including directors and senior executives) of the Company receive a portion of their remuneration in the form of stock-based payment transactions, whereby they render services as consideration for equity instruments. These amounts are recorded at the fair value of the equity instrument granted.

Share issuance costs
Costs directly identifiable with the raising of share capital financing are charged against share capital.

Significant accounting judgments and estimates

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the amounts of assets and liabilities reported in the consolidated financial statements. Those estimates and assumptions also affect the disclosure of contingencies at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. The most significant estimates relate to determining the fair value of share based payments to non-employees and impairment testing of the Company's intangible assets, fixed assets and investments. During the year, $5,445 (2011 - $538,331) was recorded as share based payments and either capitalized to intangible assets or expensed in the statement of loss and comprehensive loss.

Financial instruments

All financial assets are initially classified into one of four categories: fair value through profit and loss (FVTPL), held-to-maturity, available for sale, loans and receivables and amortized cost.

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

Held-to-maturity investments are recognized on a trade-date basis and are initially measured at fair value, including the transaction costs. They are subsequently measured at amortized costs. The Company does not have any held-to-maturity item.

Financial assets classified as available for sale are measured at fair value with gains and losses recognized through a reserve in shareholders equity. The Company's investment in Northern Skye Resources would have been classified as available for sale if it has not been fully impaired and the fair value of these investments is readily determinable with reliable measure.

Financial assets classified as loans-and-receivables are initially recognized at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest rate method less a provision for impairment. The Company`s receivables are classified as loans and receivables.

Financial liabilities at amortized cost consist of trade payables and accrued liabilities and advance on private placement. Trade payables and accrued liabilities are initially recognized at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, they are measured at amortized cost using the effective interest rate method.

New accounting standards and interpretations

The following Standards and Interpretations were issued but not yet effective:

- IFRS 9 (2009) (AC 146) - Financial Instruments. Effective for annual periods beginning on or after January 1, 2015.
- IFRS 9 (2010) (AC 146) - Financial Instruments. Effective for annual periods beginning on or after January 1, 2015.
- IFRS 10 – Consolidated Financial Statements. Effective for annual periods beginning on or after January 1, 2013.
- IFRS 11 – Joint Arrangements. Effective for annual periods beginning on or after January 1, 2013.
- IFRS 12 – Disclosure of Interest in Other Entities. Effective for annual periods beginning on or after January 1, 2013.
- IFRS 13 – Fair Value Measurement. Effective for annual periods beginning on or after January 1, 2013.
- IAS 27 – Separate Financial Statements. Effective for annual periods beginning on or after January 1, 2013.
- IAS 28 – Investments in Associates and Joint Ventures. Effective for annual periods beginning on or after January 1, 2013.

All Standards and Interpretations will be adopted at their effective date, except for those Standards and Interpretations that are not applicable to the entity.

The *amendments to IFRS 7* was adopted by the Company for the first time for its financial reporting period ending December 31, 2012. In terms of the amendments additional disclosure would be provided regarding transfers of financial assets that are:

- not de-recognised in their entirety and
- de-recognised in their entirety but for which the group retains continuing involvement.

The amendments did not have a material impact on the Company's disclosure about financial instruments during the year ended December 31, 2012.

IFRS 9 (2009) (AC 146) will be adopted by the Company for the first time for its financial reporting period ending December 31, 2015. The standard will be applied retrospectively, subject to transitional provisions. IFRS 9 (AC 146) addresses the initial measurement and classification of financial assets and will replace the relevant sections of IAS 39 (AC 133).Under IFRS 9 (AC 146) there are two options in respect of classification of financial assets, namely, financial assets measured at amortized cost or at fair value. Financial assets are measured at amortized cost when the business model is to hold assets in order to collect contractual cash flows and when they give rise to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets are measured at fair value. Embedded derivatives are no longer separated from hybrid contracts that have a financial asset host. The impact on the financial statements for the group has not yet been estimated.

IFRS 9 (2010) (AC 146) will be adopted by the Company for the first time for its financial reporting period ending December 31, 2015. The standard will be applied retrospectively, subject to transitional provisions. IFRS 9 (2010) (AC 146) addresses the measurement and classification of financial liabilities and will replace the relevant sections of IAS 39 (AC 133).

Under IFRS 9 (2010), the classification and measurement requirements of financial liabilities are the same as per IAS 39 (AC 133), except for the following two aspects: fair value changes for financial liabilities (other than financial guarantees and loan commitments) designated at fair value through profit or loss, that are attributable to the changes in the credit risk of the liability will be presented in other comprehensive income (OCI). The remaining amount of the fair value change is recognized in profit or loss. However, if this requirement creates or enlarges an accounting mismatch in profit or loss, then the whole fair value change is presented in profit or loss. The determination as to whether such presentation would create or enlarge an accounting mismatch is made on initial recognition and is not subsequently reassessed.

Under IFRS 9 (2010) (AC 146) derivative liabilities that are linked to and must be settled by delivery of an unquoted equity instrument whose fair value cannot be reliably measured, are measured at fair value.

IFRS 9 (2010) (AC 146) incorporates, the guidance in IAS 39 dealing with fair value measurement and accounting for derivatives embedded in a host contract that is not a financial asset, as well as the requirements of IFRIC 9 Reassessment of Embedded Derivatives. The impact on the financial statements for the group has not yet been determined.

IFRS 10 will be adopted by the Company for the first time for its financial reporting period ending December 31, 2013. IFRS 10 was issued in June, 2011 and is the result of the ISAB's project to replace Standing Interpretations Committee 12, "Consolidation - Special Purpose Entities" and the consolidation requirements of IAS 27, "Consolidated and Separate Financial Statements". The new standard eliminates the current risk and rewards approach and establishes control as the single basis for determining the consolidation of an entity. The standard provides detailed guidance on how to apply the control principles in a number of situations, including agency relationships and holdings or potential voting rights.

IFRS 11 will be adopted by the Company for the first time for its financial reporting period ending December 31, 2013. IFRS 11 was issued in June, 2011 and is the result of the IASB's project to replace IAS 31, "Interest in Joint Ventures". The new standard redefines joint operations and joint ventures and requires joint operations to be proportionately consolidated and joint ventures to be equity accounted. Under IAS 31, joint ventures could be proportionately accounted.

IFRS 12 will be adopted by the Company for the first time for its financial reporting period ending December 31, 2013. IFRS 12 was issued in June, 2011 and outlines the required disclosures for interests in subsidiaries and joint arrangements. The new disclosures require information that will assist financial statement users to evaluate the nature, risks and financial effects associated with an entity's interests in subsidiaries and joint arrangements.

IFRS 13 will be adopted by the Company for the first time for its financial reporting period ending December 31, 2013. IFRS 13 was issued in June, 2011 and provides a common definition of fair value establishes a framework for measuring fair value under IFRS and enhances the disclosures required for fair value measurements. The standard applies where fair value measurements are required and does not require new fair value measurements.

IAS 27 will be adopted by the Company for the first time for its financial reporting period ending December 31, 2013. IAS 27 revised 2011 was issued in May, 2011 and provides guidance in respect to Separate Financial Statements.

IAS 28 will be adopted by the Company for the first time for its financial reporting period ending December 31, 2013. IAS 28 revised 2011 was issued in May, 2011 and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

Management anticipates that the application of above new standards may have an impact on amounts reported in the consolidated financial statements. However, management has not performed a detailed analysis of the impact of the application of the above standards and hence has not yet quantified the extent of the impact.

(Expressed in Canadian dollars)

3 Fixed Assets

	Computer Hardware $
Cost	
As at January 1, 2011	5,006
Additions	16,078
Disposals	-
As at December 31, 2011	21,084
Additions	-
Disposals	(1,829)
As at December 31, 2012	19,255
Accumulated amortization	
As at January 1, 2011	2,120
Expense for the year	2,927
As at December 31, 2011	5,047
Expense for the year	4,261
Disposals	(1,129)
As at December 31, 2012	8,179
Impairment	
As at January 1, 2011	-
Impairment for the year	-
As at December 31, 2011	-
Impairment for the year	(11,076)
As at December 31, 2012	(11,076)
Net book value	
As at December 31, 2011	16,037
As at December 31, 2012	-

As at December 31, 2012, the new management of the Company determined that all of its fixed assets were impaired and had written off the entire carrying value to $Nil.

(Expressed in Canadian dollars)

4 Intangible Assets

	Mineral Properties $
Cost	
As at January 1, 2011	3,708,842
Additions	2,024,264
Disposals	-
As at December 31, 2011	5,733,106
Additions	599,439
Disposals	(308,968)
As at December 31, 2012	6,023,577
Impairment	
As at January 1, 2011	(696,450)
Impairment for the year	-
As at December 31, 2011	(696,450)
Impairment for the year	-
As at December 31, 2012	(696,450)
Net book value	
As at December 31, 2011	3,012,392
As at December 31, 2012	5,327,127

Mineral Properties

	December 31, 2012 $	December 31, 2011 $
Sandeb mining property	-	-
Scadding area mining properties	4,641,298	4,426,189
Black diamond mining property	685,829	403,168
Linear mining property	-	78,627
Berry-Desboues Township mining property	-	37,341
Hebecourt Township mining property	-	20,118
Boston Township mining property	-	49,288
Cook/Guibord Townships property	-	21,925
	5,327,127	5,036,656

Sandeb mining property

There has been no active exploration performed on Sandeb in over two years. Management assessed an impairment charge of $658,635 during the year ended December 31, 2010. As at December 31, 2012, management believes that the impairment is accurate.

Scadding area mining properties

The Company has an in interest in leases and mineral property options which are contiguous in the area of Scadding, Ontario. These leases/claims were acquired for gold exploration purposes.

The leased property consists of an option to earn a 51% interest in certain provincial mining leases and mineral claims located in the district of Sudbury in the province of Ontario. The Scadding claims were acquired by management for gold exploration purposes, and in order to maintain its interest in good standing the Company is required to comply with the following requirements:

1. The Company must issue an aggregate of 2,000,000 common shares in installments of 500,000 shares every six months over a period of two years with the first issuance due February 13, 2010. The first two installments of the shares were issued during 2010, and the third and fourth installments were issued during the year ended December 31, 2011.
2. The Company must issue an aggregate of 300,000 common shares in installments of 150,000 shares over a period of three years with the first issuance due May 5, 2010 and the second issuance on or before May 5, 2012. The first installment of these shares was issued during 2010 and the second installment was issued during the year ended December 31, 2011.
3. The Company must incur an aggregate of $2,000,000 in cash exploration costs. This requirement was met during the year ended December 31, 2010.

The Company can increase its interest in the Scadding claims from 51% to 100% by paying $2,000,000 in cash on or before commencement of commercial production on the Scadding area mining properties. The Scadding claims are subject to a $1.00 per ton royalty covering ore removed from the property and a 3% net smelter return (`NSR`) royalty. Included in the Scadding mining properties are several staked properties that have been registered with the Ontario Ministry of Natural Resources.

The Company issued 50,000 common shares and paid $12,500 for an option on approximately 4,000 acres of unpatented mineral claims. In order to maintain its interest in good standing the Company is required to comply with the following requirements:

1. The Company must issue an additional 300,000 common shares in the following installments: 100,000 common shares at or before January 16, 2011, which were issued during the year ended December, 2011 and 200,000 common shares at or before January 16, 2012, which were issued on February 9, 2012.

The Company issued 100,000 common shares for an option on approximately 17,000 acres of unpatented mineral claims. In order to maintain its interest in good standing the Company is required to comply with the following requirements:

1. The Company must issue an additional 700,000 common shares in the following installments; 200,000 common shares at or before July 23, 2011, 200,000 common shares at or before July 23, 2012 and 300,000 common shares at or before July 23, 2013. Only the first installment of shares was issued during the year ended December 31, 2011.

2. The Company must make cash payments of $100,000 in the following installments: $20,000 on or before July 23, 2011, $30,000 on or before July 23, 2012 and $50,000 on or before July 23, 2013. Only the first installment of cash payment was made during the year ended December 31, 2011.

3. The Company determined that this option agreement was technically in default. The Company has obtained confirmation from the Optioner that they will continue to keep the Company's optioned interest on the property in good standing until the Company has raised sufficient funds to continue with the exploration program of the property.

Black Diamond Mining Property

The Company has an option to acquire 100% working interest in a mineral property option in the area of Gila County, Arizona. These claims were acquired for silver exploration purposes.

The Black Diamond property is subject to a 10% net smelter return royalty, which can be reduced to 1% subject to the Company completing a series of payment requirements to the claim holder. The Company issued 200,000 common shares and paid $25,000 for the options and in order to maintain its interest in good standing the Company is required to comply with the following requirements:

1. The Company must issue an additional 600,000 common shares in the following installments: 200,000 on or before May 19, 2011, 200,000 on or before May 19, 2012 and 200,000 on or before May 19, 2013. Only the first installment of shares was issued during the year ended December 31, 2011.
2. The Company must make additional cash payment of $825,000 USD in the following installments; $25,000 USD is due on or before May 19, 2011, $100,000 USD is due on or before November 19, 2011, $200,000 USD on or before May 19, 2012 and $500,000 USD on or before May 19, 2013. The first two installments were made for a total of $125,000 USD during the year ended December 31, 2011. During the year ended December 31, 2012, a further $56,000 USD cash payments was made.
3. The Company must incur an aggregate of $1,500,000 USD in cash exploration costs; $1,000,000 USD of which must be incurred on or before May 19, 2012 and a further $500,000 must be incurred on or before May 19, 2013. As at December 31, 2012, the Company has incurred exploration costs of $468,992.
4. The Company determined that this option agreement was technically in default. The Company has obtained confirmation from the Optioner that they will continue to keep the Company's optioned interest on the property in good standing until the Company has raised sufficient funds to continue with the exploration program of the property.

Linear, Berry-Desboures, Hebecourt, Boston and Cook/Guibord mining properties

The Company entered into an agreement with Northern Skye Resources Inc. ("Northern Skye") dated January 26, 2012 whereby Northern Skye has assumed all obligations and payments under the Linear, Berry-Desboues, Hebecourt, Boston, and Cook-Guibord Option agreements. As consideration for assigning the Option Agreements to Northern Skye, Northern Skye has agreed:

1. To issue to the Company three million (3,000,000) common shares in the capital of Northern Skye;
2. To pay in cash such amounts representing the actual cash expenditures already paid by the Company in respect of the acquisition of its option rights in and to each of the Optioned Properties;

(Expressed in Canadian dollars)

3. The Company retains a ten percent (10%) carried working interest (the "Retained Interest") in each of the Optioned Properties;
4. Northern Skye shall have the right, but not the obligation, to purchase at any time and from time-to-time increments of not less than one percent (1%) up to the entire Retained Interest in any or all of the Optioned Properties for consideration of one million dollars ($1,000,000) per one percent (1%) interest.

5 Investments

On February 9, 2012, as part of an assignment agreement, the Company received 3,000,000 shares in Northern Skye Resources, a Canadian private company, which shares has no readily market for trading and thus no other reliable measure to determine its fair value. As a non-monetary transaction, the investment was initially recognized at a fair value equal to the consideration of assets given up, or the remainder of expenditures spent by the Company that was not reimbursed by Northern Skye, as a more reliable measure of fair value received. The investment was thus initially valued at $39,985; and as at December 31, 2012, the management determined that there was a permanent impairment on these investments and wrote down the investments to a nominal value of $1.

6 Capital Stock

Authorized:
Unlimited number of common shares
Issued:

		December 31, 2012		December 31, 2011	
			Amount		Amount
Common Shares	**Note**	**Number**	**$**	**Number**	**$**
Beginning of year		78,617,700	6,647,549	66,219,111	5,253,576
Options and warrants exercised	6e	-	-	361,150	50,290
Share issuance costs	6a	-	(77,417)	-	(117,729)
Flow through shares issued	6e	-	-	4,529,411	460,886
Private placement	6g	16,501,500	1,057,166	5,615,528	712,551
Shares issued as consideration	6c	400,000	26,000	1,892,500	287,975
Balance		**95,519,200**	**7,653,298**	**78,617,700**	**6,647,549**

		December 31, 2012		December 31, 2011	
			Amount		Amount
Warrants	**Note**	**Number**	**$**	**Number**	**$**
Beginning of year		10,284,079	324,162	11,614,755	418,917
Warrants expired	6f	(8,019,374)	(288,719)	(9,422,059)	(314,858)
Flow through units issued	6e	-	-	2,264,705	49,381
Private placement	6g	8,250,750	262,954	5,615,528	174,604
Finders options exercised	6d	-	-	211,150	15,621
Warrant issuance costs	6b	-	(19,256)	-	(19,503)
Exercised warrants	6d	-	-	-	-
Balance		**10,515,455**	**279,141**	**10,284,079**	**324,162**

a) Share issuance costs

Share issuance costs in conjunction with the May 17, 2011 private placement amounted to $53,370 net of tax of $9,190. This includes units issued in lieu of cash of a cash finders fee with a fair value of $45,315, of which $36,396 is attributable to share issuance costs and $8,919 of which is attributable to warrant issuance costs.

Share issuance costs in conjunction with the July 7, 2011 private placement amounted to $64,359 net of tax of $17,081, and included 452,941 finder's options with a fair value of $21,938. Each option entitles the finder to purchase one unit (a "Finder's Unit") of the Company at a price of $0.17 per unit until July 5, 2013. Each Finder's Unit will consist of one common share of the Company and one-half of one non-transferable common share purchase warrant. Each warrant will entitle the finder to acquire one common share of the Company at an exercise price of $0.25 per share until January 6, 2013.

Share issuance costs in conjunction with the February 12, 2012 private placement amounted to $77,417 net of tax of $1,950. This includes 1,119,000 units issued in lieu of a cash finders fee with a fair value of $89,520 of which $71,688 is attributable to share issuance costs and $17,832 of which is attributable to warrant issuance costs. Each Finder's Unit will consist of one common share of the Company and one-half of one non-transferable common share purchase warrant. Each warrant will entitle the finder to acquire one half of one common share of the Company at an exercise price of $0.10 per share until February 12, 2014.

b) Warrant issuance costs

Warrant issuance costs in conjunction with the May 17, 2011 private placement amounted to $13,078 net of tax of $2,252. This includes units issued in lieu of a cash finders fee with a fair value of $45,315, of which $36,396 is attributable to share issuance costs and $8,919 of which is attributable to warrant issuance costs.

Warrant issuance costs in conjunction with the July 7, 2011 private placement amounted to $6,425 net of tax of $1,775, and included 452,941 finder's options with a fair value of $2,280. Each option entitles the finder to purchase one unit (a "Finder's Unit") of the Company at a price of $0.17 per unit until July 5 7, 2013. Each Finder's Unit will consist of one common share of the Company and one-half of one non-transferable common share purchase warrant. Each warrant will entitle the finder to acquire one common share of the Company at an exercise price of $0.25 per share until January 6, 2013.

Warrant issuance costs in conjunction with the February 12, 2012 private placement amount to $19,256 net of tax of $485. This includes 1,119,000 units issued in lieu of a cash finders fee with a fair value of $89,520 of which $71,688 is attributable to share issuance costs and $17,832 of which is attributable to warrant issuance costs. Each Finder's Unit will consist of one common share of the Company and one-half of one non-transferable common share purchase warrant. Each warrant will entitle the finder to acquire one half of one common share of the Company at an exercise price of $0.10 per share until February 12, 2014.

c) Shares issued for consideration of property

On February 14, 2011, the Company issued 100,000 common shares as part of the contract signed on January 16, 2010 to obtain mining rights to the Scadding area mining properties. These shares were valued at $18,000 on the date the transaction occurred.

On June 27, 2011, the Company issued 150,000 common shares as part of the agreement to acquire the Linear property. These shares were valued at $21,000 on the date of issuance.

On July 18, 2011, the Company issued 200,000 common shares as part of a Scadding area mining properties contract signed on July 23, 2010. These shares were valued at $25,550 on the date of issuance.

On August 24, 2011, the Company issued 30,000 common shares as part of the Berry-Desboues contract signed on July 18, 2011. These shares were valued at $3,900 on the date of issuance.

On August 24, 2011, the Company issued 2,500 common shares as part of the Hebecourt contract signed on July 18, 2011. These shares were valued at $325 on the date of issuance.

On September 9, 2011, the Company issued 50,000 common shares as part of the Boston contract signed on August 31, 2011. These shares were valued at $6,000 on the date of issuance.

On January 24, 2012, the Company issued 200,000 common shares as part of a Scadding area mining properties contract signed on July 23, 2010. These shares were valued at $18,000 on the date of issuance.

On June 22, 2012, the Company issued 200,000 common shares as part of a Black Diamond Mining Property contract. These shares were valued at $8,000 on the date of issuance.

d) Options and warrants exercised

During the year ended December 31, 2011, 150,000 share purchase options were exercised for total cash consideration of $13,490. This amount plus the previously estimated fair value of $6,645 has been recorded as an increase to share capital.

During the year ended December 31, 2011, 211,150 finder's options were exercised for a total cash consideration of $12,669. $8,346 of this amount, plus the previously estimated fair value of $21,809 has been recorded as an increase to share capital, and $4,323 of the cash consideration and $11,298 of the previously estimated fair value has been recorded as an increase to warrants.

During the year ended December 31, 2012, there were no options and warrants exercised.

e) Flow through units issued

In July 2011, 4,529,411 units were issued at $0.17 per unit on a flow-through basis whereby the Company will renounce $770,000 of Canadian exploration expenditures to the shareholders. The Company intends to apply the look-back rule whereby the expenses are renounced to the shareholders in the year the shares are issued and prior to the expenditures being incurred. Each unit issued consists of one common share and one-half of one common share purchase warrant. Each warrant is exercisable into one non-flow through common share at a price of $0.25 per warrant until January 6, 2013.

(Expressed in Canadian dollars)

The fair value of the warrants issued during the year ended December 31, 2011 was estimated at $49,381 using the Black-Scholes pricing model and a liability in the amount of $259,733 has been recognized as a liability related to renounced expenditures.

The following assumptions were used in the Black-Scholes pricing model:

	2011
Risk-free interest rate	1.43%
Expected dividend yield	0%
Expected price volatility	78%
Expected life	1.5 years

f) Expired warrants

During the year ended December 31, 2012, 8,019,374 warrants expired (Year ended December 31, 2011, 9,422,059 warrants expired). The value of the expired warrants $288,719 (2011 - $314,858) has been transferred to contributed surplus.

g) Private placement

On May 17, 2011, 5,334,740 units were issued for total proceeds of $841,841. Of this amount, $676,155 was attributable to common shares and $165,686 was attributable to warrants using the black schools pricing model. Each unit consists of one common share and one common share purchase warrant. Each warrant will entitle the finder to acquire one common share of the Company at an exercise of $0.25 per share until November 17, 2012.

In conjunction with the May 17, 2011 private placement, 280,788 units were issued in lieu of a cash finders fee of $45,314. $36,396 of which was attributable to share capital and $8,919 was attributable to warrants using the black schools pricing model.

On February 12, 2012 16,501,500 units were issued for total proceeds of 1,230,600. Of this amount, $985,464 was attributable to common shares and $245,136 was attributable to warrants using the black schools pricing model. Each unit consists of one common share and one half of one common share purchase warrant. Each warrant will entitle the finder to acquire one half of one common share of the Company at an exercise price of $0.10 per share until February 12, 2014. During the year ended December 31, 2011, the Company received $855,000 in advance of the closing of the private placement.

The following assumptions were used in the Black-Scholes pricing model:

	2012	**2011**
Risk-free interest rate	1.00%	1.53%
Expected dividend yield	0%	0%
Expected price volatility	87%	86%
Expected life	2 years	1.5 years

(Expressed in Canadian dollars)

7 Stock options

a) Stock option plan

The Company has a stock option plan, which allows the Company to issue options to certain directors, officers, employees and consultants of the Company. Options issued under the plan shall not exceed 10% of shares issued and outstanding at the time of granting of the options. Options granted under the plan may have a maximum term of five years. The exercise price of options granted under the plan will not be less than the market price of the shares (defined as the last closing market price of the Company's shares on the last day shares are traded prior to the grant date), less the applicable discount permitted by the rules of the Exchange. Stock options granted under the plan vest immediately subject to vesting terms, which may be imposed at the discretion of the directors.

Stock option transactions during the year ended December 31, 2012 and year ended December 31, 2011, were as follows:

	December 31 2012		December 31 2011	
	Number of options	**Weighted average exercise price $**	**Number of options**	**Weighted average exercise price $**
Beginning of period/year	6,031,500	0.14	3,484,500	0.14
Issued	-	-	2,920,000	0.17
Exercised	-	-	(150,000)	0.09
Expired	(1,306,500)	0.18	(223,000)	0.18
Balance	4,725,000	0.15	6,031,500	0.14

As at December 31, 2012, the following share purchase options were outstanding:

Grant Date	Number of Options	Value $	Exercise Price	Weighted Average Exercise Price	Expiry Date
February 20, 2009	725,000	32,088	$0.09	$0.09	February 20,2014
July 17, 2009	300,000	22,500	$0.10	$0.10	July 17,2014
August 27, 2009	1,100,000	116,600	$0.18	$0.18	August 27,2014
September 1, 2010	400,000	27,548	$0.12	$0.12	September 1,2015
April 28, 2011	2,200,000	178,640	$0.17	$0.17	April 28, 2016
Balance	4,725,000	377,376		$0.15	

No expense relating to stock options granted prior to 2009 have been recorded in these consolidated financial statements as the options were granted by the Company prior to the reverse takeover transaction on December 18, 2008 and the amounts were not significant.

(Expressed in Canadian dollars)

The Company recorded $5,445 (2011: $250,356) as share-based compensation for options vested during the years ended December 31, 2012 and 2011.

The following assumptions were used under the Black- Scholes options pricing model for the options granted:

	2012	**2011**
Risk-free interest rate	1.62%	1.55-1.96%
Expected dividend yield	0	0
Expected price volatility	164%	81 – 87%
Expected life	2.5 years	2 – 2.5 years

b) Finder's option transactions for the year ended December 31, 2012 and the year ended December 31, 2011, were as follows:

	December 31 2012		**December 31 2011**	
	Number of finder's options	**Weighted average exercise price $**	**Number of finder's options**	**Weighted average exercise price $**
Beginning of period/year	895,248	0.21	1,023,457	0.22
Issued	-	-	452,941	0.17
Exercised	-	-	(211,150)	0.06
Expired	(442,307)	0.26	(370,000)	0.25
Balance	452,941	0.17	895,248	0.21

Grant Date	**Number of Options**	**Value $**	**Exercise Price**	**Weighted Average Exercise Price**	**Expiry Date**
July 7, 2011	452,941	24,218	$0.17	$0.17	January 7, 2013
Balance	452,941	24,218		$0.17	

c) Contributed surplus

The fair value of stock options which vest immediately, are recorded as an increase to contributed surplus upon issuance of the options. The fair value of stock options which do not vest immediately, are recorded as an increase to contributed surplus over the vesting period. On exercise of a stock option, the fair value previously recorded in contributed surplus is removed and recorded as share capital.

(Expressed in Canadian dollars)

The following is the change in contributed surplus for the nine month period ended December 31, 2012 and the year ended December 31, 2011:

	December 31, 2012 $	December 31, 2011 $
Opening balance, January 1	1,074,313	563,989
Issuance of stock options	5,445	250,356
Issuance of finder's options	-	24,218
Exercised finder's options	-	(33,106)
Exercised stock options	-	(6,645)
Expired warrants	288,719	275,501
Ending balance	**1,368,477**	**1,074,313**

8 Income taxes

The income taxes shown in the statements of loss and comprehensive loss differ from the amounts obtained by applying statutory rates to the loss before income taxes due to the following:

		2012 26.5%		2011 28.2%
Loss before income taxes for the year	$	**(721,232)**	$	(1,719,202)
Expected income tax recovery	$	**(191,126)**	$	(485,675)
Items not deductible and deductible for income tax purposes		**(144,252)**		(55,115)
Effect of change in tax rate		**10,092**		4,601
Current and prior tax attributes not recognized		**67,989**		127,734
Deferred income tax recovery	$	**(257,297)**	$	(408,455)

Details of deferred tax assets are as follows:

		2012		2011
Non-capital loss carryforwards	$	**1,246,988**	$	1,021,186
Share issuance cost		**62,397**		91,026
Mining properties		**(849,564)**		(709,365)
Equipment and others		**39,216**		28,201
Unrecognized deferred tax assets		**(499,037)**		(431,048)
	$	**-**	$	-

As at December 31, 2012, the Company had approximately $4,836,000 of non-capital losses available, which begin to expire in 2014 through to 2032 and may be applied against future taxable income. The Company also had approximately $1,927,000 of exploration and development costs which are available for deduction against future income for tax purposes.

At December 31, 2012, the net amount which would give rise to a deferred income tax asset has not been recognized as it is not probable that such benefit will be utilized in the future years.

(Expressed in Canadian dollars)

9 Segment reporting

The Company is only involved in the exploration of minerals. Segment information is provided on the basis of geographic segments as the company manages its business through two geographic regions – Canada and the United States.

The entire loss incurred during the year ended December 31, 2012, was incurred in Canada.

Total assets by geography

			December 31, 2012
	Canada	USA	Total
	$	$	$
Total assets	4,710,132	685,829	5,395,961

			December 31, 2011
	Canada	USA	Total
	$	$	$
Total assets	5,333,804	403,168	5,736,972

10 Related party transactions

During the year ended December 31, 2012, the Company incurred key management compensation expenses in the amount of $177,294 (2011-$581,597). Of this amount, $Nil (2011 - $131,950) represents share based compensation and $8,000 (2011 - $48,000) represents costs incurred for mining exploration expenditures which were capitalized as mining properties during the year.

The above related party transactions were conducted in the normal course of business and were measured at the agreed to amounts which were agreed by the related parties.

As at December 31, 2012, the Company's trade payable and accrued payable balances included $126,330 payable to the above related parties.

11 Commitment

Issuance of flow-through shares

The Company is partially financed through the issuance of flow-through shares, requiring that the Company spend the proceeds for qualified mining exploration expenses. Moreover, tax rules regarding flow-through investments set deadlines for carrying out the exploration work, subject to penalties if the conditions are not respected. Although the Company is committed to taking all the necessary measures, refusal of certain expenses by the tax authorities would have a negative tax impact for investors.

During the year ended December 31, 2011, the Company received $770,000 following an issuance of flow-through units. During the year ended December 31, 2012, the Company renounced $769,547of its tax deductions relating to flow-through expenditures. The Company has until December 31, 2012 to make qualified mining exploration expenses totaling $769,547. As at December 31, 2012, the Company had incurred $240,796 of qualifying expenditures.

12 Financial Instruments

Fair Values

The fair values of financial assets and liabilities included in the statements of financial position are as follows:

	Carrying Amount	
	2012 ($)	2011 ($)
Fair value through profit or loss:		
Cash and cash equivalents (level 1)	3,019	579,817
Loans and receivables:		
Receivables	40,161	85,076
Other liabilities:		
Trade payables and accrued liabilities	647,927	665,162
Other liabilities	-	259,733
Advance on private placement	-	855,000

Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm’s length transaction between knowledgeable and willing parties who are under no compulsion to act. The Company classifies the fair value of the financial instruments according to the following hierarchy based on the observable inputs used to value the instrument\\:

- Level 1 – inputs to the valuation methodology are quoted prices unadjusted for identical assets or liabilities in active markets.
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset of liability either directly (as prices) or indirectly (i.e. derived from prices).
- Level 3 – inputs to the valuation model are not based on observable market data.

Fair value measurements are classified in the fair value hierarchy based on the lowest level input that is significant to that fair value measurement. This assessment requires judgement considering factors specific to an asset or liability and may affect placement within the fair value hierarchy.

13 Financial risk factors

Fair value

The carrying value of cash and cash equivalents, receivables and trade payable and accrued liabilities approximate fair value, due to their short-term nature.

Foreign exchange risk

The Company had no revenue, operating expenses, monetary assets or liabilities that were denominated in a foreign currency. Certain expenditures in respect of the Black Diamond mining property are incurred in US dollars.

Credit risk

The Company did not have any commercial customers during the periods presented and is exposed to minimal credit risk through its bank.

Interest rate risk

The Company is exposed to minimal market interest rate fluctuations with respect to its cash and cash equivalents on hand.

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 December 31, 2012, the Company had current assets of $68,833 (December 31, 2011 - $684,279) and current liabilities of $647,927 (December 31, 2011 - $1,779,895). The Company is currently exploring opportunities to raise additional capital.

14 Capital management

The Company's objective when managing capital is to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may issue new shares to obtain financing.

15 Subsequent events

Private placement

On April 8, 2013, the Company closed a non-brokered private placement of 3,646,666 Units at $0.06 per unit for total gross proceeds of $218,800. Each Unit consists of one common share of the Company and one common share purchase warrant. Each full warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.10 per share for a period of 24 months after the date of closing of the private placement.

Warrants & finder's options

On January 6, 2013, 2,264,705 share purchase warrants at an exercise price of $0.25 per common share were expired, unexercised.

On January 7, 2013, 452,941 finder's options with exercise price of $0.17 per unit were expired, unexercised.

16 Contingent Liability

The Company has a legal claim against it in the amount of $44,220. The Company intends to defend itself against this claim. The outcome and amount to be paid, if any, are unknown, and as such no amounts related to this claim have been recorded in the financial statements.