SILVER SUN RESOURCE CORP.

Consolidated Condensed Interim Financial Statements

For the six months ended October 31, 2012

(Expressed in Canadian dollars)

(Unaudited)

Notice to Readers

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

The accompanying unaudited consolidated condensed interim financial statements of Silver Sun Resource Corp. for the six months ended October 31, 2012 have been prepared in accordance with International Accounting Standard 34 for Consolidated Interim Financial Reporting under International Financial Reporting Standards. These consolidated condensed interim financial statements are the responsibility of the Company's management and have been approved by the Board of Directors. The Company's independent auditors have not performed an audit or review of these consolidated condensed interim financial statements.

SILVER SUN RESOURCE CORP.

Consolidated Condensed Interim Financial Statements
(Expressed in Canadian Dollars)
(Unaudited)

SILVER SUN RESOURCE CORP.

Consolidated Condensed Interim Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

As at		October 31 2012		(Audited) April 30 2012
Assets				
Current				
Cash	**$**	**12,626**	$	5,952
Amounts receivable (note 4)		**43,376**		81,913
Loan receivable (note 5)		**20,000**		-
Prepaid expenses and deposits		**17,645**		12,096
		93,647		99,961
Non-current				
Property, plant, and equipment (note 6)		**114,704**		134,946
Exploration and evaluation assets (note 7)		**1,606,767**		1,606,767
		1,721,471		1,741,713
	$	**1,815,118**	$	1,841,674
Liabilities				
Current				
Accounts payable and accrued liabilities (note 8)	**$**	**139,999**	$	105,559
		139,999		105,559
Shareholders' Equity				
Share capital (note 9)		**6,127,006**		5,725,782
Reserves		**600,807**		851,100
Accumulated deficit		**(5,063,234)**		(4,851,307)
Accumulated other comprehensive loss		**10,540**		10,540
		1,675,119		1,736,115
	$	**1,815,118**	$	1,841,674

Nature of operations and going concern (note 1)
Subsequent events (note 15)

These financial statements were authorized for issue by the board of directors on December 11, 2012. They are signed on the Company's behalf by:

"Mark McLeary" Director

"Ian Foreman" Director

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

SILVER SUN RESOURCE CORP.

Consolidated Condensed Interim Statements of Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

	For the three months ended		For the six months ended	
	October 31, 2012	October 31, 2011	**October 31, 2012**	October 31, 2011
Expenses				
Bank charges and interest	**$ 1,147**	$ 871	**$ 1,375**	$ 1,562
Depreciation	**10,121**	14,645	**20,242**	21,751
Exploration and evaluation costs (note 7)	**120,211**	245,521	**223,226**	584,500
Insurance	**(4,500)**	4,269	**4,959**	21,500
Investor communications	**19,742**	11,500	**30,242**	21,500
Consulting and management fees (note 10)	**68,460**	27,103	**113,460**	174,860
Office, administrative, and travel expenses	**24,285**	33,416	**44,745**	64,036
Professional fees	**23,503**	36,712	**40,647**	59,593
Salaries and benefits	**3,293**	3,372	**3,697**	4,141
Share-based compensation (note 9(d))	**55,814**	41,879	**79,388**	152,194
Transfer agent, listing, and filing fees	**6,344**	12,286	**13,867**	18,590
Loss before other items	**(328,420)**	(431,574)	**(575,848)**	(1,124,227)
Other income (expenses)				
Interest income (expenses)	**-**	(423)	**294**	7,324
Foreign exchange gain (loss)	**1,487**	24,526	**(767)**	801
	1,487	24,103	**(473)**	8,125
Net loss	**(326,933)**	(407,471)	**(576,321)**	(1,116,102)
Other comprehensive loss				
Foreign currency translation differences from foreign	**-**	(7,835)	**-**	(4,358)
Net loss and comprehensive loss for the period	**(326,933)**	(415,306)	**(576,321)**	(1,120,460)
Basic and diluted loss per share	**$ (0.01)**	$ (0.01)	**$ (0.01)**	$ (0.02)
Weighted average number of shares outstanding	**49,365,647**	46,194,783	**48,477,802**	45,216,658

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

SILVER SUN RESOURCE CORP.

Consolidated Condensed Interim Statements of Changes in Equity (Deficit)
(Expressed in Canadian Dollars)
(Unaudited)

	Number of Shares	Share Capital	Reserves	Accumulated Other Comprehensive Loss	Deficit	Total Equity
Balance at April 30, 2012	47,183,000	$ 5,725,782	$ 851,100	$ 10,540	$ (4,851,307)	$ 1,736,115
Private placements	3,730,336	401,224	34,713	-	-	435,937
Share-based compensation	-	-	79,388	-	-	79,388
Fair value of options cancelled	-	-	(256,321)	-	256,321	-
Fair value of warrants cancelled	-	-	(108,073)	-	108,073	-
Net loss for the period	-	-	-	-	(576,321)	(576,321)
Balance at October 31, 2012	**50,913,336**	**$ 6,127,006**	**$ 600,807**	**$ 10,540**	**$ (5,063,234)**	**$ 1,675,119**

	Number of Shares	Share Capital	Reserves	Accumulated Other Comprehensive Loss	Deficit	Total Equity
Balance at April 30, 2011	43,235,000	$ 4,077,278	$ 836,478	$ -	$ (2,085,069)	$ 2,828,687
Shares issued for mineral property	1,450,000	676,500	121,993	-	-	798,493
Warrants exercised	75,000	11,250	-	-	-	11,250
Options exercised	1,500,000	368,500	-	-	-	368,500
Share-based compensation	-	-	152,194	-	-	152,194
Fair value of options and warrants exercised	-	296,532	(296,532)	-	-	-
Fair value of options cancelled	-	-	(18,151)	-	18,151	-
Net loss for the period	-	-	-	(4,358)	(1,116,102)	(1,120,460)
Balance at October 31, 2011	46,260,000	$ 5,430,060	$ 795,982	$ (4,358)	$ (3,183,020)	$ 3,038,664

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

SILVER SUN RESOURCE CORP.

Consolidated Condensed Interim Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

	For the three months ended		For the six months ended	
	October 31, 2012	October 31, 2011	**October 31, 2012**	October 31, 2011
Cash provided by (used for)				
Operating activities				
Net loss for the period	**$ (326,933)**	$ (407,471)	**$ (576,321)**	$ (1,116,102)
Add items not affecting cash				
Accrued finance income	**-**	462	**-**	(6,938)
Depreciation	**10,121**	14,544	**20,242**	21,650
Foreign exchange gain (loss)	**(1,487)**	(24,526)	**767**	(801)
Share-based compensation	**55,814**	41,879	**79,388**	152,194
	(262,485)	(375,112)	**(475,924)**	(949,997)
Net change in non-cash working capital	**(47,588)**	(43,419)	**67,428**	(69,471)
	(310,073)	(418,531)	**(408,496)**	(1,019,468)
Financing activities				
Private placements	**390,040**	-	**469,240**	-
Finders' fees paid	**(33,303)**		**(33,303)**	-
Exercise of stock options	**-**	57,000	**-**	368,500
Exercise of warrants	**-**	-	**-**	11,250
	356,737	57,000	**435,937**	379,750
Investing activities				
Loan receivable	**(20,000)**		**(20,000)**	-
Purchase of equipment	**-**	(22,957)	**-**	(72,211)
Redemption of short-term investment	**-**	300,000	**-**	300,000
	(20,000)	277,043	**(20,000)**	227,789
Net increase (decrease) in cash	**26,664**	(84,488)	**7,441**	(411,929)
Cash, beginning of period	**(15,525)**	203,552	**5,952**	507,807
Effect of exchange rate fluctuations on cash held	**1,487**	(35,113)	**(767)**	(11,927)
Cash, end of period	**$ 12,626**	$ 83,951	**$ 12,626**	$ 83,951

Supplemental cash flow information (note 12)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Silver Sun Resource Corp. (the "Company"), is a public company incorporated under the laws of the Province of British Columbia, Canada on March 14, 2007. The Company is listed on the TSX Venture Exchange (“TSX”) under the trading symbol “SSU”, on the Frankfurt Stock Exchange under the trading symbol “SS6”, and on the OCTBB under the symbol “SSUXF”. The Company is in the business of exploring mineral properties, including: the Cherry Hill Gold mining claims in Siskiyou County in northern California; and the Yoreme mineral claim located in the Municipality of Alamos, state of Sonora, Mexico.

The Company's corporate office is located at Suite 400, 409 Granville Street, Vancouver, British Columbia V6C 1T2.

The Company is in the exploration stage with respect to its exploration and evaluation assets. Based on the information available to date, the Company has not yet determined whether its exploration and evaluation assets contain economically recoverable reserves. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete their development, and upon future profitable production.

These consolidated condensed interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to raise adequate financing to develop its exploration and evaluation assets, and to commence profitable operations in the future. To date the Company has not generated any revenues and is considered to be in the exploration stage. These consolidated condensed interim financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. Further discussion of liquidity risk has been disclosed in note 13(c).

Management is also aware that material uncertainties exist related to current economic conditions which could adversely affect the Company’s ability to continue to finance its activities. The Company’s current cash position is not sufficient to fund its needs for the near future as the Company has negative working capital; therefore, management plans to pursue additional sources of financing through equity offerings, seeking joint venture partners to fund exploration, monitoring exploration activity, and reducing overhead costs.

2. BASIS OF PREPARATION

a) Basis of preparation

These consolidated condensed interim financial statements have been prepared on a historical cost basis except for financial instruments classified as at fair value through profit and loss, which are measured at fair value. In addition, these consolidated condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These consolidated condensed interim financial statements do not include all the information required for full annual financial statements.

2. BASIS OF PREPARATION (continued)

b) Foreign currencies

i) Presentation and functional currency

The presentation and functional currency of the Company is the Canadian dollar.

The functional currency of the Company; its Mexican subsidiary, Minera Plata Del Sol S.A. de C.V.; and the American subsidiary, Cherry Hill Holdings, LLC, is the Canadian Dollar while the functional currency of the Company's other two American subsidiaries, Lucky Boy Resources, LLC and Golden Sun, LLC, is the US Dollar.

ii) Foreign currency translation

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Foreign currency gains and losses are reported on a net basis included in net income (loss).

iii) Foreign operations

Subsidiaries that have a functional currency other than the Canadian Dollar translate their statement of operations at the exchange rate at the date of transactions. Assets and liabilities are translated at exchange rates prevailing at the end of each reporting period. Exchange variations resulting from the retranslation at closing rate of the net investment in such subsidiaries, together with differences between their statement of operations items translated at actual and average rates, are recognized in the Cumulative Translation Reserve account.

For the purpose of foreign currency translation, the net investment in a foreign operation is determined inclusive of foreign currency intercompany balances for which settlement is neither planned nor likely to occur in the foreseeable future. The balance of the foreign currency translation reserve relating to a foreign operation that is disposed of, or partially disposed of, is recognized in the statement of operations and comprehensive loss at the time of disposal.

c) Significant accounting judgments and estimates

The preparation of these consolidated condensed interim financial statements using accounting policies consistent with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. The preparation of these consolidated condensed interim financial statements also requires management to exercise judgment in the process of applying the accounting policies.

i) Critical accounting estimates

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively from the period in which the estimates are revised. 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:

2. BASIS OF PREPARATION (continued)

c) Significant accounting judgments and estimates (continued)

i) Critical accounting estimates (continued)

(a) Impairment of assets

When there are indications that an asset may be impaired, the Company is required to estimate the asset's recoverable amount. Recoverable amount is the greater of value in use and fair value less costs to sell. Determining the value in use requires the Company to estimate expected future cash flows associated with the asset and a suitable discount rate in order to calculate present value. No impairments of non-financial assets have been recorded for the period ended October 31, 2012 (April 30, 2012 - $564,000).

(b) Useful life of property, plant, and equipment

Property, plant, and equipment are depreciated over the estimated useful life of the assets. Changes in the estimated useful lives could significantly increase or decrease the amount of depreciation recorded during the year and the carrying value of equipment. Total carrying value of property, plant and equipment at October 31, 2012 is $114,704 (April 30, 2012 - $134,946).

(c) Share-based compensation

Management is required to make certain estimates when determining the fair value of stock options awards, and the number of awards that are expected to vest. These estimates affect the amount recognized as share-based compensation in the Company's statement of comprehensive loss. For the six months ended October 31, 2012, the Company recognized share-based compensation expense of $79,388 (October 31, 2011 - $152,194).

ii) Critical judgments used in applying accounting policies

In the preparation of these consolidated condensed interim financial statements, management has made judgments, aside from those that involve estimates, in the process of applying the accounting policies. These judgments can have an effect on the amounts recognized in the financial statements.

(a) Exploration and evaluation assets

Management is required to apply judgment in determining whether technical feasibility and commercial viability can be demonstrated for its exploration and evaluation assets. Once technical feasibility and commercial viability of a property can be demonstrated, it is reclassified from exploration and evaluation assets and subject to different accounting treatment. As at April 30, 2012 and October 31, 2012, management had determined that no reclassification of exploration and evaluation assets was required.

2. BASIS OF PREPARATION (continued)

c) Significant accounting judgments and estimates (continued)

ii) Critical judgments used in applying accounting policies (continued)

(b) Income taxes

The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the annual consolidated financial statements.

(c) Foreign currency translation

In accordance with IAS 21 "The Effects of Changes in Foreign Exchange Rates", management determined that the functional currency of Lucky Boy Resources LLC and Golden Sun LLC is the US Dollar and for all other entities within the group, the functional currency is the Canadian dollar, as these are the currencies of the primary economic environment in which the companies operate.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of consolidation

These consolidated condensed interim financial statements include the accounts of the Company and its Mexican and American subsidiaries:

	Ownership Interest	Jurisdiction	Nature of Operations
Cherry Hill Holdings, LLC	100%	Wyoming, USA	Holding Company
Golden Sun, LLC	100%	California, USA	Holding Company
Lucky Boy Resources, LLC	100%	California, USA	Exploration Company
Minera Plata Del Sol S.A. de C.V.	100%	Mexico	Exploration Company

Intercompany balances and transactions, including unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated interim financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Financial instruments

Financial assets and financial liabilities are recognized on the statement of financial position when the Company becomes a party to the contractual provisions of the financial instrument. The Company does not have any derivative financial instruments.

i) Financial assets

The Company classifies its financial assets into one of the following categories at initial recognition, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

(a) Fair value through profit or loss

This category comprises derivatives, or financial assets acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statements of financial position at fair value, with changes in fair value recognized in the statement of comprehensive loss. Cash is classified as a fair value through profit and loss financial asset.

(b) Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Amounts receivable are classified as loans and receivables.

(c) Held-to-maturity investments

These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest rate method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of comprehensive loss. The Company has not classified any financial assets as held-to-maturity investments.

(d) Available-for-sale

Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in other comprehensive income or loss ("OCI"). Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from OCI and recognized in the statement of comprehensive loss. The Company has not classified any financial assets as available-for-sale.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Financial instruments (continued)

i) Financial assets (continued)

Transaction costs associated with fair value through profit or loss financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

ii) Financial liabilities

The Company classifies its financial liabilities into one of two categories depending on the purpose for which the liability was incurred. The Company's accounting policy for each category is as follows:

(a) Fair value through profit or loss

This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement of financial position at fair value, with changes in fair value recognized in the statement of comprehensive loss. The Company has not classified any financial liabilities as fair value through profit and loss.

(b) Other financial liabilities

This category includes accounts payable and accrued liabilities, which are recognized at amortized cost. The Company has classified accounts payable and accrued liabilities as other financial liabilities.

c) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position is comprised of cash at banks and on hand, and short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Exploration and evaluation assets

The Company is in the exploration stage with respect to its investment in exploration and evaluation assets. Acquisition costs for exploration and evaluation assets, net of recoveries, are capitalized on a property-by-property basis. Acquisition costs include cash consideration and the value of common shares, based on recent issue prices, issued for exploration and evaluation assets pursuant to the terms of the agreement. Exploration expenditures, net of recoveries, are charged to operations as incurred. After a property is determined by management to be commercially feasible, acquisition costs on the property will be transferred to property, plant, and equipment as mine and mill costs. Prior to transfer the assets will be tested for impairment. The costs related to a property from which there is production, will be depleted and amortized using the unit-of-production method.

An exploration and evaluation asset acquired under an option agreement where payments are made at the sole discretion of the Company is capitalized at the time of payment. Option payments received are treated as a reduction of the carrying value of the related acquisition cost for the exploration and evaluation asset until the payments are in excess of acquisition costs, at which time they are then credited to operations. Option payments are at the discretion of the optionee; accordingly, they are accounted for when receipt is reasonably assured.

Capitalized acquisition costs are assessed for impairment if facts and circumstances suggest that the carrying amount exceeds the recoverable amount. When there is little prospect of further work on a property being carried out by the Company or its partners, when a property is abandoned, or when the capitalized costs are no longer considered recoverable, the related property costs are written down to management's estimate of their net recoverable amount.

The recoverability of the carrying amount of exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, the sale of the respective areas of interest.

e) Property, plant, and equipment

Property, plant, and equipment ("PPE") is carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of PPE consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use, and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

PPE is depreciated annually at the following rates, when the asset becomes available for use:

Mine and mill equipment	30% straight line
Office and computer equipment	30% straight line
Vehicles	30% straight line

An item of PPE is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the statement of comprehensive loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Property, plant, and equipment (continued)

Where an item of PPE comprises major components with different useful lives, the components are accounted for as separate items of PPE. Expenditures incurred to replace a component of an item of PPE that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

f) Impairment

At each financial position reporting date, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the statement of comprehensive loss.

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

g) Share capital

i) Common shares

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

ii) Equity units

Proceeds received on the issuance of units, comprised of common shares and warrants, are allocated on the residual value method; proceeds are allocated to the common shares up to their fair value, as determined by the current quoted trading price on the announcement date, and the balance, if any, to the reserve for warrants.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Share capital (continued)

iii) Non-monetary consideration

Where share capital is issued, or received, as non-monetary consideration and the fair value of the asset received, or given up is not readily determinable, the fair market value of the shares is used to record the transaction. The fair market value of the shares is based on the trading price of those shares on the appropriate stock exchange on the date of the agreement to issue or receive shares as determined by the board of directors.

h) Share-based payment transactions

The share option plan allows Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as an employee or consultant expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value of employee options is measured at grant date and the fair value of non-employee options is at the date or over the period such services are received. Each tranche of employee and non-employee options granted is recognized using the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Share-based payments granted to non-employees that are related to the issuance of shares are recorded as a reduction of share capital. All share-based payments are reflected in equity reserves, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in the equity reserve is credited to share capital, adjusted for any consideration paid.

i) Equity reserves

Where share options or warrants expire or are cancelled, the fair value previously recognized is transferred from the equity reserve to accumulated deficit.

j) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

k) Provisions

Provisions are recognized where a legal or constructive obligation has been incurred as a result of past events; it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation; and a reliable estimate of the amount of the obligation can be made. If material, provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Provisions (continued)

i) Decommissioning liability

An obligation to incur restoration, rehabilitation, and environmental costs arises when environmental disturbance is caused by the exploration, development, or ongoing production of an exploration and evaluation asset interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. Subsequent to initial measurement, the obligation is adjusted at the end of each reporting period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognized as a finance cost and increases/decreases due to changes in the estimated future cash flows to decommission the asset are capitalized. Actual costs incurred upon settlement of the site restoration obligations are charged against the provision to the extent the provision was established.

l) Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized in other comprehensive income or loss or directly in equity, in which case it is recognized in other comprehensive income or loss or equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the statement of financial position liability method, providing for unused tax loss carry forwards and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit; and differences relating to investments in subsidiaries, associates, and joint ventures to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a future tax asset will be recovered, it provides a valuation allowance against that excess.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Income taxes (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against 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.

m) New accounting standards and interpretations not yet adopted

The following accounting pronouncements have been released but have not yet been adopted by the Company:

i) IFRS 9 Financial Instruments

In November 2009, the IASB issued, and subsequently revised in October 2010, IFRS 9 Financial Instruments (IFRS 9) as a first phase in its ongoing project to replace IAS 39. IFRS 9, which is to be applied retrospectively, is effective for annual periods beginning on or after January 1, 2015, with earlier application permitted.

IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. The standard also adds guidance on the classification and measurement of financial liabilities. Management has not yet determined the potential impact the adoption of IFRS 9 will have on the Company's financial statements

ii) IFRS 10 Consolidated Financial Statements

In May 2011, the IASB issued IFRS 10 Consolidated Financial Statements (IFRS 10). IFRS 10, which is to be applied retrospectively, is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

IFRS 10 replaces Standing Interpretations Committee 12 Consolidation – Special Purpose Entities (SIC 12) and IAS 27 Consolidated and Separate Financial Statements (IAS 27). IFRS 10 eliminates the current risk and rewards approach and establishes control as the single basis for determining the consolidation of an entity. The standard provides guidance on how to apply the control principles in a number of situations, including agency relationships and holding potential voting rights. Management has not yet determined the potential impact that the adoption of IFRS 10 will have on the Company's financial statements.

iii) IFRS 12 Disclosure of Interests in Other Entities

In May 2011, the IASB issued IFRS 12 Disclosure of Interests in Other Entities (IFRS 12). IFRS 12, which is to be applied retrospectively, is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

m) New accounting standards and interpretations not yet adopted (continued)

iii) IFRS 12 Disclosure of Interests in Other Entities (continued)

IFRS 12 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. Management has not yet determined the potential impact that the adoption of IFRS 12 will have on the Company's financial statements.

iv) IFRS 13 Fair Value Measurement

In May 2011, the IASB issued IFRS 13 Fair Value Measurement (IFRS 13). IFRS 13, which is to be applied prospectively, is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

IFRS 13 defines fair value, provides a framework for measuring fair value, and includes disclosure requirements for fair value measurements. IFRS 13 will be applied in most cases when another IFRS requires (or permits) fair value measurement. Management has not yet determined the potential impact that the adoption of IFRS 13 will have on the Company's financial statements.

v) Other

In June 2011, the IASB issued amendments to IAS 1 Presentation of Financial Statements, to revise the way in which other comprehensive income is presented. The Company does not believe the changes resulting from the amended standard will have an impact on its financial statements. The amended standard is effective for annual periods beginning on or after July 1, 2012.

In June 2011, the IASB issued amendments to IAS 19 Employee Benefits, with revised requirements for pensions and other postretirement benefits, termination benefits, and other changes. The Company does not believe the changes resulting from these amendments are relevant to its financial statements. The amended standard is effective for annual periods beginning on or after January 1, 2013.

In May 2011, the IASB issued IFRS 11 Joint Arrangements, in addition to IFRS 10 and IFRS 12 as discussed above. The Company does not believe the changes resulting from this new standard are relevant to its financial statements. IFRS 11 is effective for annual periods beginning on or after January 1, 2013.

In October 2011, the IASB issued IFRIC 20 Stripping Costs in the production phase of a surface mine. The Company does not believe the changes resulting from this new standard are relevant to its financial statements. IFRIC 20 is effective for annual periods beginning on or after January 1, 2013.

4. AMOUNTS RECEIVABLE

The amounts receivable are comprised of the following:

		October 31, 2012		April 30, 2012
HST receivable	**$**	**43,376**	$	80,443
Other amounts receivable		**-**		1,470
	$	**43,376**	$	81,913

5. LOAN RECEIVABLE

At October 31, 2012 there is a loan receivable from a company with common directors in the amount of $20,000 (April 30, 2012 - $nil). The loan is due upon demand and interest free until January 15, 2013. The loan will bear interest at prime + 1% after January 15, 2013.

6. PROPERTY, PLANT, AND EQUIPMENT

Cost		Mine and mill equipment		Office and computer equipment		Vehicles		Total
Balance at April 30, 2011	$	51,000	$	-	$	-	$	51,000
Additions		81,641		1,596		47,011		130,248
Effect of movement in exchange rates		(694)		-		(215)		(909)
Balance at April 30, 2012 and October 31, 2012		**131,947**		**1,596**		**46,796**		**180,339**

Accumulated Depreciation		Mine and mill equipment		Office and computer equipment		Vehicles		Total
Balance at April 30, 2011	$	-	$	-	$	-	$	-
Depreciation		34,310		469		11,452		46,231
Effect of movement in exchange rates		(792)		-		(46)		(838)
Balance at April 30, 2012		33,518		469		11,406		45,393
Depreciation		14,764		169		5,309		20,242
Balance at October 31, 2012	**$**	**48,282**	**$**	**638**	**$**	**16,715**	**$**	**65,635**

Carrying Amounts		Mine and mill equipment		Office and computer equipment		Vehicles		Total
At April 30, 2012	$	98,429	$	1,127	$	35,390	$	134,946
At October 31, 2012	**$**	**83,665**	**$**	**958**	**$**	**30,081**	**$**	**114,704**

7. EXPLORATION AND EVALUATION ASSETS

The Company had accumulated the following acquisition expenditures:

Acquisition Costs	Cherry Hill (California)	Zacatecas (Mexico)	Yoreme (Mexico)	Total
Balance at April 30, 2011	$ 518,979	$ 87,500	$ 864,000	$ 1,470,479
Acquisition costs - shares	602,835	-	-	602,835
Acquisition costs - warrants	101,238	-	-	101,238
Costs written off	-	-	(564,000)	(564,000)
Effect of movement in exchange rate	(3,785)	-	-	(3,785)
Balance at April 30, 2012 and October 31, 2012	**$ 1,219,267**	**$ 87,500**	**$ 300,000**	**$ 1,606,767**

The Company incurred the following exploration expenditures which were recognized in the statement of comprehensive loss:

Exploration Costs	Cherry Hill (California)	Zacatecas (Mexico)	Yoreme (Mexico)	Total
Administrative	$ 6,695	$ -	$ 85	$ 6,780
Assay	550	-	-	550
Consulting	36,000	-	-	36,000
Insurance	7,055	-	-	7,055
Milling	34,059	-	-	34,059
Property taxes	32,480	-	-	32,480
Rentals	13,844	-	-	13,844
Salaries and benefits	53,776	-	-	53,776
Travel and site costs	38,682	-	-	38,682
For the period ended October 31, 2012	**$ 223,141**	**$ -**	**$ 85**	**$ 223,226**

Exploration Costs	Cherry Hill (California)	Zacatecas (Mexico)	Yoreme (Mexico)	Total
Administrative	$ 17,517	$ 1,336	$ 455	$ 19,308
Assay	1,055	-	-	1,055
Consulting	88,766	1,450	798	91,014
Geology	1,784	-	35,536	37,320
Geophysics	-	-	41,811	41,811
Legal	33,245	-	-	33,245
Rentals	17,993	-	-	17,993
Salaries and benefits	185,035	7,999	-	193,034
Travel and site costs	149,720	-	-	149,720
For the period ended October 31, 2011	**$ 495,115**	**$ 10,785**	**$ 78,600**	**$ 584,500**

7. EXPLORATION AND EVALUATION ASSETS (continued)

a) Cherry Hill, California

On April 14, 2011 the Company closed the Definitive Agreement for the purchase of a 51% interest in the Cherry Hill Mining claims, located in Siskiyou County in northern California, whose key asset is the past producing Cherry Hill Gold Mine. In consideration for the 51% interest in the project, the Company agreed to pay US$555,000 (paid). The Cherry Hill purchase includes one mill site claim including a 750 tonne-per-month gravity circuit mill with all machinery and equipment (note 6). The property is approximately 125 acres located in the Klamath National Forest in Siskiyou County, California, approximately 8 miles from Yreka.

On May 20, 2011 the Company concluded the purchase agreement to acquire a further 17.15% interest in the Cherry Hill Mining claims. In consideration, the Company agreed to issue 500,000 common shares (note 9(a)), at a fair value of $217,500. $200,350 has been recognized as exploration and evaluation asset acquisition costs and the remaining $17,150 as equipment (note 6).

On July 29, 2011 the Company concluded the purchase agreement to acquire the remaining 31.85% interest in the Cherry Hill Mining claims, to acquire a 100% interest therein. In consideration, the Company agreed to issue 950,000 common shares (note 9(a)) at a fair value of $427,500 and 475,000 share purchase warrants at a fair value of $108,073 (note 9(b)). A total of $503,723 has been recognized as exploration and evaluation asset acquisition costs and the remaining $31,850 as equipment (note 6).

To date, the Company has incurred mineral property exploration and evaluation costs of $1,214,206 (October 31, 2011 - $495,115).

b) Zacatecas, Mexico

On August 14, 2008, the Company entered into an Option Agreement with Yale Resources Ltd. (“Yale”) whereby the Company entered into an option agreement to acquire 100% of Yale's 65% vested participating interest in a Joint Venture Agreement dated August 8, 2008, between Yale and IMPACT Silver Corp., with respect to certain mining concessions located in Zacatecas, Mexico.

In order to exercise the option, the following consideration is required by the Company:

- Pay a $25,000 (paid) non-refundable deposit upon execution of the Option Agreement;
- Pay $25,000 (paid), issue 200,000 common shares of the Company (issued at a fair value of $10,500) and incur $100,000 (incurred) on exploration expenditures by December 24, 2008;
- Pay $100,000 (waived), issue an additional 300,000 common shares of the Company (issued at a fair value of $27,000) and incur an additional $100,000 (incurred) in mineral property exploration and evaluation costs by January 24, 2010.

To date, the Company has incurred mineral property exploration and evaluation costs of $249,023 (October 31, 2011 - $249,023).

On January 14, 2010, Yale waived the payment of the final $100,000 due under the agreement. The Company exercised its option to acquire 100% of Yale’s 65% vested participating interest in the Joint Venture Agreement by issuing the final 300,000 shares due under the agreement.

The Company also agreed to pay US$250,000 to Yale if the property is included in a positive feasibility study or is part of a production on the property greater than 500 tonnes per day.

7. EXPLORATION AND EVALUATION ASSETS (continued)

c) Yoreme, Mexico

On December 20, 2010, the Company entered into an exploration and evaluation purchase agreement with Maggiore Capital Limited, pursuant to which the Company acquired one hundred percent (100%) right, title, and interest in the Yoreme mineral claim. The property is 400 hectares in size and is located in the Municipality of Alamos, in the state of Sonora, Mexico. The consideration paid was 2,500,000 common shares of the Company at a fair value of $0.32 per share. The Company agreed to pay an additional 200,000 shares as a finders' fee on this purchase (note 9(a)).

To date, the Company has incurred mineral property exploration and evaluation costs of $115,138 (October 31, 2011 - $96,568).

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are comprised of the following:

	October 31, 2012	April 30, 2012
Trade payables	$ 129,999	$ 54,975
Other payables	-	15,584
Accrued liabilities	10,000	35,000
	$ 139,999	$ 105,559

9. SHARE CAPITAL

a) Common shares

Authorized

Unlimited number of common shares without par value

Issued

	Issued Price	Number	Amount
Balance at April 30, 2011		**43,235,000**	**$ 4,077,278**
Shares issued for property	$ 0.44	1,450,000	645,000
Options exercised	$ 0.25	2,000,000	508,500
Warrants exercised	$ 0.15	498,000	74,700
Fair value of warrants exercised		-	420,304
Balance at April 30, 2012		**47,183,000**	**5,725,782**
Shares issued for cash	$ 0.13	3,730,336	401,224
Balance at October 31, 2012		**50,913,336**	**$ 6,127,006**

On May 14, 2012, the Company completed a non-brokered private placement and issued 480,000 units at $0.165 per unit for gross proceeds of $79,200. Each unit consists of one common share and one share purchase warrant. Each warrant is exercisable to purchase one common share of the Company until May 14, 2017 at $0.25 per share during the first year, $0.40 per share during the second year, $0.50 per share during the third year, $0.75 per share during the fourth year, and $1.00 per share during the fifth year. The full issue price was allocated to share capital.

On September 6, 2012, the Company completed a non-brokered private placement and issued 1,775,336 units at $0.12 per unit for gross proceeds of $213,040. Each unit consists of one common share and one share purchase warrant. Each warrant is exercisable to purchase one common share of the Company until September 6, 2014 at $0.17 per share during the first year and $0.25 per share during the second year. The full issue price was allocated to share capital. Cash finders' fees in the aggregate amount of $20,103 were paid, and warrants to acquire an aggregate of 167,533 common shares of the Company were issued. Each warrant is exercisable to purchase one common share of the Company until September 6, 2014 at $0.17 per share during the first year and $0.25 per share during the second year. These warrants have a fair value, calculated using the Black-Scholes pricing model, of $22,876 or $0.14 per warrant, assuming an expected life of two years, a risk-free interest rate of 1.16%, an expected dividend rate of 0.00%, and an expected annual volatility coefficient of 243%. The warrants were issued to arms' length finders who introduced the Company to investors.

9. SHARE CAPITAL (continued)

a) Common shares (continued)

On September 21, 2012, the Company completed a non-brokered private placement and issued 1,475,000 units at $0.12 per unit for gross proceeds of $177,000. Each unit consists of one common share and one share purchase warrant. Each warrant is exercisable to purchase one common share of the Company until September 21, 2014 at $0.17 per share during the first year and $0.25 per share during the second year. The full issue price was allocated to share capital. Cash finders' fees in the aggregate amount of $13,200 were paid and warrants to acquire an aggregate of 110,000 common shares of the Company were issued. Each warrant is exercisable to purchase one common share of the Company until September 21, 2014 at $0.17 per share during the first year and $0.25 per share during the second year. These warrants have a fair value, calculated using the Black-Scholes pricing model, of $11,837 or $0.11 per warrant, assuming an expected life of two years, a risk-free interest rate of 1.14%, an expected dividend rate of 0.00%, and an expected annual volatility coefficient of 241%. The warrants were issued to arms' length finders who introduced the Company to investors.

b) Warrants outstanding

	Number of Warrants		Weighted Average Exercise Price
Balance at April 30, 2011	**583,000**	**$**	**0.15**
Warrants issued	475,000	$	0.56
Warrants exercised	(498,000)	$	0.15
Balance at April 30, 2012	**560,000**	**$**	**0.51**
Warrants issued	3,730,336	$	0.18
Warrants expired	(475,000)	$	0.56
Balance at October 31, 2012	**3,815,336**	**$**	**0.18**

Expiry Date	Number of Warrants		Exercise Price
September 6, 2014	1,775,336		$0.17/$0.25
September 21, 2014	1,475,000		$0.17/$0.25
February 8, 2015	85,000		*see below
May 14, 2017	480,000		**see below
	3,815,336	**$**	**0.18**

9. SHARE CAPITAL (continued)

b) Warrants outstanding (continued)

***On February 8, 2010, the Company issued 14,668,000 warrants in connection with a non-brokered financing. The warrants have a five year term and are exercisable at $0.10 during the first year, $0.15 during the second year, $0.25 during the third year, $0.50 during the fourth year, and $1.00 during the fifth year.

**On May 14, 2012, the Company issued 480,000 warrants in connection with a non-brokered financing. The warrants have a five year term and are exercisable at $0.25 during the first year, $0.40 during the second year, $0.50 during the third year, $0.75 during the fourth year, and $1.00 during the fifth year.

c) Agent warrants outstanding

	Number of Warrants		Weighted Average Exercise Price
Balance at April 30, 2012	**-**	**$**	**-**
Warrants issued	277,533	$	0.17
Balance at October 31, 2012	**277,533**	**$**	**0.17**

Expiry Date	Number of Warrants		Exercise Price
September 6, 2014	167,533		$0.17/$0.25
September 21, 2014	110,000		$0.17/$0.25
	277,533	**$**	**0.17**

d) Share purchase options

	Number of Options		Weighted Average Exercise Price
Balance at April 30, 2011	**3,900,000**	**$**	**0.29**
Options granted	1,900,000	$	0.37
Options exercised	(2,000,000)	$	0.25
Options expired/cancelled	(900,000)	$	0.29
Balance at April 30, 2012	**2,900,000**	**$**	**0.34**
Options granted	1,150,000	$	0.14
Options expired/cancelled	(800,000)	$	0.49
Balance at October 31, 2012	**3,250,000**	**$**	**0.24**

9. SHARE CAPITAL (continued)

d) Share purchase options (continued)

Grant Date	Expiry Date	Number of Options Exercisable	Number of Options Outstanding	Exercise Price
May 1, 2012	April 30, 2013	250,000	250,000	$ 0.20
September 10, 2012	September 9, 2013	-	250,000	$ 0.12
September 10, 2012	September 9, 2013	350,000	350,000	$ 0.12
September 28, 2012	September 28, 2013	300,000	300,000	$ 0.12
December 21, 2010	December 21, 2015	1,000,000	1,000,000	$ 0.28
December 12, 2011	December 12, 2016	1,100,000	1,100,000	$ 0.32
		3,000,000	**3,250,000**	**$ 0.24**

On April 27, 2007, the Company adopted an incentive stock option plan, which provides that the board of directors of the Company may from time to time, on its discretion and in accordance with the Exchange requirements, grant to directors, officers, employees, and technical consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the common shares outstanding at closing. Such options will be exercisable for a period of up to five years from the date of grant. In connection with the foregoing, the number of common shares reserved for issuance to any individual director or officer will not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed 2% of the issued and outstanding common shares. Options may be exercised no later than 90 days following cessation of the optionee’s position with the Company, provided that if the cessation of office, directorship, or technical consulting arrangement was by reason of death, the options may be exercised within a maximum period of one year after such death, subject to the expiry date of such options.

On May 1, 2012, 400,000 stock options were granted to consultants of the Company to acquire 400,000 shares of the Company at an exercise price of $0.20 per share for a period of one year. These options have a fair value, calculated using the Black-Scholes option pricing model, of $37,719 or $0.09 per option, assuming an expected life of one year, a risk-free interest rate of 1.33%, an expected dividend rate of 0.00%, and an expected annual volatility coefficient of 104%. On July 1, 2012, 150,000 of these stock options were cancelled having a fair value of $14,144.

On September 10, 2012, 350,000 stock options were granted to a consultant of the Company to acquire 350,000 shares of the Company at an exercise price of $0.12 per share for a period of one year. These options have a fair value, calculated using the Black-Scholes option pricing model, of $21,528 or $0.06 per option, assuming an expected life of one year, a risk-free interest rate of 1.17%, an expected dividend rate of 0.00%, and an expected annual volatility coefficient of 119%.

On September 10, 2012, 250,000 stock options were granted to an investor relations consultant of the Company to acquire 250,000 shares of the Company at an exercise price of $0.12 per share for a period of one year. These options vest quarterly and have a fair value, calculated using the graded method for the Black-Scholes option pricing model of $11,131 or $0.04 per option, assuming an expected life of one year, a risk-free interest rate of 1.17%, an expected dividend rate of 0.00%, and an expected annual volatility coefficient of 119%.

9. SHARE CAPITAL (continued)

d) Share purchase options (continued)

On September 28, 2012, 300,000 stock options were granted to consultants of the Company to acquire 300,000 shares of the Company at an exercise price of $0.12 per share for a period of one year. These options have a fair value, calculated using the Black-Scholes option pricing model, of $16,152 or $0.05 per option, assuming an expected life of one year, a risk-free interest rate of 1.07%, an expected dividend rate of 0.00%, and an expected annual volatility coefficient of 118%.

10. RELATED PARTY TRANSACTIONS

The Company has identified certain directors and senior officers as key management personnel. The following table lists the compensation costs paid directly or to companies owned by key management personnel for the six months ended October 31, 2012 and 2011:

	Accounting	Employee Health Benefits	Consulting	Rent	October 31, 2012 Total
Foremost Geological Consulting Ltd.	$ -	$ -	$ 15,000	$ -	$ 15,000
McLeary Capital Management, Inc.	-	-	60,000	-	60,000
T. St. Denis, Inc.	11,590	-	-	-	11,590
Yale Resources Ltd.	-	1,547	-	4,500	6,047
	$ 11,590	$ 1,547	$ 75,000	$ 4,500	$ 92,637

	Accounting	Employee Health Benefits	Consulting	Rent	October 31, 2011 Total
Foremost Geological Consulting Ltd.	$ -	$ -	$ 5,400	$ -	$ 5,400.00
McLeary Capital Management, Inc.	-	-	60,000	-	60,000
Yale Resources Ltd.	-	1,923	35,536	3,911	41,370
	$ -	$ 1,923	$ 100,936	$ 3,911	$ 106,770

Foremost Geological Consulting Ltd. is a private business owned by a director, Ian Foreman. Foremost Geological Consulting Ltd. provides consulting services to the Company.

McLeary Capital Management, Inc. is a private company controlled by the President and CEO, Mark McLeary. McLeary Capital Management, Inc. provides consulting services to the Company as detailed in note 14(b).

T. St. Denis, Inc. is a private accounting firm owned by the current Chief Financial Officer, Tracey A. St. Denis. T. St. Denis, Inc. provides accounting services to the Company. On September 28, 2012, Tracey St. Denis was granted 200,000 stock options at an exercise price of $0.12 per share for a period of one year. These options have a fair value of $10,768 as detailed in note 9(d).

10. RELATED PARTY TRANSACTIONS (continued)

Yale Resources Ltd. is a public company with directors in common. Yale Resources Ltd. charges rent as detailed in note 14(a), and employee benefits to the Company.

11. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being the exploration of mineral properties. The Company's non-current assets are located in geographic segments of Canada, Mexico and the United States as follows:

	October 31, 2012	April 30, 2012
Canada	$ **21,783**	$ 23,996
Mexico	**387,500**	387,500
United States	**1,312,188**	1,330,217
	$ **1,721,471**	$ 1,741,713

No revenues from external customers were earned during the year ended April 30, 2012 or the six months ended October 31, 2012 in any of the geographic locations.

12. SUPPLEMENTAL CASH FLOW INFORMATION

Non-cash financing and investing activities during the six months ended October 31, 2012 and 2011 were as follows:

	October 31, 2012	October 31, 2011
Shares issued for exploration and evaluation assets, and mine and mill equipment	$ **-**	$ 676,500
Fair value of warrants issued for exploration and evaluation assets, and mine and mill equipment	$ **-**	$ 121,993
Fair value of options exercised transferred to share capital	$ **-**	$ 296,532
Fair value of options cancelled/expired transferred to accumulated deficit	$ **256,321**	$ 18,151
Fair value of warrants expired transferred to accumulated deficit	$ **108,073**	$ -

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Fair value of financial instruments

The carrying values of cash, amounts receivable, bank overdraft, and accounts payable and accrued liabilities approximate their carrying values due to the immediate or short-term nature of these instruments.

b) Fair value hierarchy

IFRS 7, Financial Instruments: Disclosures, establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

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

c) Financial risk management

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

i) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist primarily of cash and amounts receivable.

The Company limits its exposure to credit risk by placing its cash with a high credit quality financial institution in Canada, the United States, and Mexico.

The Company's amounts receivable consist entirely of Harmonized Sales Tax receivable from the Government of Canada.

Management considers the risk of non-performance related to cash and amounts receivable to be minimal.

ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments and with property exploration and development. The Company manages liquidity risk by trying to maintain adequate cash balances.

The Company's expected source of cash flow in the upcoming year will be through equity financing. Cash on hand at October 31, 2012 and expected cash flows for the next 12 months are not sufficient to fund the Company's ongoing operational needs. The Company will need funding through equity or debt financing, entering into joint venture agreements, or a combination thereof.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

c) Financial risk management (continued)

ii) Liquidity risk (continued)

Accounts payable and accrued liabilities are classified as current and are due within twelve months of the statement of financial position date.

iii) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(a) Interest rate risk

Interest rate risk consists of two components: to the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk; and to the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

Current financial assets and financial liabilities are generally not exposed to interest rate risk because of their short-term nature and maturity. The Company is not exposed to interest rate price risk as it does not have any cash and cash equivalents at October 31, 2012 which bear interest.

(b) Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities are denominated in a foreign currency.

The Company is exposed to foreign currency risk with respect to cash, amounts receivable, and accounts payable and accrued liabilities, as a portion of these amounts are denominated in US Dollars and Mexican Pesos as follows:

	October 31, 2012		April 30, 2012	
	USD	**MXN**	USD	MXN
Cash	**$ 5,678**	**$ 1,111**	$ 2,210	$ 15,657
Amounts receivable	**-**	**-**	1,498	-
Accounts payable and accrued liabilities	**67,579**	**-**	(28,171)	-
	$ 73,257	**$ 1,111**	$ (24,463)	$ 15,657
Rate to convert to $1 CDN	**$ 0.9996**	**$ 0.0764**	$ 0.9810	$ 0.0758

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

c) Financial risk management (continued)

iii) Market risk (continued)

(b) Foreign currency risk (continued)

The Company manages foreign currency risk by minimizing the value of financial instruments denominated in foreign currency. The Company has not entered into any foreign currency contracts to mitigate this risk.

(c) Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through a suitable debt and equity balance appropriate for an entity of the Company's size and status. The Company's overall strategy remains unchanged from last year.

The capital structure of the Company consists of equity attributable to common shareholders, comprised of issued capital, warrants, options, reserves, and deficit. The availability of new capital will depend on many factors including a positive mineral exploration environment, positive stock market conditions, the Company's track record, and the experience of management. The Company is not subject to any external covenants on its capital.

14. COMMITMENTS

As at October 31, 2012 the Company had the following obligations:

a) The Company has a rental and administrative services agreement with a company that shares directors and officers, and requires the payment of $750 per month plus HST. The agreement is in effect on a month to month basis and may be terminated with 30 days written notice in accordance with the provisions of the agreement.

b) On May 1, 2011 the Company entered into an indefinite term contract with McLeary Capital Management, Inc. (the "Consultant"), a private company controlled by the President and CEO of the Company, for the Consultant to continue to act as President and Chief Executive Officer and Director of the Company. A monthly consulting fee of $10,000 plus HST is payable to the Consultant. The contract may be cancelled by either party on 30 days written notice and, if cancelled by the Company, by payment of an amount equivalent to two years annual salary. On termination of the contract the Consultant will be immediately retained by the Company as a non-paid advisor/consultant to the Company until May 1, 2016 or for such time as the Consultant still holds unexercised stock options in the Company. On exercise of the Consultant's options, the relationship between the Consultant and the Company will cease.

c) Effective September 1, 2011, the Company entered into a three year storage rental agreement for an annual fee of US$8,400, payable at the start of each year. At the end of the initial rental period, the agreement shall renew annually and continue on a year-to-year basis, subject to termination of 60 days written notice by either party.

15. SUBSEQUENT EVENTS

On November 16, 2012 the Company completed the first tranche of a non-brokered private placement of 4,055,000 units at a price of $0.12 per unit, for gross proceeds of $486,600. Each unit consists of one common share and one share purchase warrant, exercisable until November 16, 2014 at an exercise price per warrant of $0.17 during the first year, and $0.25 during the second year. Cash finders' fees in the aggregate amount of $3,300 were paid and 27,500 warrants were issued. Each warrant is exercisable until November 16, 2014 at an exercise price per warrant of $0.17 during the first year, and $0.25 during the second year. These warrants have a fair value, calculated using the Black-Scholes pricing model, of $3,004 or $0.11 per warrant, assuming an expected life of two years, a risk-free interest rate of 1.07%, an expected dividend rate of 0.00%, and an expected annual volatility coefficient of 181%. The warrants were issued to arms' length finders who introduced the Company to investors.