GTA RESOURCES AND MINING INC.

Condensed Interim Financial Statements

September 30, 2012

(Unaudited)

(Expressed in Canadian Dollars)

These condensed interim financial statements have not been reviewed by the Company's auditors.

GTA RESOURCES AND MINING INC.

(Unaudited)
(Expressed in Canadian Dollars)

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September 30, 2012 and 2011

GTA RESOURCES AND MINING INC.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
(Unaudited)

As at	September 30, 2012	March 31, 2012
Assets		
Current assets		
Cash and cash equivalents	$ 5,049,068	$ 6,258,609
Sundry receivables	119,267	133,287
Prepaid expenses	18,576	41,451
	5,186,911	6,433,347
Property and equipment (Note 4)	23,783	17,506
Exploration and evaluation assets (Note 5)	3,285,848	1,966,026
	$ 8,496,542	$ 8,416,879
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$ 382,297	$ 302,041
Liability for flow-through shares	363,010	644,215
	745,307	946,256
Shareholders' equity		
Share capital (Note 6)	8,605,550	8,213,072
Contributed surplus (Note 6)	1,502,532	1,452,754
Deficit	(2,356,847)	(2,195,203)
	7,751,235	7,470,623
	$ 8,496,542	$ 8,416,879

Approved by the Board of Directors

"Peter M. Clausi"	"Brian Crawford"
Director	Director

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

GTA RESOURCES AND MINING INC.
CONDENSED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
(Unaudited)

	Three Months Ended September 30 2012	Three Months Ended September 30 2011	Six Months Ended September 30 2012	Six Months Ended September 30 2011
Operating expenses				
Filing and transfer agent fees	$ 14,219	$ 11,546	$ 23,051	$ 17,818
General and administration costs	139,984	71,664	305,612	120,637
Professional fees	21,095	15,458	25,488	27,254
Share-based compensation	58,086	-	85,746	-
Depreciation	1,472	106	2,952	275
	234,856	98,774	442,849	165,984
Loss before income taxes	234,856	98,774	442,849	165,984
Deferred tax benefit	(153,463)	(6,526)	(281,205)	(10,446)
Net loss and comprehensive loss	$ 81,393	$ 92,248	$ 161,644	$ 155,538
Basic and diluted loss per share	$ (0.00)	$ (0.01)	$ (0.01)	$ (0.01)
Weighted average number of shares outstanding	24,868,567	12,946,357	24,529,113	12,912,932

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

GTA RESOURCES AND MINING INC.
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)
(Unaudited)

	Number of Shares	Common Shares Issued and Fully Paid	Contributed Surplus	Accumulated Deficit	Total
Balance, September 30, 2011	12,946,357	$ 2,198,865	$ 175,180	$ (810,028)	$ 1,564,017
Stock options exercised	50,000	-	-	-	-
Shares issued for exploration and evaluation assets	1,000,000	205,000	-	-	205,000
Private placements	6,408,166	6,080,698	-	-	6,080,698
Share issue costs	-	(547,095)	-	-	(547,095)
Broker warrants issued	-	(196,678)	196,678	-	-
Options exercised	647,000	129,400	-	-	129,400
Transfer of contributed surplus on exercise of options	-	78,409	(78,409)	-	-
Warrants exercised	3,181,732	964,356	-	-	964,356
Flow-through share premium	-	(699,883)	-	-	(699,883)
Loss and comprehensive loss	-	-	-	(1,385,175)	(1,385,175)
Share based compensation	-	-	1,159,305	-	1,159,305
Balance March 31, 2012	24,233,255	8,213,072	1,452,754	(2,195,203)	7,470,623
Stock options exercised	50,000				
Stock based compensation			85,746	-	85,746
Exercise of options	240,000	48,000			48,000
Exercise of warrants	408,600	128,510	-	-	128,510
Transfer of contributed surplus on exercise of options		35,968	(35,968)	-	-
Shares issued for exploration and evaluation assets	500,000	180,000	-	-	180,000
Loss for the period				(161,644)	(161,644)
Balance, September 30, 2012	25,431,855	$ 8,605,550	$ 1,502,532	$ (2,356,847)	$ 7,751,235

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

GTA RESOURCES AND MINING INC.
CONDENSED INTERIM STATEMENT OF CASH FLOWS
(Expressed in Canadian Dollars)
(Unaudited)

	Three Months Ended September 30		Six Months Ended September 30	
	2012	**2011**	**2012**	**2011**
Operating activities				
Net loss and comprehensive loss for the period	$ (81,393)	$ (92,248)	$ (161,644)	$ (155,538)
Items not affecting cash and cash equivalents				
Deferred income tax	(153,463)	(6,526)	(281,205)	(10,446)
Depreciation	1,472	106	2,952	275
Share-based payments	58,086	-	85,746	-
Change in non-cash working capital:		-		
Sundry receivables	(34,094)	25,045	14,020	13,443
Prepaid expenses	7,622	(11,358)	22,875	(7,763)
Accounts payable and accrued liabilities	101,771	27,812	80,256	32,861
Net cash used in operating activities	(99,999)	(57,169)	(237,000)	(127,168)
Financing activities				
Issuance of common shares, net of issue costs	20,000	-	176,510	-
Net cash provided by financing activities	20,000	-	176,510	-
Investing activities				
Investment in and expenditures on exploration and evaluation assets	(628,853)	(42,630)	(1,139,822)	(62,230)
Purchase of property and equipment	(9,229)	-	(9,229)	-
Net cash used in investing activities	(638,082)	(42,630)	(1,149,051)	(62,230)
Net change in cash and cash equivalents	(718,082)	(99,799)	(1,209,541)	(189,398)
Cash and cash equivalents, beginning of period	5,767,150	445,837	6,258,609	535,436
Cash and cash equivalents, end of period	$5,049,068	$ 346,038	$5,049,068	$ 346,038

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

1. NATURE OF OPERATIONS

GTA Resources and Mining Inc. (the "Company") was incorporated pursuant to the provisions of the Business Corporations Act (Ontario) on August 9, 2006 under the name GTA CorpFin Capital Inc. In June 2010, the Company changed its name to GTA Resources and Mining Inc. from GTA CorpFin Capital Inc. The address of the Company's registered office is 855 Brant Street, Burlington, Ontario L7R 2J6.

The Company is primarily engaged in the acquisition and exploration of mineral properties. To date, the Company has not earned significant revenues and is considered to be in the development stage.

These condensed interim financial statements were approved by the Board of Directors on November 26, 2012.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

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

Basis of Presentation

These unaudited condensed interim financial statements have been prepared on the basis of accounting policies consistent with those applied in the Company's March 31, 2012 annual financial statements.

The preparation of condensed interim financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the applications of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. These condensed interim financial statements do not include all of the information required for full annual financial statements.

These condensed interim financial statements, including comparatives, have been prepared on the basis of IFRS standards that are published at the time of preparation.

The condensed interim financial statements have been prepared on a historical cost basis.

Recent Accounting Pronouncements

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting years beginning on or after April 1, 2012. Many are not applicable or do not have a significant impact to the Company and have been excluded from the table below. The following will be adopted when they become effective:

(i) IFRS 9 Financial instruments ("IFRS 9") is a partial replacement of IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). 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

2. SIGNIFICANT ACCOUNTING POLICIES - continued

flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after April 1, 2015.

(ii) IFRS 10 Consolidated Financial Statements ("IFRS 10") requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 *Consolidation - Special Purpose Entities* and parts of IAS 27 *Consolidated and Separate Financial Statements.* The Company is yet to assess the full impact of IFRS 10 and intends to adopt the standard no later than the accounting period beginning April 1, 2013.

(iii) IFRS 11 Joint Arrangements ("IFRS 11") requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venture will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly Controlled Entities - Non-monetary Contributions by Venturers*. The Company is yet to assess the full impact of IFRS 11 and intends to adopt the standard no later than the accounting period beginning April 1, 2013.

(iv) IFRS 12 Disclosure of Interests in Other Entities ("IFRS 12") establishes disclosure requirements for interests in other entities, such as joint arrangements, associates special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities. The Company is yet to assess the full impact of IFRS 12 and intends to adopt the standard no later than the accounting period beginning April 1, 2013.

(v) IFRS 13 Fair Value Measurement ("IFRS 13") is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures. The Company is yet to assess the full impact of IFRS 13 and intends to adopt the standard no later than the accounting period beginning April 1, 2013.

(vi) IAS 28 Investments in Associates and Joint Ventures: IAS 28 has been updated and it is to be applied by all entities that are investors with joint control of, or significant influence over, an investee. The scope of the current IAS 28 Investments in Associates does not include joint ventures. Early application is permitted.

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES - continued

(vii) IAS 1 Presentation of Financial Statements: In June 2011, the IAS issued amendments to IAS 1 that requires an entity to group items presented in the statement of comprehensive income on the basis of whether they may be reclassified to earnings subsequent to initial recognition. For those items presented before taxes, the amendments to IAS 1 also require that the taxes related to the two separate groups be presented separately. The amendments are effective for annual periods beginning on or after July 1, 2012, with earlier adoptions permitted.

3. RISK MANAGEMENT, CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company manages its capital structure and makes adjustments to it based on the funds available to the Company in order to support future business opportunities. The Company defines its capital as shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to manage its capital to be able to sustain the future development of the Company's business.

The Company currently has no source of revenues, and therefore is dependent upon external financings to fund activities. In order to carry future projects and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the period ended September 30, 2012. The Company is not subject to externally imposed capital requirements.

The Company classified its cash and cash equivalents and sundry receivables as loans and receivables; and accounts payable and accrued liabilities as other financial liabilities. The carrying values of cash, accounts receivable, accounts payable and accrued liabilities, approximate their fair values due to the expected maturity of these financial instruments. The fair value of amounts due to related parties has not been disclosed as their fair values cannot be reliably measured since the parties are not at arm's length.

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

(a) Credit risk

Concentration of credit risk exists with respect to the Company's cash as all amounts are held at a single major Canadian financial institution.

The Company's concentration of credit risk and maximum exposure is as follows:

	September 30, 2012	March 31, 2012
Cash and cash equivalents	$ 5,049,068	$ 6,258,609

The credit risk associated with cash is minimized by ensuring it is placed with a major Canadian financial institution with a strong investment-grade rating issued by a primary ratings agency.

3. RISK MANAGEMENT, CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS - continued

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they fall due. The Company's approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due. The Company manages its liquidity risk by forecasting cash flows required for operations and anticipated investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

The business of mining and exploration involves a high degree of risk and there can be no assurance that exploration programs will result in profitable mining operations. The Company has significant cash to meet its requirements for administrative overhead, to conduct due diligence on mineral property acquisition targets, and to conduct exploration of its mineral properties and mineral properties that may be acquired.

The Company does not generate cash flows from operations to fund its activities and therefore relies principally upon the issuance of securities for financing. Future capital requirements will depend on many factors including the Company's ability to execute its business plan. The Company intends to continue relying upon the issuance of securities to finance its future activities but there can be no assurance that such financing will be available on a timely basis under terms acceptable to the Company.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

i. Interest rate risk

The Company's cash and cash equivalents consist primarily of cash held in bank accounts and term deposits with banks. Due to the short-term nature of this financial instrument, fluctuations in market rates do not have a significant impact on estimated fair value as of September 30, 2012. The Company manages interest rate risk by maintaining an investment policy that focuses primarily on preservation of capital and liquidity. Accordingly, the Company is not subject to interest rate risk.

ii. Foreign currency risk

During the period ended September 30, 2012, the Company was not exposed to material foreign currency risk.

iii. Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk, foreign currency risk or commodity price risk. The Company has no financial instruments exposed to other price risk.

(Expressed in Canadian Dollars)

4. PROPERTY, PLANT AND EQUIPMENT

	Computer Software	Equipment	Total
Cost			
	$	$	$
Balance September 30, 2011	1,350		1,350
Additions	-	17,000	17,000
Balance March 31, 2012	1,350	17,000	18,350
Additions	-	9,229	9,229
Balance September 30, 2012	$ 1,350	$ 26,229	$ 27,579
Accumulated depreciation			
Balance September 30, 2011	$ 612	-	$ 612
Depreciation expense	232	-	232
Balance March 31, 2012	844	-	844
Depreciation expense	118	2,834	2,952
Balance September 30, 2012	$ 962	$ 2,834	$ 3,796
Carrying amounts:			
At September 30, 2011	$ 738	$ -	$ 738
At March 31, 2012	$ 506	$ 17,000	$ 17,506
At September 30, 2012	$ 388	$ 23,395	$ 23,783

5. EXPLORATION AND EVALUATION ASSETS

	Auden Property	Northshore Property	Total
Balance September 30, 2011	**$** 1,228,732	$ 253,555	1,482,287
Acquisition costs	-	-	-
Deferred exploration costs	-	483,739	483,739
Balance March 31, 2012	1,228,732	737,294	1,966,026
Acquisition costs		195,000	195,000
Deferred exploration costs	-	1,124,822	1,124,822
Balance September 30, 2012	$ 1,228,732	$ 2,057,116	$ 3,285,848

5. EXPLORATION AND EVALUATION ASSETS - continued

Auden

On June 21, 2010, the Company completed the acquisition of the Auden property located in Northern Ontario from 1518164 Ontario Inc., an unrelated party. Pursuant to the terms of the Acquisition Agreement, the Company acquired a 100% interest in and to the Auden Property in consideration for the issuance of 5,074,855 common shares. The acquisition of the Auden Property constituted the Company's Qualifying transaction, as that term is defined in the TSX Venture Exchange policies.

The Auden property is subject to a 3% net smelter return and a 10% gross overriding in royalty in favour of the shareholders of the previous owner of the claims. The Company may purchase one half of each royalty for an aggregate amount of $2,000,000 at any time.

As at March 31, 2012 and September 30, 2012, the Auden property consisted of 107 unpatented mining claims comprising 1,596 claim units covering 24,799 hectares in a largely contiguous block. The Company is required by the Ministry of Northern Development and Mines to incur annual qualifying exploration and development expenditures in order to maintain its unpatented claims in good standing. As at September 30, 2012, the Company believes it has incurred the required amount of expenditures.

Northshore

On July 27, 2011 the Company and Balmoral Resources Ltd. entered into an Option Agreement whereby the Company has been granted the right to acquire up to a 70% interest in Balmoral's interest in the Northshore Property.

Under the terms of the Option Agreement, the Company may earn an initial 51% interest ("First Option") in the Northshore Property by making cash payments to Balmoral of $50,000, issuing in favour of Balmoral 2,500,000 common shares of GTA and incurring a minimum of $2,500,000 in eligible exploration expenditures on the Property over a three-year period from receipt of regulatory approval. A cash payment of $10,000, issuance of 1,000,000 shares and a year one exploration expenditure of $350,000 (including the production of a 43-101 technical report) are firm commitments by GTA under the Option Agreement. A cash payment of $10,000 and the issuance of 1,000,000 common shares were recorded during the year ended March 31, 2012, and a further cash payment of $15,000 and the issuance of 500,000 common shares were recorded during the period ended September 30, 2012. In addition the Company has incurred exploration expenditures of $522,294 and $1,647,116 to March 31, 2012 and September 30, 2012 respectively.

Upon exercise of the First Option outlined above, the Company will have the right to elect to proceed with a Second Option, under which the Company would have the ability to earn an additional 19% interest in the Northshore Property by making an additional cash payment of $100,000, issuing an additional 1,000,000 shares in favour of Balmoral upon exercising its right and incurring additional exploration expenditures totalling $3,000,000 over an additional 24 month time frame.

A portion of the property is subject to a variable (2% to 5%) net smelter return royalty on gold production from the claims.

The Company and Balmoral after the exercise of either the first or second options will form a joint venture for future development of the property.

On a quarterly basis, management of the Company review exploration costs to ensure mining property interests include only costs and projects that are eligible for capitalization.

(Expressed in Canadian Dollars)

6. SHARE CAPITAL

Authorized
Unlimited number of common shares

Issued

	Number of Shares	Share Capital	Contributed Surplus
Balance September 30, 2011	**12,946,357**	**$ 2,198,865**	**$ 175,180**
Proceeds from share issuance			
Stock options exercised	6,408,166	6,080,698	
Shares issued for exploration and evaluation assets	50,000		
	1,000,000	205,000	
Share-based payments			1,159,305
Options exercised	647,000	129,400	
Warrants exercised	3,181,732	964,356	
Transfer of contributed surplus on exercise of options		78,409	(78,409)
Finders warrants		(196,678)	196,678
Share issue costs		(547,095)	
Flow-through share premium		(699,883)	
Balance March 31, 2012	**24,233,255**	**8,213,072**	**1,452,754**
Stock options exercised	50,000		
Share based payments			85,746
Options exercised	240,000	48,000	
Warrants exercised	408,600	128,510	
Transfer of contributed surplus on exercise of options		35,968	(35,968)
Shares issued for exploration and evaluation assets	500,000	180,000	
Balance September 30, 2012	**25,431,855**	**$ 8,605,550**	**$ 1,502,532**

2012 Activity

On June 1, 2011 the Company entered into an agreement with respect two mining claims, whereby a portion of the purchase price for the mining claims was the issuance of 250,000 common shares as follows:

- 50,000 common shares upon approval from the TSX Venture Exchange (the “approval date”)
- 50,000 common shares six months from the approval date
- 50,000 common shares twelve months from the approval date
- 50,000 common shares eighteen months from the approval date
- 50,000 common shares twenty four months from the approval date.

As of September 30, 2012 the Company has issued 150,000 common shares with respect to the two mining claims.

On October 3, 2011 the Company issued 1,000,000 common shares as consideration to acquire its initial interest in the Northshore Property.

(Expressed in Canadian Dollars)

6. SHARE CAPITAL - continued

On December 23, 2011 the Company completed a private placement for gross proceeds of $157,000. The private placement consisted of 166,668 Flow-Through Units at $0.30 per Flow-Through Unit for gross proceeds of $50,000, and 428,000 Units at $0.25 per Unit for gross proceeds of $107,000. Each Flow-Through Unit consists of one common share, issued on a flow-through basis, and one half warrant of the Company. Each Unit consists of one common share and one half warrant of the Company. Each warrant entitles the holder to purchase one common share at a price of $0.35 until December 23, 2012.

Compensation to agents consisted of a cash commission of $4,800 and 18,000 agent's warrants, each such agent's warrant entitling the holder to acquire one common share for $0.35 until December 23, 2012. The agent's warrants were valued on the date of issue using the modified Black-Scholes option pricing model with the following assumptions: dividend yield of 0%, risk free interest rate of 1.25%, expected volatility of 100% and an expected life of 12 months. The value attributed to the 18,000 agent's warrants was $1,475.

On March 12, 2012, the Company closed a private placement of 3,508,331 units at $0.90 per unit for gross proceeds of $3,157,498 and a private placement of 2,305,167 flow-through common shares at $1.20 per share for gross proceeds of $2,766,200. The proceeds on the sale of units are allocated all to share capital and none to warrants. The Company incurred cash expenses of $534,760 and issued 349,526 warrants as finders' fees in connection with the financing. Each private placement unit consists of one common share and one-half of a share purchase warrant, with each share purchase warrant exercisable at $1.25 until September 12, 2013. The 349,526 finders' fee warrants entitle the holder to purchase an additional common share exercisable until September 18, 2013 at a price of $1.25. The fair value of the 349,526 finders' fee warrants was $195,203 and was recorded as share issuance costs and an offset to contributed surplus. The fair value of each finder's fee warrant has been estimated as of the date of the issuance using the Black-Scholes pricing model with the following assumptions: risk-free interest rate of 1.19%, dividend yield of 0%, volatility of 157%, and expected life of one and one-half years.

2013 Activity

On September 5, 2012 the Company issued 500,000 common shares as additional consideration to acquire its interest in the Northshore Property. The value of the shares issued was $180,000.

Escrowed

The following table reflects the continuity of common shares held in escrow:

	Number of Shares	Release Date
	1,050,728	December 21, 2012
	1,050,728	June 21, 2013
	2,101,456	

(Expressed in Canadian Dollars)

7. WARRANTS

The following common share purchase warrants entitle the holders thereof the right to purchase one common share for each common share purchase warrant. Warrants transactions are summarized as follows:

	Number of Warrants		Weighted Average Exercise Price
Balance September 30, 2011	3,375,000	$	0.30
Issue of warrants	2,051,498	$	1.12
Warrants expired	(100,000)	$	0.30
Warrants exercised	(3,572,332)	$	0.30
Balance September 30, 2012	1,754,166	$	1.25

The weighted average remaining contractual life of warrants outstanding at September 30, 2012 was 0.95 years.

As at September 30, 2012, the Company had outstanding warrants as follows:

Expiry Date	Number of Warrants	Exercise Price
September 12, 2013	1,754,166	$ 1.25
September 12, 2013	349,526	$ 0.90

8. SHARE-BASED PAYMENTS

The Company has established a stock option plan whereby the Board of Directors may grant options to directors, officers and consultants to purchase common shares of the Company. The stock option plan is a rolling plan and the maximum number of authorized but unissued shares available to be granted shall not exceed 10% of its issued and outstanding common shares. Each stock option granted is for a term not exceeding five years unless otherwise specified.

Options granted to consultants not engaged in investor relations activities are granted for past services and vest immediately.

A summary of the status of the stock option plan and changes are presented below:

	Number of Options		Weighted Average Exercise Price
Balance, September 30, 2011	1,117,000	$	0.20
Grant of option	1,750,000	$	0.93
Options exercised	(647,000)	$	0.20
Balance March 31, 2012	2,220,000	$	0.93
Grant of option	200,000	$	1.05
Options exercised	(240,000)	$	0.20
Grant of option	75,000	$	0.50
Balance, September 30, 2012	2,255,000	$	0.84

The weighted average remaining contractual life of options outstanding at September 30, 2012 was 4.04 years.

(Expressed in Canadian Dollars)

8. SHARE-BASED PAYMENTS - continued

A summary of the status of the stock option plan and changes are presented below:

	September 30, 2012			March 31, 2012		
Expiry Date	**Exercise Price**	**Number of Options**	**Exercisable at Period-End**	**Exercise Price**	**Number of Options**	**Exercisable at Year-End**
June 21, 2015	$ 0.20	840,000	230,000	$ 0.20	840,000	470,000
February 23, 2017	$ 1.00	325,000	325,000	$ 0.20	325,000	325,000
March 22,2017	$ 0.90	1,425,000	1,425,000	$ 0.90	1,425,000	1,425,000
April 19, 2014	$ 1.05	200,000	100,000			
September 18, 2017	$0.50	75,000	75,000			
		3,307,000	2,155,000		3,032,000	2,220,000

The Company applies the fair value method in accounting for its stock options using the Black-Scholes option pricing model. During the six months ended September 30, 2012, the Company issued a total of 275,000 (2011- $nil) incentive stock options to directors and consultants of the Company resulting in stock-based compensation of $85,746 (2011- $nil).

Options Issued to Employees

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield, expected forfeitures and the risk free interest rate for the term of the option.

Options Issued to Non-Employees

Options issued to non-employees are measured based on the fair value of the goods or services received, at the date of receiving those goods or services. If the fair value of the goods or services received cannot be estimated reliably, the options are measured by determining the fair value of the options granted using the Black-Scholes option pricing model.

Model inputs for options granted and outstanding at September 30, 2012 include:

Grant date	Expiry date	Share price at grant date	Exercise price	Risk-free interest rate	Expected life	Volatility factor	Dividend yield
September 18, 2012	September 18, 2017	$0.32	$0.50	1.33%	5 years	180%	0%
March 22, 2012	March 22, 2017	$0.65	$0.90	1.67%	5 years	166%	0%
February 23, 2012	February 23, 2017	$0.98	$1.00	1.47%	5 years	167%	0%
June 21, 2010	June 21, 2015	$0.18	$0.20	4.15%	5 years	40%	0%

(Expressed in Canadian Dollars)

8. SHARE-BASED PAYMENTS - continued

The expected volatility is based on the historical volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information. The risk free rate of return is the yield on a zero-coupon Canadian Treasury bill of a tem consistent with the assumed option life. The expected average option term is the average expected period to exercise, based on the historical activity patterns for each individually vesting tranche.

Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate and, therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

As at September 30, 2012 there was $41,151 (September 30, 2011: $nil) of total unrecognized compensation cost related to unvested share-based compensation.

Total expenses arising from the share-based payment transactions that were capitalized during the period as part of exploration and evaluation asset acquisition costs were $nil (September 30, 2011: $nil).

9. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors and officers, close family members and enterprises that are controlled by these individuals as well as certain consultants performing similar functions.

Related party transactions conducted in the normal course of operations are measured at the exchange value (the amount established and agreed to by the related parties).

The Company had the following transactions in the normal course of operations with related parties:

		September 30, 2012		**September 30, 2011**
Management fees (i)	$	120,000	$	36,000
Mineral property-exploration expenditures (i), (ii)	$	162,797	$	39,000
Office rent and supplies (iii)	$	22,376	$	13,200

(i) The Company paid $60,000 (2011 - $36,000) in management fees to the President of the Company; $60,000 (2011 - $36,000) to the CFO of the Company; and $106,042 (2011 - $39,000) in mineral property exploration consulting costs to the VP of Exploration.

(ii) The Company paid $56,755 (2011 - $nil) to two directors of the Company for mineral property exploration consulting fees.

(iii) The Company paid $22,376 (2011 - $13,200) for rent, supplies and administrative expenses to private companies controlled by directors and officers of the Company.

Accounts payable and accrued liabilities include $32,539 (2011 - $14,250) due to related parties. These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

(Expressed in Canadian Dollars)

10. COMMITMENTS AND CONTINGENCIES

On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenses being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision. Other liabilities include the liability portion (the premium) of the flow-through shares issued for the amount of the premium on flow-through funds that at September 30, 2012 have not been used to incur qualifying exploration expenditures. The following is a continuity schedule of the liability portion of the flow-through shares issuances.

Flow-through Shares

Balance at September 30, 2011		102,532
Liability incurred on flow-through shares issued December 23, 2011 and March 12, 2012		2,816,200
Settlement of flow-through liability on incurring expenditures		(1,466,693)
Balance at September 30, 2012	**$**	**1,452,039**

As at September 30, 2011, the Company had fulfilled $122,468 of its commitment to incur exploration expenditures in relation to flow-through share financing in 2010. As at December 31, 2011, the Company had fulfilled the balance of $102,532 of its commitment to incur exploration expenditures in relation to flow-through share financing in 2010.

As at September 30, 2012, the Company had fulfilled $1,364,161 in relation to flow-through financings in December 2011 and March 2012. The remaining commitment to incur exploration expenditures relates to the flow-through financing of March 2012.