BROOKEMONT CAPITAL INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

Unaudited – Prepared by Management

(Expressed in Canadian Dollars)

October 31, 2012

BROOKEMONT CAPITAL INC.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

ASSETS	October 31, 2012 (Unaudited)	July 31, 2012
Current assets		
Cash and cash equivalents – Note 4	$ 42,082	$ 77,021
Receivables – Note 5	33,561	33,270
Prepaid expenses	1,388	5,145
Total current assets	77,031	115,436
Non-current assets		
Equipment – Note 6	4,816	5,069
Rent deposit	6,475	6,475
Exploration and evaluation assets – Note 7	3,901,328	3,820,089
Total assets	$ 3,989,650	$ 3,947,069
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities – Notes 8 and 11	$ 459,139	$ 355,820
Total current liabilities	459,139	355,820
SHAREHOLDERS' EQUITY		
Share capital – Note 9	9,037,170	8,962,170
Reserves – Note 9	851,275	851,275
Accumulated deficit	(6,357,934)	(6,222,196)
Total shareholders' equity	3,530,511	3,591,249
Total liabilities and shareholders' equity	$ 3,989,650	$ 3,947,069

Nature and Continuance of Operations (Note1)
Commitment (Note 14)

APPROVED BY THE DIRECTORS:

"Conrad Clemiss" Director *"James Nelson"* Director
Conrad Clemiss James Nelson

BROOKEMONT CAPITAL INC.
CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
Unaudited – Prepared by Management
(Expressed in Canadian Dollars)

	Three months ended October 31, 2012	Three months ended October 31, 2011
Operating expenses		
Consulting	$ 90,000	$ 110,307
Depreciation	253	237
Management fees – Note 11	22,500	37,733
Office and miscellaneous	8,122	12,608
Professional fees	6,648	20,778
Shareholder information	5,812	13,880
Share-based payments – Notes 9 and 11	-	181,199
Transfer agent and filing fees	1,309	4,462
Travel and promotion	1,094	1,442
Operating expenses	(135,738)	(382,646)
Interest income	-	290
Interest expense	-	(773)
	-	(483)
Net loss and comprehensive loss for the period	$ (135,738)	$ (383,129)
Loss per share – basic and diluted – Note 10	$ (0.002)	$ (0.008)
Weighted average number of shares outstanding – basic and diluted – Note 10	59,926,346	49,755,464

BROOKEMONT CAPITAL INC.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
Unaudited – Prepared by Management
(Expressed in Canadian Dollars)

	Three months ended October 31, 2012	2011
Operating Activities		
Net loss and comprehensive loss	$ (135,738)	$ (383,129)
Adjustments for non-cash items:		
Accrued interest on loans payable	-	773
Depreciation	253	237
Share-based payments	-	181,199
Changes in non-cash working capital items:		
Receivables	(291)	(20,910)
Prepaid expenses	3,757	(54,351)
Accounts payable and accrued liabilities	100,555	(72,482)
Cash used in operating activities	(31,464)	(348,663)
Investing Activities		
Equipment	-	(2,034)
Exploration and evaluation assets	(3,475)	(781,049)
Cash used in investing activities	(3,475)	(783,083)
Financing Activities		
Proceeds from issuance of share capital	-	1,734,000
Share issuance costs	-	(68,961)
Interest paid	-	(3,148)
Loan repayment	-	(160,000)
Cash provided by financing activities	-	1,501,891
Increase (decrease) in cash during the period	(34,939)	370,145
Cash and cash equivalents, beginning of the period	77,021	11,921
Cash and cash equivalents, end of the period – Note 4	$ 42,082	$ 382,066

Supplemental Disclosure with Respect to Cash Flows (Note 13)

BROOKEMONT CAPITAL INC.
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
Unaudited – Prepared by Management
(Expressed in Canadian Dollars)

	Share Capital				
	Number of shares	**Amount**	**Reserves**	**Accumulated Deficit**	**Total**
Balance, July 31, 2011	43,096,168	$ 7,271,043	$ 461,530	$ (5,095,102)	$ 2,637,471
Private placement	8,849,999	1,345,000	-	-	1,345,000
Share issue costs	354,095	(159,061)	90,100	-	(68,961)
Flow-through share premium liability	-	(17,500)	-	-	(17,500)
Stock options exercised	650,000	104,000	-	-	104,000
Share purchase warrants exercised	1,900,000	285,000	-	-	285,000
Stock options issued	-	-	181,199	-	181,199
Transfer of reserves on options exercised	-	46,188	(46,188)	-	-
Total comprehensive loss	-	-	-	(383,129)	(383,129)
Balance, October 31, 2011	54,850,262	8,874,670	686,641	(5,478,231)	4,083,080
Stock options issued	-	-	164,634	-	164,634
For exploration and evaluation assets	2,500,000	87,500	-	-	87,500
Total comprehensive loss	-	-	-	(743,965)	(743,965)
Balance, July 31, 2012	57,350,262	8,962,170	851,275	(6,222,196)	3,591,249
For exploration and evaluation assets	3,000,000	75,000	-	-	75,000
Total comprehensive loss	-	-	-	(135,738)	(135,738)
Balance, October 31, 2012	60,350,262	$ 9,037,170	$ 851,275	$ (6,357,934)	$ 3,530,511

1. NATURE AND CONTINUANCE OF OPERATIONS

Brookemont Capital Inc. (the "Company") is an exploration stage public company and is listed on the TSX Venture Exchange ("Exchange") under the symbol "BKT". The Company's principal business activities include acquiring and exploring exploration and evaluation assets. At October 31, 2012, the Company has exploration and evaluation assets located in Canada and Tanzania.

The Company's head office and principal business address is Suite 1470, 701 West Georgia Street, Vancouver, British Columbia, V7Y 1C6. The Company's registered and records office is located at 800 – 885 West Georgia Street, Vancouver, British Columbia, V6C 3H1.

These condensed interim financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realization of assets and discharge of liabilities in the normal course of business. At October 31, 2012, the Company had a working capital deficiency of $382,108, had not yet achieved profitable operations and has an accumulated deficit of $6,357,934 since its inception. The Company expects to incur further losses in the development of its business, all of which cast substantial doubt on the Company's ability to continue as a going concern. The Company will require additional financing in order to conduct its planned work programs on exploration and evaluation assets, meet its ongoing levels of corporate overhead and discharge its liabilities as they come due. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. Accordingly, these condensed interim financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not used then the adjustments required to report the Company's assets and liabilities on a liquidation basis could be material to these condensed interim financial statements.

2. BASIS OF PREPARATION

a) Statement of Compliance

These condensed interim financial statements of the Company have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS34") as issued by the International Accounting Standards Board ("IASB"). Therefore, these condensed interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the Company's most recently issued audited financial statements for the year ended July 31, 2012, which includes information necessary or useful to understanding the Company's business and financial statement presentation. In particular, the Company's significant accounting policies, use of judgements and estimates were presented in Note 2 and Note 3 of these audited financial statements, and have been consistently applied in the preparation of these condensed interim financial statements.

These condensed interim financial statements were authorized for issue by the Board of Directors on December 24, 2012.

2. BASIS OF PREPARATION (continued)

b) Basis of Measurement

These condensed interim financial statements have been prepared on the historical cost basis, except for certain financial instruments that have been initially measured at fair value.

These condensed interim financial statements are presented in Canadian dollars, which is also the Company's functional currency.

The preparation of these condensed interim financial statements in accordance with IFRS requires management to make estimates, judgements and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results could differ from these estimates.

These condensed interim financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout these condensed interim financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

The recoverability of receivables, the estimated useful lives of equipment and the related depreciation, the carrying value and recoverability of exploration and evaluation assets, estimated accrued liabilities, and inputs used in accounting for share-based payments.

3. NEW STANDARDS NOT YET APPLIED

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements.

Accounting Standards Issued and Effective January 1, 2013

IFRS 10 *Consolidated Financial Statements* establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

3. NEW STANDARDS NOT YET APPLIED (continued)

IFRS 11 *Joint Arrangements* establishes the core principle that a party to a joint arrangement determines the type of joint arrangement in which it is involved by assessing its rights and obligations and accounts for those rights and obligations in accordance with that type of joint arrangement.

IFRS 12 *Disclosure of Involvement with Other Entities* requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

IFRS 13 *Fair Value Measurement* defines fair value, sets out in a single IFRS framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except for: share-based payment transactions within the scope of IFRS 2 Share-based Payment; leasing transactions within the scope of IAS 17 Leases; measurements that have some similarities to fair value but that are not fair value, such as net realizable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets.

IAS 27 *Separate Financial Statements* has the objective of setting standards to be applied in accounting for investments in subsidiaries, joint ventures, and associates when an entity elects, or is required by local regulations, to present separate (non-consolidated) financial statements.

IAS 28 *Investments in Associates and Joint Ventures* prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. IAS 28 applies to all entities that are investors with joint control of, or significant influence over, an investee (associate or joint venture).

Accounting Standards Issued and Effective January 1, 2015

IFRS 9 *Financial Instruments* replaces the current standard IAS 39 Financial Instruments: Recognition and Measurement, replacing the current classification and measurement criteria for financial assets and liabilities with only two classification categories: amortized cost and fair value.

4. CASH AND CASH EQUIVALENTS

The Company's cash and cash equivalents are denominated in Canadian dollars and include the following components:

	October 31, 2012	July 31, 2012
Cash at bank and in hand	$ 42,082	$ 77,021
Cash and cash equivalents	$ 42,082	$ 77,021

5. RECEIVABLES

The Company's receivables comprise solely harmonized sales tax ("HST") / goods and services tax ("GST") receivables due from Canadian government taxation authorities and reimbursements from a related company for the unpaid fees.

	October 31, 2012	July 31, 2012
Accounts receivable	$ 16,315	$ 16,819
HST/GST recoverable	17,246	16,451
Total receivables	$ 33,561	$ 33,270

All amounts are short-term and the net carrying value of receivables is considered a reasonable approximation of fair value. The Company anticipates full recovery of these amounts and therefore no impairment has been recorded against receivables. The Company's receivables are all considered current and are not past due or impaired. The Company does not possess any collateral related to these assets.

6. EQUIPMENT

	Computer and office equipment
Cost, July 31, 2012	$ 7,816
Additions	-
Cost, October 31, 2012	7,816
Accumulated depreciation, July 31, 2012	2,747
Depreciation for the period	253
Accumulated depreciation, October 31, 2012	$ 3,000
Net book value, July 31, 2012	$ 5,069
Net book value, October 31, 2012	$ 4,816

(Expressed in Canadian Dollars) – Page 5

7. EXPLORATION AND EVALUATION ASSETS

The Company's exploration and evaluation assets consist of the following mineral properties:

	Canada			Tanzania	
	Yukon Quartz Claims	Quebec Rare Earth	Quebec Gaspe Bay	Handeni Gold	Total
Balance, July 31, 2011	$ 718,369	$ 163,245	$ -	$ 2,21,745	$ 2,903,359
Acquisition costs	-	4,360	94,650	-	99,010
Deferred exploration expenditures					
Drilling	-	-	-	211,455	211,455
Geological expenses	-	-	-	272,364	272,364
Lab and assay	-	-	-	70,387	70,387
Mapping	-	-	-	60,925	60,925
Sampling	10,606	-	-	67,075	77,681
Tenure fees	-	8,164	-	-	8,164
Travel, accommodation and misc	-	-	-	123,973	123,973
Advance for exploration	-	-	30,000	-	30,000
Prior year advance for exploration	(13,000)	-	-	(24,229)	(37,229)
Balance, July 31, 2012	715,975	175,769	124,650	2,803,695	3,820,089
Acquisition costs	-	-	-	75,000	75,000
Deferred exploration expenditures					
Geological expenses	432	-	19,097	-	19,529
Geological report	540	-	-	-	540
Field supplies and equipments	3	-	542	-	545
Helicopter	703	-	-	-	703
Lab and assay	47	-	1,090	-	1,137
Sampling	-	-	1,100	-	1,100
Travel, accommodation and misc	563	-	12,122	-	12,685
Prior year advance for exploration	-	-	(30,000)	-	(30,000)
Balance, October 31, 2012	$ 718,263	$ 175,769	$ 128,601	$ 2,878,695	$ 3,901,328

(Expressed in Canadian Dollars) – Page 6

7. EXPLORATION AND EVALUATION ASSETS (continued)

Title to Interests in Exploration and Evaluation Assets

Title to exploration and evaluation asset interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets. The Company has investigated title to all of its exploration and evaluation assets and, to the best of its knowledge, title to all of its interests are in good standing. However, this should not be construed as a guarantee of title. The concessions may be subject to prior claims, agreements or transfers, and rights of ownership may be affected by undetected defects.

Yukon Quartz Claims

During the year ended July 31, 2010, the Company acquired a 100% interest in quartz mineral claims located in the Yukon Territory.

As at October 31, 2012, the Company has spent a total of $32,975 in exploration expenditures on the Yukon Quartz Claims.

Quebec Rare Earth Prospect

On June 2, 2010, the Company entered into an option agreement with an arm's length vendor (the "Vendor") to acquire a 100% interest in mineral claims in Quebec.

On May 25, 2011, the Company amended the option agreement with the Vendor. The Vendor agreed to waive the work commitment of $150,000 by June 17, 2011 until June 17, 2014. On June 11, 2012, the Company amended the option agreement and the amendment dated May 25, 2011 with the Vendor. The Vendor agreed to amend the option agreement and the amendment regarding the work commitments due to be spent on the prospect. The Company was originally due to spend $150,000 by June 17, 2012, $150,000 by June 17, 2013, and a further $550,000 by June 17, 2014. Instead, the Company is now required to incur exploration costs as follows:

	Cash	Common Shares	Exploration Costs
Upon Exchange approval (paid and issued at a value of $130,000)	$ 17,500	2,000,000	$ -
By June 17, 2014	-	-	150,000
By June 17, 2015	-	-	150,000
By June 17, 2016	-	-	550,000
	$ 17,500	2,000,000	$ 850,000

In addition, the Company issued 195,000 common shares as a finder's fee.

During the year ended July 31, 2012, the Company staked additional mineral claims adjacent to its previous claims in Quebec for a cost of $4,360.

(Expressed in Canadian Dollars) – Page 7

7. EXPLORATION AND EVALUATION ASSETS (continued)

Staking and Option Agreement – Gaspe Bay Aluminous Clay and Rare Earth Prospect, Quebec

On June 8, 2012, the Company entered into an option agreement with an arm's length vendor to acquire a 100% interest in mineral claims in the Gaspe Bay Region of Quebec. Consideration is cash payments, exploration costs and the issuance of common shares as follows:

	Cash	Exploration Costs	Common Shares
Upon Exchange approval (issued at a value of $87,500)	$ -	$ -	2,500,000
On or before July 20, 2013	20,000	-	2,500,000
On or before December 20, 2013	-	100,000	-
On or before December 20, 2014	-	250,000	-
On or before December 20, 2015	-	500,000	-
	$ 20,000	$ 850,000	5,000,000

During the year ended July 31, 2012, the Company acquired a 100% interest in additional claims for staking costs of $4,164.

As at October 31, 2012, the Company has spent a total of $33,951 in exploration expenditures on the Gaspe Bay Aluminous Clay and Rare Earth Claims.

Option Agreement – Handeni Gold, Tanzania

On September 3, 2010, the Company entered into a letter agreement with an arm's length vendor (the "Vendor") to acquire an 80% interest in a gold property located in the Handeni Region of Tanzania. The letter agreement was superseded by an option agreement dated January 31, 2011.

On March 20, 2012, the Company amended the option agreement with the Vendor. The Vendor agreed to waive the cash payment of US$350,000 due by March 21, 2012 and instead the Company was required to make four installments of US$87,500 on or prior to June 21, 2012, September 21, 2012, December 21, 2012 and March 21, 2013.

On June 21, 2012, the Company further amended the option agreement and the amendment dated March 20, 2012 with the Vendor. The Vendor agreed to waive the four installments of US$87,500 and instead the Company was required to issue 3,000,000 common shares upon Exchange approval, a further 3,000,000 common shares within 13 months of such approval, and pay US$50,000 prior to July 1, 2013. The Company has received Exchange approval for these two share issuances. The Company is now required to make cash payment and issue common shares as follows:

(Expressed in Canadian Dollars) – Page 8

7. EXPLORATION AND EVALUATION ASSETS (continued)

Option Agreement – Handeni Gold, Tanzania (continued)

	Cash	Exploration Costs	Common Shares
Upon execution of the letter agreement (paid)	US$ 75,000	US$ -	-
Upon closing date (paid and issued at a value of $600,000)	200,000	-	3,000,000
On or before February 21, 2012 (incurred)	-	350,000	-
On or before March 21, 2012 (issued at a value of $840,000)	-	-	3,000,000
Upon Exchange approval of amendment (issued at a value of $75,000)	-	-	3,000,000
On or before February 21, 2013 (incurred)	-	500,000	-
On or before February 21, 2013	-	-	3,000,000
On or before July 1, 2013	50,000	-	-
On or before September 8, 2013	-	-	3,000,000
	US$ 325,000	US$ 850,000	15,000,000

The Company will be able to acquire the remaining 20% interest by further payments of US$4,500,000 and the issuance of 3,000,000 common shares. This additional 20% interest will be subject to a 2% net smelter return and the foregoing payments for this interest may be made over a period of up to three years.

In February 2011 the Company paid a finder's fee to an arm's length party of $59,325. Upon issuance of 6,000,000 common shares per the amendment dated June 21, 2012, the Company is due to pay a further finder's fee of $71,875 to the finder.

As at October 31, 2012, the Company has spent a total of $1,009,533 in exploration expenditures on this property.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities recognized in the statement of financial position can be analyzed as follows:

	October 31, 2012	July 31, 2012
Trade payables	$ 410,139	$ 306,820
Accrued liabilities	49,000	49,000
Total payables	$ 459,139	$ 355,820

All amounts are short-term. The carrying value of trade payables and accrued liabilities is considered a reasonable approximation of fair value.

(Expressed in Canadian Dollars) – Page 9

9. SHARE CAPITAL AND RESERVES

Authorized: An unlimited number of common shares, without par value

(a) Share purchase warrants

The following is a summary of changes in share purchase warrants from July 31, 2011 to October 31, 2012:

	Number	Weighted Average Exercise Price
Balance, July 31, 2011	2,050,000	$0.15
Issued	9,558,189	$0.25
Exercised	(1,900,000)	$0.15
Expired	(150,000)	$0.15
Balance, July 31, 2012 and October 31, 2012	9,558,189	$0.25

At October 31, 2012, the Company had 9,558,189 share purchase warrants outstanding. Each warrant entitles the holder the right to purchase one common share as follows:

Number	Exercise Price	Expiry Date
9,208,189	$0.25	September 6, 2016
350,000	$0.30	September 6, 2016
9,558,189		

(b) Share-based payments

The Company has a stock option plan whereby the maximum number of shares reserved for issue under the plan shall not exceed 10% of the outstanding common shares of the Company, as at the date of grant. The exercise price of each option granted under the plan may not be less than the Discounted Market Price (as that term is defined in the policies of the TSX). Options vest at the discretion of the Board of Directors and may be granted for a maximum term of five years from the date of grant.

The following is a summary of changes in share purchase options from July 31, 2011 to October 31, 2012:

(Expressed in Canadian Dollars) – Page 10

9. SHARE CAPITAL AND RESERVES (continued)

(b) Share-based payments (continued)

	Number	Weighted Average Exercise Price
Outstanding and exercisable, July 31, 2011	2,484,166	$0.18
Granted	3,700,000	$0.14
Exercised	(650,000)	$0.16
Forfeited	(50,000)	$0.16
Repriced	(1,536,000)	$0.22
Repriced	1,536,000	$0.11
Outstanding and exercisable, July 31, 2012	5,484,166	$0.12
Expired	(1,983,333)	$0.16
Outstanding and exercisable, October 31, 2012	3,500,833	$0.11

At October 31, 2012, 3,500,833 employee and director share purchase options were outstanding and exercisable entitling the holders thereof the right to purchase one common share for each option held as follows:

Number	Exercise Price	Expiry Date
1,536,000	$0.11	March 31, 2013
143,333	$0.10	April 1, 2014
187,500	$0.11	September 8, 2014
306,000	$0.10	October 9, 2014
120,000	$0.13	August 31, 2015
1,150,000	$0.10	January 13, 2017
58,000	$0.10	October 11, 2017
3,500,833		

During the three months ended October 31, 2011, 650,000 stock options were exercised at a price of $0.16 per share for total proceeds of $104,000. The previously recognized share-based payment expense relating to these stock options were reclassified from share-based payment reserve to share capital in the amount of $46,188.

During the three months ended October 31, 2012, the Company did not grant any stock options (2011: 2,550,000 stock options at an exercise price of $0.16 per share and an expiry date of September 14, 2012). The weighted average fair value of the options issued in the three months ended October 31, 2011 was estimated at $0.07 per option at the grant date using the Black-Scholes option pricing model with the following assumptions:

(Expressed in Canadian Dollars) – Page 11

9. SHARE CAPITAL AND RESERVES (continued)

(b) Share-based payments (continued)

	Three months ended October 31, 2012	Three months ended October 31, 2011
Weighted average fair value per option	N/A	$0.07
Weighted average expected dividend yield	N/A	0.0%
Weighted average expected volatility *	N/A	110.35%
Weighted average risk-free interest rate	N/A	0.97%
Weighted average expected term in years	N/A	1.0 years

* Expected volatility has been based on historical volatility of the Company's publicly traded shares.

Total expenses arising from share-based payment transactions recognized during the three months ended October 31, 2012 were $Nil (2011: $181,199).

10. LOSS PER SHARE

The calculation of basic and diluted loss per share was based on the following data:

	Three months ended October 31, 2012	2011
Net Loss	$ 135,738	$ 383,129
Weighted average number of common shares for the purpose of basic and diluted loss per share	59,926,349	49,755,464

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as stock options and share purchase warrants, in the weighted average number of common shares outstanding during the period, if dilutive. All of the stock options and share purchase warrants currently issued (see Note 9) were anti-dilutive for the three months ended October 31, 2012 and 2011.

The loss per share for the three months ended October 31, 2012 was $0.002 (2011: $0.008).

11. RELATED PARTY TRANSACTIONS

Key management personnel compensation

Key management of the Company are directors and officers of the Company and their remuneration includes the following:

(Expressed in Canadian Dollars) – Page 12

11. RELATED PARTY TRANSACTIONS (continued)

	Three months ended October 31, 2012	Three months ended October 31, 2011
Management fees	$ 22,500	$ 37,733
Share-based payments *	-	24,871
	$ 22,500	$ 62,604

* Share-based payments are the fair value of options granted to key management personnel as at the grant date.

Related party balances

At October 31, 2012, accounts payable and accrued liabilities include $116,385 (July 31, 2012: $77,590) payable to a director of the Company and two public companies with common directors for unpaid fees. These amounts are unsecured, non-interest bearing and payable on demand.

12. SEGMENTAL REPORTING

The Company operates in one business segment, being the acquisition and exploration of mineral properties. The Company's equipment is located in Canada and its exploration and evaluation assets are distributed by geographic location as follows:

	October 31, 2012	July 31, 2012
Canada	$ 1,022,633	$ 1,016,394
Tanzania	2,878,695	2,803,695
	$ 3,901,328	$ 3,820,089

13. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Investing and financing activities that do not have a direct impact on cash flows are excluded from the statement of cash flows. The following transactions were excluded from the statements of cash flows:

Three months ended October 31, 2012:

a) The Company issued 3,000,000 common shares valued at $75,000 pursuant to the amended Handeni Gold option agreement.

b) The Company accrued exploration and evaluation assets of $17,764 in accounts payable and accrued liabilities.

(Expressed in Canadian Dollars) – Page 13

13. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS (continued)

Three months ended October 31, 2011:

a) Pursuant to the exercise of options, $46,188 was transferred to share capital from reserves.

b) The Company accrued exploration and evaluation assets of $15,000 in accounts payable and accrued liabilities.

c) The Company bifurcated the flow-through share private placement which resulted in a transfer from share capital of $17,500 to flow-through share premium liability.

14. COMMITMENT

During the year ended July 31, 2011, the Company entered into a license agreement for office premises for a period ending July 31, 2014. Amounts under the lease (net of taxes) are as follows:

July 31, 2013	$	14,802
July 31, 2014		19,735
	$	34,537