FINORE MINING INC.
(Formerly Otterburn Ventures Inc.)

(An Exploration Stage Enterprise)

Condensed Interim Financial Statements

Second Quarter Ended January 31, 2012

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

FINORE MINING INC.
(Formerly Otterburn Ventures Inc.)

Interim Financial Statements
Six Months Ended January 31, 2012

NOTICE OF NO AUDITOR REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS

The accompanying unaudited interim financial statements of Finore Mining Inc. (the "Company") for the six months ended January 31, 2012 have been prepared by the management of the Company and approved by the Company's Audit Committee and the Company's Board of Directors.

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indication that an auditor has not reviewed the financial statements.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of the interim financial statements by an entity's auditor.

Finore Mining Inc.
(Formerly Otterburn Ventures Inc.)
(Expressed in Canadian Dollars, unless stated otherwise)
Condensed Interim Statements of Financial Position
(Unaudited – Prepared by Management)

	Note	January 31, 2012 $	July 31, 2011 $	August 1, 2010 $
			Note 13	Note 13
ASSETS				
Current				
Cash and cash equivalents		82,777	783,636	173,817
Short term investment		2,529,888	4,266,271	-
Other receivables		48,842	54,458	2,519
Prepaid expenses		54,125	94,433	-
Total Current Assets		2,715,632	5,198,798	176,336
Equipment	3	605	720	1,090
Non-refundable deposit	4	-	100,000	-
Property Acquisition	4	3,214,825	-	-
TOTAL ASSETS		5,931,062	5,299,518	177,426
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities		208,747	688,159	37,141
Total Current Liabilities		208,747	688,159	37,141
Shareholders' Equity				
Share capital	5	10,782,682	9,199,648	1,293,367
Reserves		1,793,378	1,675,231	307,844
Deferred share-based payments		-	(50,005)	-
Accumulated deficit		(6,853,745)	(6,213,515)	(1,460,926)
Total Shareholders' Equity		5,722,315	4,611,359	140,285
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		5,931,062	5,299,518	177,426

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These condensed interim financial statements are authorized for issue by the Board of Directors on March 28, 2012. They are signed on the Company's behalf by:

"Peter Hughes", Director *"Alexander Polevoy"*, Director
Peter Hughes Alexander Polevoy

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

FINORE MINING INC.
(Formerly Otterburn Ventures Inc.)
(Expressed in Canadian Dollars, unless stated otherwise)
Condensed Interim Statements of Operation and Comprehensive Loss
(Unaudited – Prepared by Management)

		Three Months Ended January 31,		Six Months Ended January 31,	
		2012	2011	2012	2011
	Note	$	$	$	$
EXPENSES					
Amortization expense		57	93	114	185
Conference		3,500	-	4,502	-
Consulting fees		161,352	31,913	346,436	65,593
Insurance		3,375	-	6,750	-
Office and general		7,618	1,215	13,288	2,548
Professional fees		24,575	8,772	40,114	11,908
Property Investigation Cost		-	61,729	-	61,729
Share-based payments	5d	-	-	165,502	-
Transfer agent and filing fees		7,607	6,212	13,312	9,031
Travel and entertainment		22,739	1,863	28,129	4,620
Website maintenance		4,928	200	17,561	380
Write-off of mineral property and deferred exploration expenditures	4	-	-	-	12,000
Loss before other income		(235,751)	(111,997)	(635,708)	(167,994)
Other income					
Gain on debt settlement		-	-	-	1,194
Gain (loss) on foreign exchange		-	-	(24,939)	-
Interest income		9,050	-	20,417	-
Net loss and comprehensive loss for the period		(226,701)	(111,997)	(640,230)	(166,800)
Basic and diluted (loss) per share		(0.01)	(0.01)	(0.02)	(0.01)
Weighted average number of common shares outstanding – Basic and diluted		37,711,534	15,655,000	37,711,534	15,655,000

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

FINORE MINING INC.
(Formerly Otterburn Ventures Inc.)
(Expressed in Canadian Dollars, unless stated otherwise)
Condensed Interim Statements of Changes in Equity
(Unaudited – Prepared by Management)

	Common Shares		Reserves					
	Number of Shares	Amount	Other Reserve	Option Reserve	Warrant Reserve	Deferred Share-based Payments	Deficit	Total Shareholder's Equity
Balance, August 1, 2010	**15,655,000**	**1,293,367**	**-**	**307,844**	**-**	**-**	**(1,460,926)**	**140,285**
Loss for the period	-	-	-	-	-	-	(166,800)	(166,800)
Balance – January 31, 2011	**15,655,000**	**1,293,367**	**-**	**307,844**	**-**	**-**	**(1,627,726)**	**(26,515)**
Balance, August 1, 2010	**15,655,000**	**1,293,367**	**-**	**307,844**	**-**	**-**	**(1,460,926)**	**140,285**
Issuance pursuant to mineral property option agreement	2,200,000	990,000	-	-	-	-	-	990,000
Mineral property option finders' fees	2,000,000	900,000	-	-	-	-	-	900,000
Non-brokered private placement	15,065,775	6,779,599	-	-	-	-	-	6,779,599
Share issuance cost	-	(440,443)	-	-	-	-	-	(440,443)
Finder's warrants	-	(322,875)	-	-	322,875	-	-	-
Share-based payments	-	-	-	1,041,013	-	(50,005)	-	991,008
Debt forgiveness	-	-	3,499	-	-	-	-	3,499
Net loss and comprehensive loss for the year	-	-	-	-	-	-	(4,752,589)	(4,752,589)
Balance – July 31, 2011	**34,920,775**	**9,199,648**	**3,499**	**1,348,857**	**322,875**	**(50,005)**	**(6,213,515)**	**4,611,359**
Issuance pursuant to mineral property option agreement	1,660,408	747,184	-	-	-	-	-	747,184
Mineral property option finders' fees	1,850,000	832,500	-	-	-	-	-	832,500
Share-based payments	-	-	-	115,497	-	50,005	-	165,502
Debt forgiveness	10,000	3,350	2,650	-	-	-	-	6,000
Net loss and comprehensive loss for the period	-	-	-	-	-	-	(640,230)	(640,230)
Balance – January 31, 2012	**38,441,183**	**10,782,682**	**6,149**	**1,464,354**	**322,875**	**-**	**(6,853,745)**	**5,722,315**

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

FINORE MINING INC.
(Formerly Otterburn Ventures Inc.)
(Expressed in Canadian Dollars, unless stated otherwise)
Condensed Interim Statements of Cash Flows
(Unaudited – Prepared by Management)

	Three Months Ended January 31,		Six Months Ended January 31,	
	2012 $	2011 $	2012 $	2011 $
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:				
Net loss for the period	(226,701)	(111,997)	(640,230)	(166,800)
Adjustment for items not involving cash:				
Share-based payments	-	-	165,502	-
Amortization expense	57	93	114	185
Gain on debt settlement	-	-	-	-
Loss on foreign exchange	-	-	24,939	-
Changes in non-cash operating working capital:				
(Increase) Decrease in GST/HST receivables	20,303	(4,707)	5,616	(7,626)
(Increase) Decrease in prepaid expenses	46,242	-	40,308	-
Increase (Decrease) in accounts payable and accrued liabilities	4,614	8,638	46,745	19,327
Net cash flows used in operating activities	(155,485)	(107,973)	(377,006)	(154,914)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:				
Short term investment	594,625	-	1,736,383	-
Mineral properties	(418,894)	-	(2,060,236)	-
Net cash flows from (used in) investing activities	175,73136	-	(323,853)	-
CASH FLOWS FROM FINANCING ACTIVITIES:				
Share capital, net of share issuance costs	-	-	-	-
Net cash flows used from financing activities	-	-	-	-
Increase/ (Decrease) in cash and cash equivalents	20,246	(107,973)	(700,859)	(154,914)
Cash and cash equivalents, beginning of the period	62,531	126,876	783,636	173,817
Cash and cash equivalents, end of the period	82,777	18,903	82,777	18,903

Supplemental cash flow information (Note 7)

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

1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

Finore Mining Inc. (the "Company") was incorporated on November 29, 2006 pursuant to the Business Corporations Act, British Columbia. The Company's principal business activity is the exploration of mineral properties. On September 26, 2011, the Company changed its name from Otterburn Ventures Inc. to Finore Mining Inc. and the Company's common shares began trading under the new symbol of "FIN."

The head office, principal address and registered officer of the Company are located at Suite 1980, 1075 West Georgia Street, Vancouver, B.C., V6E 3C9.

The Company is in the process of exploring its mineral property interests and has not yet determined whether its mineral property interests contain mineral reserves that are economically recoverable. The Company's continuing operations, and the recoverability of the amounts shown for mineral properties are entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its mineral property interests, and on future profitable production or proceeds from the disposition of the mineral property interests.

The business of exploring for and mining of minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations

The financial information is presented in Canadian Dollars (CDN$), which is the functional currency of the Company.

The Company has a working capital as at January 31, 2012 of $2,506,885 and an accumulated deficit of $6,853,745. These financial statements have been prepared under the assumption of a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

The appropriateness of using the going concern basis is dependent upon, among other things, future profitable operations and the ability of the Company to raise additional capital. Specifically, the recovery of the Company's investment in resource properties and related deferred expenditures is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to develop the properties and establish future profitable production from the properties, or from the proceeds of their disposition.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Conversion to International Financial Reporting Standards

The Canadian Accounting Standards Board ("AcSB") confirmed in February 2008 that IFRS will replace Canadian Generally Accepted Accounting Policies ("CGAAP") for publicly accountable enterprises for financial periods beginning on or after January 1, 2011, with the option available to early adopt IFRS from periods beginning on or after January 1, 2009 upon receipt of approval from the Canadian Securities regulatory authorities.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…(cont'd)

These are the Company's second IFRS condensed interim financial statements for part of the period covered by the first IFRS annual financial statements to be presented in accordance with IFRS for the year ending July 31, 2012. Previous years, the Company prepared its annual and interim financial statements in accordance with CGAAP.

Basis of presentation

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

The preparation of interim financial statements in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application 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 and that are effective or available on July 31, 2012, the Company's first annual reporting date.

The preparation of these condensed interim financial statements resulted in changes to the accounting policies as compared with the most recent annual financial statements prepared under GAAP. The accounting policies set out below have been applied consistently to all periods presented in these condensed interim financial statements. They also have been applied in preparing an opening IFRS balance sheet at August 1, 2010 for the purposes of the transition to IFRS, as required by IFRS 1, First Time Adoption of International Financial Reporting Standards (IFRS 1). The impact of the transition from GAAP to IFRS is explained in Note 13.

Interest Income

Interest income from financial assets is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's carrying amount.

Foreign Currencies

The Company's reporting and functional currency is the Canadian dollar as this is the principal currency of the economic environment in which the Company operates.

Transactions in foreign currencies are initially recorded at the functional currency rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange in effect at the end of the reporting period.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…(cont'd)

Financing Costs

The costs related to equity transactions are deferred until the closing of the equity transactions. These costs are accounted for as a deduction from equity. Transaction costs of abandoned equity transactions are expensed in the statement of comprehensive loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, and short term money market instruments with an original maturity of three months or less when acquired, which are readily convertible into a known amount of cash. The cash and cash equivalents are denominated in Canadian dollars.

Short-Term Investment

Short term investment, which is fixed term deposit held at the bank with a maturity of more than three months and less than twelve months at the time of issuance, is recorded at fair value. As at January 31, 2012, the Company has two short term investment totalling to $2,511,500 of principal and $18,388 of interest due on June 20, 2012 and July 23, 2012 with an annual yield of prime minus 1.8% and prime minus 2.05%, respectively.

Equipment

Equipment is recorded at cost less accumulated amortization. Amortization is calculated using the following annual rates:

Computer Equipment	Declining Balance method at 45% per annum
Office Equipment	Declining Balance method at 20% per annum

In the year of acquisition, amortization of the office equipment and computer equipment is recorded at one-half the normal rate.

Exploration and evaluation assets

The Company is in the exploration stage with respect to its investment in mineral properties and accordingly follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of mineral claims and crediting all revenues received against the cost of the related claims. Such costs include, but are not exclusive to, geological, geophysical studies, exploratory drilling and sampling. At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable reserves. The aggregate costs related to abandoned mineral claims are charged to operations at the time of any abandonment or when it has been determined that there is evidence of a permanent impairment.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…(cont'd)

All capitalized exploration and evaluation expenditure is monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that exploration expenditure is not expected to be recovered, it is charged to the results of operations. Exploration areas where reserves have been discovered, but require major capital expenditure before production can begin, are continually evaluated to ensure that commercial quantities of reserves exist or to ensure that additional exploration work is underway as planned.

Decommissioning and rehabilitation liabilities

The Company recognizes the fair value of a decommissioning and restoration liability the year in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability.

Changes in the decommissioning and restoration liability due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in the statement of operations. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset.

The Company did not have any significant decommissioning and restoration obligations at January 31, 2012.

Share-based payments

The share option plan allows the Company's employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as share-based payments 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 is measured at grant date and each tranche is recognized on a graded-vesting basis 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.

Warrants issued in equity financing transactions

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate mineral properties. These equity financing transactions may involve issuance of common shares or units. Each unit comprises a certain number of common shares and a certain number of warrants. Depending on the terms and conditions of each equity financing transaction, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the transaction.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded as warrants.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…(cont'd)

From time to time in connection with private placements, the Company issues warrants to agents ("Agent Warrants") as commission for services. Awards of Agent Warrants are accounted for in accordance with the fair value method of accounting and result in share issue costs and a credit to reserves when Agent Warrants are issued. Any consideration received upon exercise of Agent Warrants is credited to share capital. The application of the fair value based method requires the use of certain assumptions regarding the risk-free market interest rate, expected volatility in the price of the underlying stock, and expected life of the Agent Warrants.

Comprehensive loss

Comprehensive loss is defined as the change in equity (net assets) from transactions and other events from non-owner sources. Other comprehensive income is defined as revenues, expenses, gains and losses that are recognized in comprehensive income, but excluded from net income. This would include holding gains and losses from financial instruments classified as available-for-sale.

Earnings/ (loss) per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of outstanding common shares for the period. In computing diluted earnings per share, an adjustment is made for the dilutive effect of the exercise of stock options and warrants. The number of additional shares is calculated by assuming that outstanding stock options and warrants are exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting periods. In periods where a net loss is reported all outstanding options and warrants are excluded from the calculation of diluted loss per share, as they are all anti-dilutive. Diluted loss per share is equal to the basic loss per share as net losses were reported during the periods of January 31, 2012 and 2011.

Taxation

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of each reporting period.

(b) Deferred income tax

Deferred income tax is provided using the liability method on temporary differences, at the end of each reporting period, between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…(cont'd)

- Deferred income tax assets are recognized for all deductible temporary differences, carry forward or unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit of loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive income.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Financial instruments – recognition and measurement

All financial assets and financial liabilities are initially recorded at fair value and designated upon inception into one of the following categories: held-to-maturity, available-for-sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit and loss. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Held-to-maturity instruments, loans and receivables and financial liabilities not at fair value but through profit and loss are measured at amortized cost using the effective interest rate method.

The Company has implemented the following classifications for its financial instruments:

a) Cash, cash equivalents, and short term investments have been classified as FVTPL

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…(cont'd)

b) Trade receivables have been classified as loans and receivables.

c) Payables and accruals have been classified as financial liabilities not at fair value through profit and loss.

Impairment of financial assets

The Company assesses at the end of each reporting period whether a financial asset is impaired.

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is then reduced by the amount of the impairment. The amount of the loss is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

In relation to trade and other receivables, a provision for impairment is made and an impairment loss is recognized in profit and loss when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are written off against the allowance account when they are assessed as uncollectible.

De-recognition of financial assets and financial liabilities

Financial assets are derecognized when the rights to receive cash flows from the assets expire or the financial assets are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On de-recognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss.

For financial liabilities, they are derecognized when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…(cont'd)

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of operations.

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, however the increased carrying amount cannot 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.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Contingent liabilities are not recognised in the financial statements and are disclosed in the notes to the financial statements unless their occurrence is remote. Contingent assets are not recognised in the financial statements, but are disclosed in the notes to the financial statements if their recovery is deemed probable.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Significant accounting judgments and estimates

The preparation of condensed consolidated interim financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. Financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the 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 the revision affects both the current and future periods.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…(cont'd)

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the balance sheet 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:

a) The provision for income taxes which is included in the consolidated statements of comprehensive loss and composition and quantification of deferred income tax assets and liabilities included in the consolidated statement of financial position.

b) The recoverability of exploration and evaluation assets in the consolidated statements of financial position.

c) The inputs used in accounting for share purchase option expense in the statements of comprehensive loss.

d) The estimated useful life and fair value of property and equipment which are included in the interim consolidated statements of financial position and the related depreciation included in the interim consolidated statement of comprehensive loss.

New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the January 31, 2012 reporting period. The following standards are assessed not to have any impact on the Company's financial statements:

a) IFRS 9, Financial Instruments

The IASB intends to replace IAS 39 – Financial Instruments: Recognition and Measurement ("IAS 39") in its entirety with IFRS 9, Financial Instruments ("IFRS 9") in three main phases. IFRS 9 will be the new standard for the financial reporting of financial instruments that is principles-based and less complex than IAS 39, and is effective for annual periods beginning on or after January 1, 2013, with earlier adoption permitted. In November 2009 and October 2010, phase 1 of IFRS 9 was issued and amended, respectively, which addressed the classification and measurement of financial assets and financial liabilities. IFRS 9 requires that all financial assets be classified as subsequently measured at amortized cost or at fair value based on the Company's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. Financial liabilities are classified as subsequently measured at amortized cost except for financial liabilities classified as at fair value through profit or loss, financial guarantees and certain other exceptions.

The IASB has issued exposure drafts addressing impairment of financial instruments, hedge accounting and the offsetting of financial assets and liabilities, with comments due in March and April of 2011. The complete IFRS 9 is anticipated to be issued during the second half of 2011. The Company is currently evaluating the impact the final standard is expected to have on its financial statements.

b) IFRS 12, Disclosure of Interests in Other Entities

IFRS 12 applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. IFRS 12 is effective for annual periods beginning on or after January 1, 2013. Earlier adoption is permitted. The Company is currently evaluating the impact of this standard on its consolidated financial statements.

(Expressed in Canadian Dollars, unless stated otherwise)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…(cont'd)

c) IFRS 13, Fair Value Measurements

IFRS 13 defines fair value, sets out in a single IFRS framework for measuring value and requires disclosures about fair value measurements. The IFRS 13 applies to IFRSs that require or permit fair value measurements or disclosures about fair value measurements, expect in specified circumstances. IFRS 13 is to be applied for annual periods beginning on or after January 1, 2013. Earlier adoption is permitted. The Company is currently assessing the impact of the standards on its condensed consolidated financial statements.

The Company anticipates that the application of these standards, amendments and interpretations will have no material impact on the results and financial position of the Company.

3. EQUIPMENT

As at January 31, 2012

	Cost	Accumulated Amortization	Net Book Value
Office Equipment	$ 936	$ 591	$ 345
Computer Equipment	2,867	2,607	260
	$ 3,803	$ 3,198	$ 605

As at July 31, 2011

	Cost	Accumulated Amortization	Net Book Value
Office Equipment	$ 936	$ 553	$ 384
Computer Equipment	2,867	2,531	336
	$ 3,803	$ 3,084	$ 720

As at August 1, 2011

	Cost	Accumulated Amortization	Net Book Value
Office Equipment	$ 936	$ 457	$ 479
Computer Equipment	2,867	2,256	611
	$ 3,803	$ 2,713	$ 1,090

(Expressed in Canadian Dollars, unless stated otherwise)

4. MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

Suskwa Mineral Claims – Omineca Mining Division, British Columbia, Canada

On March 26, 2008, the Company obtained an assignment of an option agreement (the "Suskwa Option Agreement") to acquire an undivided 100% interest in two mineral claims called the Suskwa Mineral Claims, located in the Omineca Mining Division, BC.

The payment, share issuance and exploration expenditure requirements are as follows:

	Date	Cash	Shares	Exploration Expenditures
Year 1	On September 30, 2007	$5,000 (*)		
	On March 31, 2008	$10,000 (*)		
	On March 28, 2008		100,000 (issued)	$ 50,000 (spent)
Year 2	On or before December 31, 2008	Nil	300,000 (issued)	$100,000 (spent)
Year 3	On September 30, 2009		100,000 (issued)	$100,000 (spent)
	On September 30, 2010	$40,000		
Year 4	On September 30, 2010	$50,000	100,000	$250,000

* Paid by assignor.

On September 29, 2010, the Company decided to terminate the Suskwa Option Agreement and returned the claims to the Optionor. As the result, the remaining outstanding option obligations were not fulfilled. The Company wrote off all the related exploration expenditures and acquisition costs of the Suskwa property totalling $436,378 in fiscal year July 31, 2010. As a condition to terminate the option agreement, the Company paid $12,000 to the Optionor on October 4, 2010 and the Optionor agreed to release the Company from leaving the claims in good standing for a period of at least 12 months from the date of termination.

Lake Victoria Mineral Claims, Tanzania, East Africa

On May 6, 2011, the Company entered into four option agreements (the "Lake Victoria Option Agreements") with Lake Victoria Mining Company, Inc. ("Lake Victoria"), whereby Lake Victoria has granted the Company the right to acquire up to an undivided 70% interest in and to certain primary mineral licenses and prospecting licenses owned by Lake Victoria known as the Singida Gold Project, North Mara Gold Project, Kalemela Gold Project and Geita Gold Project. On May 20, 2011, the Company issued 2,200,000 common shares at a fair value of $0.45 per share for a total of $990,000 pursuant to the Lake Victoria Option Agreements. On May 20, 2011, the Company also issued 2,000,000 common shares at a price of $0.45 per share as finders' fees.

On July 8, 2011, the Company decided to terminate the Lake Victoria Option Agreements and returned the claims to Lake Victoria because initial exploration reports have indicated low level of mineralization among the four properties. As a result, the remaining outstanding option obligations were not fulfilled. The Company wrote off all the related exploration expenditures and acquisition costs of the Lake Victoria property in fiscal year July 31, 2011. As a condition to terminate the option agreement, the Company paid USD$16,492 (CAD$15,915) to Lake Victoria on September 22, 2011 to leave the respective licenses in good standing for a period of six months from the date of termination of the option agreements.

$3,271,663 write-off of mineral property expense was recorded during July, 31, 2011 year-end, related to the termination of the Lake Victoria Option Agreements.

(Expressed in Canadian Dollars, unless stated otherwise)

4. MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (Cont'd)

Läntinen Koillismaa Mineral Claims, North-eastern Finland

		Balance as at January 31, 2012
Beginning Balance	$	-
Acquisition Costs		2,579,684
Exploration Costs		
Assay Sampling		15,697
Consulting - geological		77,918
Consulting - administrative and general		34,517
Drilling		283,131
Office and general		32,350
Project administration		13,039
Reports		31,782
Surveying		141,001
Travel		20,630
Prepaid Expenses		(14,924)
Ending Balance January 31, 2012	$	3,214,825

On July 21, 2011, the Company entered into a binding letter of intent with Nortec Mineral Corp. ("Nortec"), whereby Nortec will grant the Company the right to acquire up to an undivided 80% interest in the rights to 37 exploration claims owned by Nortec known as the Läntinen Koillismaa Project. The Company made a non-refundable deposit of $100,000 upon execution of the binding letter of intent. The binding letter of intent was replaced and superseded by the option agreement with Nortec (the "Nortec Option Agreement) dated August 24, 2011. The effective date of the Nortec Option Agreement is September 6, 2011 (the "Effective Date"), which is the date the TSX Venture Exchange accepted the filing of the option agreement.

The payment, share issuance and exploration expenditure requirements are as follows:

The Company can earn an initial 49% interest in the Läntinen Koillismaa Project by: a) making payments totalling $4.5 million in cash to Nortec; b) issuing the equivalent of $2 million in shares of the Company, subject to predetermined market value calculation; and c) spending $5 million on exploration within 24 months, including a minimum of $2 million in the first 12 months.

The remaining 31% interest can be earned by the Company by: a) making a payment of $3 million in cash to Nortec on or before the third year anniversary from the Effective Date; b) issuing the equivalent of $1 million in shares of the Company to Nortec; and c) spending a further $5 million on exploration on the Läntinen Koillismaa Project

On August 24, 2011, the Company entered into the Nortec Option Agreement with Nortec, whereby Nortec has granted the Company the right to acquire up to an undivided 80% interest in the Läntinen Koillismaa Project. On September 7, 2011, the Company issued 1,660,408 common shares at a price of $0.45 and paid $900,000 option payment to Nortec. The Company also issued 1,850,000 common shares at $0.45 per share, for a total of $832,500 on September 7, 2011 as finder's fees in connection with the option.

(Expressed in Canadian Dollars, unless stated otherwise)

4. MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (Cont'd)

	Date	Cash	Shares	Exploration Expenditures
Year 1	On July 21, 2011	$100,000 (paid)	-	-
	On September 7, 2011	$900,000 (paid)	1,660,408 shares (Issued)	-
	On March 6, 2012	$1,000,000	$500,000	-
	On September 6, 2012	$1,250,000	$500,000	$2,000,000
Year 2	On March 6, 2013	$1,250,000	$500,000	-
	On September 6, 2013	-	-	$3,000,000
Year 3	On September 6, 2014	$3,000,000	$1,000,000	$5,000,000

Pursuant to the Nortec Option Agreement, the Company has also agreed to issue to Nortec 400,000 common shares of the Company within 5 business days of written confirmation to the Company that the mining claims noted as Haukiaho East Claims 1 to 5 have been registered in the name of Nortec.

5. SHARE CAPITAL

a) Authorized: Unlimited common shares without par value**.**

b) Issued and Outstanding: At January 31, 2012, there were 38,441,183 common shares issued and outstanding (2010 – 15,655,000).

Details of common shares are as follows:

i. On May 10, 2011, the Company closed a non-brokered private placement. The private placement consisted of issuance of 15,065,775 units at a price of $0.45 per unit, for gross proceeds of $6,779,599. Each unit consists of one common share and one-half of one share purchase warrant. A total of 7,532,884 share purchase warrants were issued. Each whole warrant entitles the holder thereof to purchase one additional common share of the Company at a price of $0.65 per share for a period of two years from the closing date of the private placement (the "Closing Date"). The Company also paid $440,443 ($436,801 in cash payment of finder's fee and $3,642 in legal expense) share issuance costs and issued 970,667 non-transferable common share purchase warrants (the "Finder's Warrants") with exercise price of $0.55 per for a period of two years from the Closing Date. The finder's warrants were valued at fair value of $322,875. The fair value of these warrants was $0.33 per unit where the market price at the date of grant is $0.46 and the fair value of each warrant granted is calculated using the Black-Scholes option pricing model assuming a risk-free interest of 1.72% and volatility of 160%.

ii. On May 20, 2011, the Company issued 2,200,000 common shares at a deemed value of $0.45 per share for a total of $990,000 pursuant to the Lake Victoria Option Agreement. The Company also issued 2,000,000 common shares at a price of $0.45 per share for a total of $900,000 to two finders on May 20, 2011 (Note 4).

iii. On September 7, 2011, the Company issued 1,660,408 common shares at a price of $0.45 for a total of $747,184 pursuant to the Nortec Option Agreement . The Company also issued 1,850,000 common shares at $0.45 per share for a total of $832,500 as finder's fees in connection with the option.

(Expressed in Canadian Dollars, unless stated otherwise)

5. SHARE CAPITAL (Cont'd)

iv. On October 25, 2011, the Company issued 10,000 common shares to the former CFO of the Company to settle the $6,000 payment due to the former CFO.

c) Share Purchase Warrants

The continuity of warrants for the period ended January 31, 2012 is as follows:

	January 31, 2012		July 31, 2011	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Warrants outstanding, beginning of period	8,503,551	$ 0.64	-	-
Issued	-	-	8,503,551	$ 0.64
Warrants outstanding, end of period	8,503,551	$ 0.64	8,503,551	$ 0.64

Full share equivalent warrants outstanding and exercisable at of January 31, 2012:

Expiry Date	Price Per Share	Warrants Outstanding
May 10, 2013	$ 0.65	7,532,884
May 10, 2013	$ 0.55	970,667
		8,503,551

d) Stock Options

The Company has a stock option plan (the "Stock Option Plan") whereby the Company is authorized to grant options to officers and directors, insiders, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of each option equals the market price of the Company's shares as calculated on the date of grant. The options are exercisable for a maximum term of 5 years.

The continuity of stock options for the period ended January 31, 2012 is as follows:

	January 31, 2012		July 31, 2011	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Options outstanding, beginning of period	2,750,000	$ 0.46	517,500	$ 0.05
Granted	450,000	$ 0.46	2,750,000	$ 0.46
Expired / Cancelled	(700,000)	$ 0.46	(517,500)	$ 0.05
Options outstanding, end of period	2,500,000	$ 0.46	2,750,000	$ 0.46
Options exercisable, end of period	2,500,000	$ 0.46	2,637,500	$ 0.46

(Expressed in Canadian Dollars, unless stated otherwise)

5. SHARE CAPITAL (Cont'd)

The options outstanding and exercisable at January 31, 2012 are as follows:

Range of Exercise Prices	**Outstanding Options**			**Exercisable Options**	
	Number Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Number Exercisable	Weighted Average Exercise Price
$0.46	1,950,000	$0.46	4.00	1,950,000	$0.46
$0.46	100,000	$0.46	4.28	100,000	$0.46
$0.46	450,000	$0.46	4.68	450,000	$0.46
	2,500,000	$0.46	4.35	2,500,000	$0.46

On May 11, 2011, the Company has granted 2,650,000 options to the officers, directors and consultants of the Company pursuant to the Company's Stock Option Plan. The options are exercisable at $0.46 per share and will expire on May 11, 2016. The exercise price is the same as the market price at the date of grant. 2,537,500 options vested immediately, while the remaining 112,500 options, issued for an investor relation agreement (the "Investor Relation Agreement"), carry the following vesting schedule:

Number of Vesting Options	**Vesting Date**
37,500	August 11, 2011
37,500	November 11, 2011
37,500	February 11, 2012
112,500	

On May 16, 2011, the Company has granted 100,000 options, vesting immediately, to a consultant of the Company pursuant to the Company's Stock Option Plan. The options are exercisable at $0.46 per share and will expire on May 16, 2016. The exercise price is greater than the market price at the date of grant.

On September 1, 2011, the Company cancelled 250,000 vested options granted to a consultant on May 11, 2011.

On September 30, 2011, the Company terminated the Investor Relation Agreement. As a result, the consultant has 30 days after the termination to exercise any amount of the vested portion of the 150,000 options granted to the consultant on May 11, 2011. The consultant did not exercise any options. Therefore, 150,000 options were forfeited on October 30, 2011. Share-based payments of $8,794 were reversed.

On October 3, 2011, a new CEO and director of the Company was appointed. The Company granted 450,000 options to the new CEO. Each option entitles the purchase of one common share of the Company at a price of $0.46 for a period of five years from the date of issuance. $124,291 of share-based payments was recorded for these options.

On October 11, 2011, the Company terminated a market communication consulting agreement signed on March 30, 2011, effective October 31, 2011. As a result, the consultants have 30 days after the date of termination to exercise the 300,000 options granted to the consultants on May 11, 2011. The consultants did not exercise any options. Therefore, 300,000 options were forfeited on November 30, 2011.

(Expressed in Canadian Dollars, unless stated otherwise)

5. SHARE CAPITAL (Cont'd)

During the period ended January 31, 2012 the Company recognized a total of $165,502 (2010 - $Nil) of share-based payments.

- $124,291 of the share-based payments is associated with the 450,000 options granted to the Company's CEO during this quarter. The average fair value of the share options awarded, estimated using the Black-Scholes option pricing model, was $0.28 per option. The Company used the Black-Scholes option pricing model to estimate the fair value of the options at the grant date using the following weighted average assumptions:

	2011	**2010**
Risk-free interest rate	1.31%	-
Dividend yield	-	-
Expected volatility	124%	-
Expected option life	5 years	-
Forfeitures	-	-

The Black-Scholes option pricing model was developed for use in estimating the fair value of share options that have no vesting provisions and are fully transferable. Also, option-pricing models require the use of estimates and assumptions including the expected volatility. The Company uses expected volatility rate which was based upon historical volatility rates of comparative companies in the same industry.

Option pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Changes in the underlying assumptions can materially affect the fair value estimates and therefore, in management's opinion, existing models do not necessarily provide reliable measure of the fair value of the Company's stock options.

- Furthermore, $50,005 of share-based payments, relating to a consulting agreement signed on March 30, 2011, was recognized. 300,000 options were granted as part of the consultant's remuneration for the services provided. The Company recorded $50,005 of share-based payments for the three months of services provided during the period October 31, 2011.

- The Company also has reversed $8,794 of share-based payments in relation to the options that were forfeited due to the termination of the Investor Relation Agreement signed on May 11, 2011.

6. LOSS PER SHARE

The calculation of the basic and diluted loss per share for the period presented is based on the following data:

	Three months ended January 31,		**Six months ended January 31,**	
	2012	**2011**	**2012**	**2011**
Net Loss	$ 226,701	$ 111,997	$ 640,230	$ 166,800
Weighted average number of common shares outstanding	37,711,534	15,655,000	37,711,534	15,655,000
Basic and diluted loss per share	$ 0.01	$ 0.01	$ 0.02	$ 0.01

(Expressed in Canadian Dollars, unless stated otherwise)

7. SUPPLEMENTAL CASH FLOWS ANALYSIS

Non-cash investing and financing includes:

		Three months ended January 31,		Six months ended January 31,	
	Note	**2012**	**2011**	**2012**	**2011**
Shares issued for mineral property	4	-	-	$ 747,184	-
Shares issued for mineral property finders' fees	4	-	-	$ 832,500	-
Shares issued for debt settlement	5	-	-	$ 3,500	-
Share-based payments	5	-	-	$ 165,502	-
Mineral property expenditures in accounts payable		$ 120,661	-	$ 31,055	-

8. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support its operations and business development. 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 sustain future development of the business.

The Company has not generated any revenues and cash flows since its inception; therefore, the Company is dependent on external financing to fund its future intended business plan. The capital structure of the Company currently consists of working capital and shareholders' equity. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements. The Company is not subject to externally imposed capital requirements.

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 January 31, 2012. The Company is not subject to externally imposed capital requirements.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Classification of Financial Instruments:

(a) Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's balance sheet as at January 31, 2012 as follows:

	Fair Value Measurements Using					
	Quoted prices in active markets for identical instruments (Level 1) $	Significant other observable inputs (Level 2) $	Significant unobservable inputs (Level 3) $	Balance, January 31, 2012 $	Balance, July 31, 2011 $	Balance, August 1, 2010 $
Cash and cash equivalents	82,777	–	–	82,777	783,636	173,817
Short term investment	2,529,888			2,529,888	4,266,271	-
Accounts payable and accrued liabilities	208,747	–	–	208,747	688,159	37,141

The fair values of other financial instruments, which include amounts receivable, and accounts payable and accrued liabilities, approximate their carrying values due to the relatively short-term maturity of these instruments and loan payable.

(b) Credit risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

(c) Foreign Exchange Rate Risk

The Company has certain exploration expenditures and acquisition costs that are denominated in US dollars, European Euro, Pounds Sterling, and other operating expenses that are mainly in Canadian dollars. The Company's exposure to foreign currency risk arises primarily on fluctuations between the Canadian dollars, the US dollar, European Euro and Pounds Sterling.

The Company has not entered into any derivative instruments to manage foreign exchange fluctuations.

(Expressed in Canadian Dollars, unless stated otherwise)

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Cont'd)

At January 31, 2012 and July 31, 2011, the Company's US dollars, Pounds Sterling and European Euro denominated monetary assets and monetary liabilities are as follows:

	January 31, 2012	July 31, 2011	August 1, 2010
Monetary Liabilities			
	USD $ 13,607	USD $ 683,047	USD $ -
Account payables	GBP £ 8,535	GBP £ -	GBP £ -
	EURO € 78,825	EURO € -	EURO € -

The following table discusses the Company's sensitivity to a 10% increase or decrease in the Canadian dollar against the foreign currency denominated financial assets above. The sensitivity analysis measures the effect from recalculation of these items as at the balance sheet date by using adjusted foreign exchange rates:

		CDN appreciation by 10%		CDN depreciation by 10%
January 31, 2012				
Increase (decrease) comprehensive income	$	13,061	$	(13,061)
July 31, 2011				
Increase (decrease) comprehensive income	$	63,520	$	(63,520)
August 1, 2010				
Increase (decrease) comprehensive income	$	-	$	-

(d) Liquidity Risk

Liquidity risk is managed by ensuring sufficient financial resources are available to meet obligations associated with financial liabilities. The following table is based on the contractual maturity dates of financial assets and the earliest date on which the Company can be required to settled financial liabilities.

Contractual maturity analysis is as follows:

	Less than 3 months	3 – 12 Months	1 – 5 Years	Longer than 5 years	Total
	$	$	$	$	$
January 31, 2012					
Account Receivable	48,842	-	-	-	48,842
Trade Payables	183,747	20,000	5,000	-	208,747
July 31, 2011					
Account Receivable	51,032	3,426	-	-	54,458
Trade Payables	663,159	20,000	5,000	-	688,159
August 1, 2010					
Account Receivable	2,519	-	-	-	2,519
Trade Payables	37,141	-	-	-	37,141

(Expressed in Canadian Dollars, unless stated otherwise)

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Cont'd)

(e) Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

(f) Interest Rate Risk

Interest rate risk is the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has interest bearing assets in relation to cash and short term investments at banks carried at floating interest rates with reference to the market. The Company's operating cash flows are substantially independent of changes in market interest rates. The Company has not used any financial instrument to hedge potential fluctuations in interest rates. The exposure to interest rates for the Company is considered minimal. The Company has no interest bearing borrowings.

10. RELATED PARTY TRANSACTIONS

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

		Six Months Ended January 31,	
		2012	**2011**
Compensation benefits to key management	a	$ 72,904	$ 15,000
Transmax Investing	b	$ 27,000	$ 15,000
Baron Global Financial Canada Ltd.	c	$ 105,340	$ 30,000
Geolaurian Consultants Limited	d	$ 93,445	-
Share-based payments	e	$124,291	-
Debt settlement	f	$6,000	-

a) On April 1, 2011, the Company entered into an amended consulting services agreement with Peter Hughes, a director of the Company, for providing corporate management services (the "Corporate Management Services"). The term of agreement is 36 months beginning April 1, 2011 and the Company agreed to pay $6,500 plus applicable taxes per month for the Corporate Management Services provided. The consulting fee increased to $8,000 plus applicable taxes per month on October 1, 2011. For the period ended January 31, 2012, the Company has paid Corporate Management Services fees of $45,000 (2011 - $15,000).

On August 1, 2011, the Company entered into an amended consulting agreement with Steven Green, the Company's president, for providing geological consulting services (the "Geological Consulting Services"). The term of the agreement is 5 months and 20 days commencing on May 11, 2011 and terminating on October 31, 2011 and the Company agreed to pay $6,000 per month for the Geological Consulting Services provided. On October 31, 2011, the Company extended the term for a six month period and the consulting fee decreased to USD $3,250 per month effective November 1, 2011. For the period ended January 31, 2012, the Company has paid Geological Consulting Services fees of $27,904 (2011 – $Nil).

(Expressed in Canadian Dollars, unless stated otherwise)

10. RELATED PARTY TRANSACTIONS (Cont'd)

b) On April 1, 2011 the Company entered into a consulting services agreement with Transmax Investing, a company owned by David Eaton, a director of the Company, for providing corporate communication services (the "Corporate Communication Services"). The term of the consulting services agreement is 36 months beginning April 1, 2011 and the Company will pay $4,500 plus applicable taxes per month for the Corporate Communication Services provided.

c) On June 1, 2010, the Company entered into an advisory agreement with a Baron Global Financial Canada, a company affiliated to a director of the Company to provide accounting and administrative services (the "Advisory Services"). The term of agreement is 12 months and the Company will be charged $5,000 cash fee plus applicable taxes per month for the Advisory Services provided. The fees increased to $15,000 plus applicable tax per month commencing June 2011. A director of the Company is also the chairman of the consulting firm. For the period ended January 31, 2012, the Company has recorded consulting fees of $90,000 (2011 – $30,000) to the consulting firm. The Company has also recorded geological consulting fees of $12,375 (2011 – $Nil) and IT consulting fees of$2,965 (2011 - $Nil) to the consulting firm.

d) On October 3, 2011, the Company entered into a consulting agreement with Geolaurian Consultants Limited, a company owned by Ian Laurent, the CEO and director of the Company, for providing geological strategic planning and executive management services. The term of the agreement is 3 years beginning October 3, 2011 and the Company pays £11,650 per month for the geological and management services provided.

e) On October 3, 2011, the Company granted 450,000 options to the CEO and director of the Company. Each option will entitle the purchase of one common share of the Company at a price of $0.46 for a period of five years from the date of issuance.

f) On October 25, 2011, the Company issued 10,000 common shares at $0.335 per share to Barry Foster, the former CFO of the Company to settle the $6,000 payment due to the former CFO.

Related Party Payable:

	January 31, 2012	July 31, 2011
Baron Global Financial Canada Ltd.	$ 1,528	$ 10,086
Geolaurian Consultants Limited	$ 21,567	$ -
Steven Green	$ 3,544	$ -
Transmax Investing	$ 2,252	$ 25,000
Peter Hughes	$280	$ -

These transactions were conducted in the normal course of operations, on commercial terms established and agreed to by the related parties, and were recorded at the exchange amount.

11. COMMITMENTS

On March 30, 2011, the Company entered into a consulting agreement with a consulting firm to provide corporation market communication services. The term of the agreement is 18 months and the Company will be charged $7,500 cash fee plus applicable taxes per month for the corporation market communication services provided. The consulting agreement has been terminated, effective October 31, 2011.

(Expressed in Canadian Dollars, unless stated otherwise)

11. COMMITMENTS (Cont'd)

On May 11, 2011, the Company entered into an investor relations agreement with a consultant for providing investor relations services. The agreement commenced on May 11, 2011 and will expire on November 11, 2011. The Company agrees to pay the consultant 6 monthly payments of $4,250 plus applicable taxes as compensation for the investor relations services. The investor relations agreement has been terminated, effective September 30, 2011.

Also see Note 10.

12. SEGMENTED INFORMATION

The Company has one reportable operating segment, being the acquisition and exploration of mineral properties. Geographic information of the Company's capital assets comprising exploration properties and equipment is as follows:

		January 31, 2012		July 31, 2011		August 1, 2010
Equipment						
Canada	$	662	$	720	$	1,090
Finland		-		-		-
	$	662	$	720	$	1,090
Mineral properties						
Canada	$	-	$	-	$	-
Finland		3,214,825		-		-
	$	3,214,825	$	-	$	-

13. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

As stated in Note 2, these are the Company's second condensed interim financial statements for the period covered by the first annual financial statements prepared in accordance with IFRS.

The guidance for the first time adoption of IFRS is set out in IFRS 1. IFRS 1 provides for certain mandatory exceptions and optional exemptions for first-time adopters of IFRS.

<u>IFRS Exemption options</u>
IFRS 2 Share-based Payment has not been applied to equity instruments that were granted on or before November 7, 2002, nor has it been applied to equity instruments granted after November 7, 2002 that vested by the transition date.

<u>IFRS Mandatory exceptions</u>
Hindsight is not used to create or revise estimates. The estimates previously made by the Company under Canadian GAAP were not revised for application of IFRS except where necessary to reflect any differences in accounting policies.

<u>Reconciliations of Canadian GAAP to IFRS</u>
IFRS 1 requires an entity to reconcile equity, comprehensive income and cash flows for prior periods. The Company's first time adoption of IFRS did not have an effect on the total operating, investing and financing cash flows.

13. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (Cont'd)

The following represents the reconciliations from Canadian GAAP to IFRS for the respective periods noted for equity and comprehensive:

Under IFRS, "Reserves" has taken the place of "Contributed Surplus" and as such the Company has examined its contributed surplus account and separated those components relating to share purchase warrants and stock options.

The accounting policies in Note 2 have been applied as follows:

- in preparing the condensed interim financial statements for the six months ended January 31, 2012;
- the comparative information for the six months ended January 31, 2011;
- the statement of financial position as at July 31, 2011; and
- the preparation of an opening IFRS statement of financial position on the Transition Date, August 1, 2010.

In preparing the opening IFRS statements of financial position, the Company adopted the accounting policies in Note 2 and applied them towards the statements of comprehensive loss and changes in equity for the six months ended January 31, 2012 and the financial statements for the period ended July 31, 2011, the transition has had no effect to the amounts reported previously in financial statements prepared in accordance with Canadian GAAP, other than the name change to the contributed surplus account stated above.

14. EVENTS AFTER THE REPORTING PERIOD

On February 2, 2012, the Company granted a consultant 150,000 incentive stock options at an exercise price of $0.45 and will expire on February 2, 2014.

On March 6, 2012, pursuant to the Nortec Option Agreement, the Company paid $1,000,000 option payment to Nortec.