Condensed Interim Financial Statements

CANADIAN OREBODIES INC.

April 30, 2012

(Unaudited)

Responsibility for Financial Statements

The accompanying condensed interim financial statements for Canadian Orebodies Inc. have been prepared by management in accordance with International Accounting Standard 34 - Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances. These statements are presented on the accrual basis of accounting. Accordingly, a precise determination of many assets and liabilities is dependent upon future events. Therefore, estimates and approximations have been made using careful judgement. Recognizing that the Company is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these unaudited condensed interim financial statements have been fairly presented.

The auditors of Canadian Orebodies Inc. have not performed a review of the unaudited condensed interim financial statements for the three months ended April 30, 2012.

CANADIAN OREBODIES INC.
Condensed interim statements of financial position
(Unaudited)

	April 30 2012	January 31 2012
Assets		
Current assets		
Cash and cash equivalents	$ 1,164,416	$ 1,686,740
Accounts receivable	91,805	344,543
Prepaid expenses	6,306	6,773
Exploration advances	20,936	30,000
Marketable securities (note 4)	748,600	722,400
	2,032,063	2,790,456
Mineral properties and deferred exploration costs (note 5)	7,787,415	7,386,641
Total Assets	$ 9,819,478	$ 10,177,097
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$ 82,805	$ 241,177
Due to related party (note 10)	233,035	233,035
	315,840	474,212
Shareholders' Equity		
Share Capital (note 6)	12,280,437	12,233,921
Contributed surplus (note 7)	1,837,298	1,465,733
Warrants (note 8)	2,098,379	2,098,379
Accumulated other comprehensive income	200,000	175,000
Deficit	(6,912,476)	(6,270,148)
	9,503,638	9,702,885
Total Equity and Liabilities	$ 9,819,478	$ 10,177,097

See accompanying notes to the financial statements

CANADIAN OREBODIES INC.
Condensed interim statements of Comprehensive loss
(Unaudited)

Three months ended April 30,	**2012**	**2011**
Revenue	$ -	$ -
Expenses		
Professional and consulting	**$ 91,243**	**$ 166,718**
Management and administrative services	**83,290**	**31,000**
Office and administration	**44,589**	**21,347**
Shareholder information	**70,922**	**89,148**
Representation and travel	**22,472**	**3,822**
Share based compensation	**371,565**	**285,200**
Recovery of mineral properties and deferred exploration expenditures	**(34,674)**	**-**
Interest income	**(5,879)**	**-**
Investment gain	**(1,200)**	**-**
	642,328	**597,235**
Net Loss before other comprehensive income (loss)	**(642,328)**	**(597,235)**
Comprehensive income (loss)		
Unrealized gain (loss) on available-for-sale marketable securities arising during the period	**25,000**	**615,300**
Total comprehensive income (loss)	**$ (617,328)**	**$ 18,065**
Basic and diluted net income (loss) per share (note 9)	**$ (0.01)**	**$ (0.01)**

See accompanying notes to the financial statements

CANADIAN OREBODIES INC.
Condensed interim statement of cash flows
(Unaudited)

Three months ended April 30,	2012	2011
Operating Activities		
Net loss	$ (642,328)	$ (597,235)
Adjustments to reconcile net loss from operating activities		
Investment gain	(1,200)	-
Share based compensation	371,565	285,200
Changes in non-cash working capital items		
Accounts receivable	252,738	(17,579)
Prepaids and deposits	467	(7,447)
Accounts payable and accrued liabilities	(158,372)	(153,229)
Exploration advances	9,064	-
	(168,066)	(490,290)
Financing Activities		
Exercise of warrants	10,516	340,411
Investing Activities		
Mineral Properties and deferred exploration expenditures	(364,774)	(184,043)
Net change in cash and cash equivalents	(522,324)	(333,922)
Cash and cash equivalents, beginning of period	1,686,740	716,001
Cash and cash equivalents, end of period	$ 1,164,416	$ 382,079
Non-cash transactions		
Issuance of common shares for property acquisition	$ 36,000	$ 71,750

See accompanying notes to the financial statements

CANADIAN OREBODIES INC.
Condensed interim statements of changes in equity

	Share Capital		Reserves				
	Number of shares	Amount $	Equity settled employee benefits $	Warrants $	Available for sale financial assets $	Deficit $	Total $
Balance, January 31, 2011	78,717,455	6,029,987	1,097,321	590,800	67,640	(4,242,626)	3,543,122
Issued for mineral property	175,000	71,750	-	-	-	-	71,750
Exercise of warrants	2,035,866	340,411	-	-	-	-	340,411
Fair value of warrants exercised	-	108,361	-	(108,361)	-	-	-
Share-based compensation	-	-	285,200	-	-	-	285,200
Unrealized gain on marketable securities	-	-	-	-	615,300	(615,300)	-
Comprehensive loss for the period	-	-	-	-	-	18,066	18,066
Balance, April 30, 2011	80,928,321	6,550,509	1,382,521	482,439	682,940	(4,839,860)	4,258,549
Private placement, issued for cash	18,955,000	6,559,250	-	-	-	-	6,559,250
Fair value of warrants issued	-	(1,342,400)	-	-	-	-	(1,342,400)
Cost of issue	-	(1,025,507)	-	-	-	-	(1,025,507)
Issued for mineral properties	3,000,000	840,000	-	-	-	-	840,000
Exercise of warrants	3,557,155	607,951	-	-	-	-	607,951
Fair value of warrants issued	-	-	-	1,830,230	-	-	1,830,230
Fair value of warrants exercised	-	166,868	-	(166,868)	-	-	-
Fair value of warrants expired	-	-	47,422	(47,422)	-	-	-
Share-based compensation	-	-	35,790	-	-	-	35,790
Deferred premium on flow-through shares	-	(122,750)	-	-	-	-	(122,750)
Unrealized gain on marketable securities	-	-	-	-	(507,940)	507,940	-
Total comprehensive loss for the period	-	-	-	-	-	(1,938,228)	(1,938,228)
Balance, January 31, 2012	106,440,476	12,233,921	1,465,733	2,098,379	175,000	(6,270,148)	9,702,885
Issued for mineral properties	150,000	36,000	-	-	-	-	36,000
Exercise of warrants	58,425	10,516	-	-	-	-	10,516
Fair value of options issued	-	-	371,565	-	-	-	371,565
Unrealized gain (loss) on marketable securities	-	-	-	-	25,000	(25,000)	-
Comprehensive loss for the period	-	-	-	-	-	(617,328)	(617,328)
Balance, April 30, 2012	106,648,901	12,280,437	1,837,298	2,098,379	200,000	(6,912,476)	9,503,638

See accompanying notes to the financial statements

1. Nature of operations and continuance of operations

Canadian Orebodies Inc. (the "Company") was incorporated pursuant to the provision of the Business Corporations Act (of Alberta) on January 28, 2008 ("inception date"). On July 21, 2008, the Company was authorized to continue its operations from the jurisdiction of Alberta to Ontario. Its principal business activity is the exploration of mineral properties. The address of the Company's registered office is Suite 301 – 141 Adelaide Street West, Toronto, Ontario M5H 3L5. The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of the amount shown for mineral properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete exploration and development, and upon future profitable production or proceeds from disposition of such properties.

The accompanying condensed interim financial statements have been prepared on the basis of a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company is currently in the exploration stage and has not commenced commercial operations. As at the date of issue of these interim financial statements, the Company has an accumulated deficit of $6,912,476 and is not yet generating operating cash flows.

Continuation of the Company as a going concern is dependent upon obtaining additional capital. The interim financial statements do not include any adjustments relating to the realization of assets and liquidation of liabilities that might be necessary should the Company be unable to continue as a going concern. Although successful resolution of these uncertainties is not assured, management is of the opinion that additional capital can be raised.

2. Basis of presentation

These condensed financial statements have been prepared on a historical cost basis except for the revaluation of certain financial instruments. In addition, these condensed financial statements have been prepared using the accrual basis of accounting except for cash flow information.

In the preparation of these condensed financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the period. Actual results could differ from these estimates.

3. Significant accounting policies

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"). Accordingly, they do not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements for the year ended January 31, 2012. The accounting policies adopted are consistent with those of the previous financial year and the corresponding interim reporting period. Furthermore the information on accounting standards effective in future periods and not yet adopted remains unchanged from that disclosed in the annual financial statements.

The condensed financial statements were approved by the Board of Directors on June 22, 2012

4. Marketable securities

The following is a summary of the Company's marketable securities:

	April 30 2012	January 31 2012
Equity securities	**$ 575,000**	**$ 550,000**
Share purchase warrants	**173,600**	**172,400**
	$ 748,600	**$ 722,400**

5. Mineral properties and deferred exploration expenditures

Management reviews property exploration costs to ensure deferred expenditures include only costs and projects that are eligible for capitalization. Specific changes to the Company's mineral property portfolio that occured during the three months ended April 30, 2012 are as follows:

	Haig Inlet Iron Ore Project	Hawkins Project	Lithium Rare Metal Project	Trump Webequie Area Project	Total
January 31, 2012	$5,601,658	$ 400,000	1,154,028	$ 230,955	$7,386,641
Additions	331,502	-	69,272	-	400,774
April 30, 2012	$5,933,160	$ 400,000	$ 1,223,300	$ 230,955	$7,787,415

Haig Inlet Iron Ore Property

On June 15, 2011, the Company closed the Haig Inlet Iron Ore Property acquisition and a private placement contemporaneously as described below:

On February 14, 2011 the Company entered into a non-arm's length Purchase Agreement (the "Agreement") to acquire up to a 100% legal and beneficial interest (subject to a 3% GOR retained by the Vendors, of which 1/3rd can be purchased by the Company for a maximum of $3,000,000) in the Inuit Owned Lands Mineral Exploration Agreement (the "NTI Agreement") with Nunavut Tunngavik Incorporated ("NTI") which covers the Haig Inlet Iron Ore Project with an area of approximately 2,680 hectares, located on the Belcher Islands, Nunavut, Canada (the "Property").

Terms of Agreement:

The Agreement is a non-arm's length transaction between Donald McKinnon, Gordon McKinnon, Randall Salo (the "Vendors") and the Company. In order to purchase a 100% interest in the NTI Agreement, the Company is required to:

1. Issue to the Vendors an aggregate amount of 3,000,000 common shares (issued) on closing to earn a 10% interest in the NTI Agreement.

Haig Inlet Iron Ore Property - continued

Terms of Agreement: - continued

2. Issue to the Vendors an aggregate amount of 4,000,000 common shares on the first year anniversary of closing to earn an additional 15% interest in the NTI Agreement.

3. Issue to the Vendors an aggregate amount of 7,000,000 common shares on the second year anniversary of closing to earn the remaining 75% interest in the Agreement.

After the issuance of 3,000,000 common shares on closing to earn a 10% interest in the NTI Agreement, the Company may elect not to proceed with the share issuances outlined in items 2 and 3 above.

4. Grant a 3% Gross Overriding Royalty ("GOR") of which 1/3rd may be purchased at anytime by the Company for $3,000,000, in the event that the Company has acquired the 100% interest in the NTI Agreement. If the Company has elected not to purchase a 100% interest in the NTI Agreement, the consideration for a purchase of such 1/3rd of the GOR shall be pro-rated to the Company's interest in the NTI Agreement at such time.

5. Grant a $250,000 advance royalty, in the event that the Company has acquired the 100% interest in the NTI Agreement, commencing on the earlier of (i) the date on which a production lease is entered into pursuant to the NTI Agreement, or (ii) on the 6th year anniversary from closing. If the Company does not hold the 100% interest in the NTI Agreement at such time as the advance royalty becomes payable, the advance royalty shall be pro-rated to the Company's' interest in the NTI Agreement at such time.

6. Enter into a joint venture agreement on closing which governs the activities of the Company and the Vendors in respect of the Property and the NTI Agreement, until such time, as the Company acquires a 100% interest in the NTI Agreement.

In addition, if the Company has acquired a 100% interest in the NTI Agreement, the Company covenants to issue and deliver to the Vendors an additional 14,000,000 common shares on the following basis:

1. Issue an aggregate 7,000,000 common shares (each such common share a "First Milestone Share") in the event that a technical report compliant with NI 43-101, which demonstrates at least 80,000,000 tonnes of Mineral Resources (defined in the Agreement as 'indicated mineral resources' or 'measured mineral resources' as those terms are defined in NI 43-101) grading at least an average of 23% iron.

2. Issue a further 7,000,000 common shares (each such common share a "Second Milestone Share") in the event that a technical report compliant with NI 43-101, which demonstrates at least 200,000,000 tonnes which includes the 80,000,000 tonnes comprising the threshold for the First Milestone Shares, of Mineral Resources grading at least an average of 23% iron.
   In the event that the Company has not acquired a 100% interest in the NTI Agreement at the relevant time that First Milestone Shares or Second Milestone Shares are to be issued, the Company covenants to issue to the Sellers in aggregate a percentage of First Milestone Shares or Second Milestone Shares, as the case may be, that is equal to the Compnay's interest in the NTI Agreement at the relevant time.

Haig Inlet Iron Ore Property - continued

Terms of Agreement: - continued
The Agreement provides to an extended area concept whereby the 3% GOR and the requirement to issue First Milestone Shares and/or Second Milestone Shares applies beyond the Property to include (i) specified additional areas in proximity to the Property where the Company has staked mineral dispositions, and (ii) any areas or part thereof, lying within a distance of 10 kilometres from the external perimeters of the Property in which the Company has or will stake any mineral dispositions.

Lithium & Rare Metals

Falcon Lake Property
On November 20, 2009, the Company entered into an option agreement to acquire a 100% interest in various mining claims known as Falcon Lake, Barbara Lake and Greenbush Lake Properties that make up its lithium and rare metals properties, for 1,600,000 shares of the Company valued at $160,000 and 1,600,000 warrants of the Company valued at $104,000, all of which were exercised. The vendor retains a 2% NSR on the property, one half of which can be purchased for $1,000,000.

Ultra Lithium Inc. Option
On March 3, 2010, the Company signed a property option agreement with Ultra Lithium Inc. ("Ultra") and the underlying property owners (the "Owners") to acquire 80% interest in 129 mining claims units located approximately 60km northeast of Armstrong, Ontario. The owners retain a 2% NSR, 50% of which can be purchased by the Company for $1,000,000. Commencing on the fourth anniversary, the Joint venture group will need to pay $10,000 per annum in pre-production royalties in either cash or shares.

In order for the Company to earn its interest it is required to:

1) Pay to Ultra $100,000 in cash as follows: $10,000 (paid) on signing, $15,000 (paid) on the first anniversary of signing, $25,000 (paid) on the second anniversary of signing, and $50,000 on the third anniversary of signing;

2) Issue to Ultra an aggregate amount of 650,000 common shares of the Company as follows: 200,000 (issued) within 10 days of TSXV approval, 175,000 (issued) on the first anniversary of signing, 150,000 on the second anniversary of signing (issued), and 125,000 on the third anniversary of signing;

3) Issue to the Owners an aggregate amount of 150,000 common shares (issued) of the Company on TSXV approval; and

4) Fund $350,000 of exploration expenditures on the property as follows: $50,000 (completed) by October 31 2010, $50,000 by October 31 2011 (completed), $100,000 by October 31 2012, and $150,000 by October 31 2013.

5. Mineral properties and deferred exploration expenditures - continued

Hawkins Property

The Hawkins property is comprised of 86 claim units covering 1,376 hectares located in Hawkins Township, approximately 200 kilometers East of Timmins

Trump Property (Webequie)

On July 8, 2008, the Company announced it has entered into a LOI with Rainy Mountain Royalty Corp. (formally East West Resource Corporation) granting it an option to acquire 80% legal and beneficial interest in 96 claim units comprising more than 1,536 hectares in the James Bay Lowlands. In order to earn its 80% legal and beneficial interest, Orebodies is required to:

1. Pay to Rainy Mountain $10,000 (paid);
2. Issue to Rainy Mountain an aggregate amount of 280,000 common shares of Orebodies (issued);
3. Commission a VTEM airborne survey on the property (completed);
4. Rainy Mountain will hold a 20% carried interest in the property until a Bankable Feasibility study is produced.

6. Share capital

Authorized share capital

At April 30, 2012, the authorized share capital consisted of an unlimited number of common shares and the issued share capital amounted to $12,280,437. The common shares do not have a par value. All issued shares are fully paid.

Fiscal year ended January 31, 2012

Private placement - March 10, 2011

On March 10, 2011, (the "Escrow Closing Date") the Company completed a brokered private placement of 15,000,000 subscription receipts ("Subscription Receipts") at a price of $0.35 per Subscription Receipt for aggregate gross proceeds of $5,250,000 (the "Offering"). The gross proceeds from the sale of the Subscription Receipts (the "Escrowed Proceeds") were deposited in escrow with an escrow agent (the "Escrow Agent"). On June 15, 2011, the Company closed the private placement which was held in escrow. The escrowed procceds (less the Agents' commission related to the sale of the Subscription Receipts) were released on June 16, 2011 on satisfying the required conditions:

Each Subscription Receipt was automatically converted into one unit of the Company (a "Unit") without payment of additional consideration and without any further action by the holder thereof.

Each Unit consists of one common share in the capital of the Company (each a "Common Share") and one-half of one Common Share purchase warrant (each whole Common Share purchase warrant, a "Warrant"). Each Warrant will entitle the holder thereof to purchase one Common Share (a "Warrant Share") at a price of $0.475 per Warrant Share for a period of 18 months following the date that the Escrowed Funds were released to the Company.

6. Share capital - continued

The Company paid to the Agents, in aggregate, a cash fee of 6% of the gross proceeds of the Offering, which was paid upon the Escrowed Funds being released to the Company. Additionally, the Company issued to the Agents, 900,000 compensation options, which is equal to 6% of the number of Subscription Receipts sold under the Offering, with each such compensation option entitling the holder to purchase one Unit of the Company at a price of $0.35 for a period of 18 months from the date that the Escrowed Funds were released to the Company. The value ascribed to the 900,000 compensation options was estimated at $288,645 using the Black-Scholes model for option pricing. The assumptions used were: Dividend rate - Nil%; Interest rate - 2.44%; annualized volatility - 145.54% and and expected life of 1.76 years.

Private placement - November 18, 2011

On November 18, 2011, the Company closed a non-brokered private placement comprising of 2,455,000 flow through units at a price of $0.35 per unit and 1,500,000 non flow through units at $0.30 per unit for gross proceeds of $1,309,250.

Each flow through unit and non flow through unit consists of one common share and one-half share purchase warrant. One whole purchase share warrant entitles the holder to purchase one common share of the Company at $0.475 per share for a period of 18 months from the date of issuance. The exercise date maybe accelerated at the option of the Company, if the closing price on the TSX Venture Exchange exceeds $0.60 per share for a period of 20 consecutive trading days, commencing anytime after the date that is four months and one day after the Closing Date, by giving notice to the holders thereof, in which case the Warrants will expire on the twentieth business day after the date on which such notice has been given.

In connection with the private placement, the Company paid finders fees of $78,555 and issued 237,300 broker options. Each broker option entitles the holder to purchase one unit at a price of $0.30 per unit. Each unit consists of one common share and one-half share purchase warrant. One whole warrant entitles the holder to purchase one common share of the Company at $0.475 per share for a period of 18 months from the date of issuance.

Exercise of warrants

During the year ended January 31, 2012, a total of 5,593,021 share purchase warrants with exercise prices ranging between $0.09 to $0.20 per share were exercised for gross proceeds aggregating $948,362.

Fiscal year ending January 31, 2013

Exercise of warrants

During the three months ended April 30, 2012, a total of 58,425 share purchase warrants with exercise price of $0.18 per share were exercised for gross proceeds aggregating $10,516.

7. Share Options

The Company has a Share Option Plan (the "Plan") under which it is authorized to grant options to purchase common shares of the Company to directors, senior officers, employees and/or consultants of the Company. The aggregate number of shares of the Company which may be issued and sold under the Plan will not exceed 10% of the total number of common shares issued and outstanding from time to time. Share options are granted with a maximum term of five years with vesting requirements at the discretion of the Board of Directors.

The Company records a charge to the statement of loss and comprehensive loss using the Black-Scholes fair valuation option pricing model with respect to a share option grant. The valuation is dependent on a number of estimates, including the risk free interest rate, the level of share volatility, together with an estimate of the level of forfeiture. The level of share volatility is calculated with reference to the historic traded daily closing share price at the date of issue. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable measure of the fair value of the Company's share purchase options.

The following table reflects the continuity of share options for the period ended April 30, 2012:

	Options	**Weighted Avg. Exercise Price**
Balance, January 31, 2011	5,075,000	0.13
Granted	1,125,000	0.32
Balance, January 31, 2012	6,200,000	0.17
Granted	2,125,000	0.25
Balance, April 30, 2012	8,325,000	0.19

On March 24, 2011, the Company granted to Directors, Officers and consultants of the Company 925,000 share options exercisable at $0.335 per share for a period of five years from the date of issuance. On August 5, 2011, the Company granted 200,000 share options to an employee exercisable at $0.265 per share for a period of five years from date of issuance. The value ascribed to the 1,125,000 share options granted was estimated at $320,990 using the Black-Scholes model for option pricing. The assumptions used to determine the value were: expected dividend yield - 0%; weighted expected volatility - 147%; risk-free interest rate - 2.37% and an expected life of 5 years.

On April 9, 2012, the Company granted to Directors, Officers and consultants of the Company 1,725,000 share options exercisable at $0.25 per share for a period of five years from the date of issuance. The value ascribed to the 1,725,000 share options granted was estimated at $371,565 using the Black-Scholes model for option pricing. The assumptions used to determine the value were: expected dividend yield - 0%; weighted expected volatility - 154%; risk-free interest rate - 2.37% and an expected life of 5 years.
In addition, on April 5, 2012, the Company granted 400,000 share purchase options as part compensation for investor relations consulting services exercisable at $0.25 per share for a period of five years from the date of issuance. Of the 400,000 share purchase options granted, 100,000 share purchase options vest after three months, 100,000 share purchase options vest after six months, 100,000 share purchase options vest after nine months and the remaining 100,000 share purchase options vest after twelve months.

7. Share Options - continued

The following table reflects the actual share options issued and outstanding as at April 30, 2012.

No. of options Outstanding and Exercisable	Average Exercise Price	Expiry Date
1,950,000	0.18	March 31, 2013
1,200,000	0.10	September 17, 2014
1,925,000	0.10	July 28, 2015
925,000	0.335	March 24, 2016
200,000	0.265	August 5, 2016
2,125,000	0.25	April 5, 2017
8,325,000	-	

8. Warrants

A summary of the Company's outstanding warrants, as at April 30, 2012 and January 31, 2012 are as follows:

	January 31 2012	January 31 2011
Balance, beginning of period	16,036,394	11,983,966
Issued	-	11,183,450
Exercised	(58,425)	(5,593,021)
Expired	-	(1,538,001)
Balance, end of period	15,977,969	16,036,394

The exercise price and expiry date on the warrants outstanding as at April 30, 2012 are as follows:

Warrants	Exercise Price	Type	Expiry Date
4,570,111	0.18	Warrants	November 19, 2012
141,055	0.09	Finder's unit	November 19, 2012
83,353	0.18	Finder's warrants on unit	November 19, 2012
7,500,000	0.475	Warrants	December 15, 2012
900,000	0.35	Finder's unit	December 15, 2012
450,000	0.475	Finder's warrants on unit	December 15, 2012
1,977,500	0.475	Warrants	May 18, 2013
237,300	0.35	Finder's unit	May 18, 2013
118,650	0.475	Finder's warrants on unit	May 18, 2013
15,977,969	-		

9. Loss per share

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the three months ended April 30, 2012 was based on the loss attributable to common shareholders of $642,328 (2011 – $597,235) and a weighted average number of common shares outstanding of 106,636,401 (2011 – 80,669,010).

Diluted loss per share did not include the effect of the share options and warrants outstanding respectively as they are anti-dilutive.

10. Related Party Transactions

a) The financial statements include balances and transactions with directors and/or officers of the Company and/or corporations related to or controlled by them. These transactions are measured and recorded at their exchange amounts, being the amounts agreed to by the related parties.

Three months ended April 30,	**2012**	**2011**
Professional and consulting fees	$ 16,500	$ 13,500

b) During the three months ended April 30, 2012, 1,500,000 (2011: 900,000) share options were granted to directors and officers.

c) The Company has a loan from 695202 Ontario Limited, a corporation managed by a director, in the amount of $233,035 and is due as at April 30, 3012. The loan is interest free, unsecured and no repayment terms exist.

11. Capital risk management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquistion, exploration and development of mineral properties. 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 properties in which the Company currently has an interest are in in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

11. Capital risk management - continued

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 three months ended April 30, 2012. The Company is not subject to externally imposed capital requirements.

Financial risk Factors

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

(a) Credit risk

The Company's credit risk is primarily attributable to accounts receivable. The Company has no significant concentration of credit risk arising from operations. Management believes that the credit risk concentration with respect to financial instruments included in accounts receivable is remote.

(b) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at April 30, 2012, the Company has a working capital of $1,716,223. The Company had a cash balance of $1,164,416 (January 31, 2012: $1,686,740) to settle current liabilities of $315,840 (January 31, 2012: $474,212). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

(c) Market risk

(i) Interest rate risk

The Company has cash balances and no interest-bearing debt. Interest rate risk is remote.

(ii) Price risk

The Company is indirectly exposed to price risk with respect to the price of base metals. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. Price risk is remote since the Company is not a producing entity.

Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

(d) Fair Value

The fair values of the Company's cash and cash equivalents, accounts receivable and accounts payables approximate their carrying values because of the short term-nature of these instruments.

(e) Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a twelve month period.

The Company's investments in public companies are sensitive to a plus or minus 50% change in Canadian equity prices which would affect comprehensive income (loss) by approximately $374,300.

12. Subsequent events

The Company has approved a proposal to restructure its assets by spinning out the non iron ore assets into a new company to be incorporated. The Company proposes to complete the reorganization by way of a plan of arrangement (the "Arrangement"), which will be subject to regulatory, shareholder and court approval. Pursuant to the Arrangement, as currently proposed, the Company's lithium and rare metals and any related liabilities and certain other assets will be transferred to a holding company that will become a wholly-owned subsidary of a new company to be incorporated ("SpinCo"), with the Company retaining its current interest in its iron ore assets. Under the Arrangement, holders of the Company's common shares will be entitled to receive new common shares of the Company and common shares of SpinCo in exchange for the common shares of the Company held by such holders on the record date of the Arrangement. Upon completion of the Arrangement, the Company's shareholders will continue to hold 100% indirect interest in the assets of both the Company and SpinCo, through their separate shareholdings in each of the Company and SpinCo.

On May 7, 2012, the Company issued 1,400,000 common shares of the Company to the vendors under the purchase terms of the Haig Inlet Iron Property as reference to note 5. The common shares issued were based on a percentage based on ownership of the property by the Company.

On June 15, 2012, the Company issued 6,100,000 common shares of the Company to the vendors under the purchase terms of the Haig Inlet Iron Property. The common shares issued increased the Company's ownership interest from 10% to 25%.