Canadian Orebodies Inc.

Financial Statements

January 31, 2013 and 2012

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January 31, 2013 and 2012

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Independent Auditor's Report

To the Shareholders of
Canadian Orebodies Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Canadian Orebodies Inc., which comprise the statements of financial position as at January 31, 2013 and 2012 and the statements of operations and comprehensive loss, changes in equity, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards ("IFRS"), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Canadian Orebodies Inc. as at January 31, 2013 and 2012 and its financial performance and its cash flows for the years then ended, in accordance with International Financial Reporting Standards.

Signed: ***"MSCM LLP"***

Chartered Accountants
Licensed Public Accountants

Toronto, Ontario
May 22, 2013

Statements of Financial Position
As at January 31, 2013 and 2012

		2013		2012
Assets				
Current assets				
Cash and cash equivalents	**$**	**2,070,814**	$	1,686,740
Accounts receivable		**90,910**		344,543
Prepaid expenses		**15,315**		6,773
Exploration advances		**150,000**		30,000
Marketable securities *(note 3)*		**226,000**		722,400
		2,553,039		2,790,456
Mineral properties and deferred exploration costs *(notes 4 and 13)*		**15,897,758**		7,386,641
	$	**18,450,797**	$	10,177,097
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	**$**	**125,234**	$	241,177
Deferred premium on flow-through shares *(note 9)*		**318,600**		-
Due to related party *(note 13)*		**233,035**		233,035
		676,869		474,212
Shareholders' equity				
Share capital *(note 5)*		**20,597,180**		12,233,921
Contributed surplus		**2,295,068**		1,465,733
Warrants *(note 7)*		**2,311,590**		2,098,379
Accumulated other comprehensive (loss) income		**(175,000)**		175,000
Deficit		**(7,254,910)**		(6,270,148)
		17,773,928		9,702,885
	$	**18,450,797**	$	10,177,097

Commitments *(Note 9)*

Subsequent event *(Note 15)*

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

Approved by the Board

Signed: "*Gordon McKinnon*"

Director

Signed: *"Chris Hodgson"*

Director

Statements of Operations and Comprehensive Loss
For the years ended January 31, 2013 and 2012

		2013		2012
Expenses				
Share-based compensation *(notes 6 and 13)*	**$**	**401,196**	$	320,990
Management and administrative services *(note 13)*		**324,391**		196,547
Professional and consulting fees *(note 13)*		**255,034**		197,489
Shareholders information		**195,841**		153,112
Investment loss		**146,400**		25,000
Office and administration		**92,705**		94,598
Representation and travel		**65,262**		26,015
Interest income		**(22,743)**		(21,921)
(Recovery) write-off of mineral properties and deferred exploration expenditures		**(34,674)**		1,173,782
Premium on flow-through shares income *(note 9)*		**(438,650)**		(122,750)
Loss before income taxes		**(984,762)**		(2,042,862)
Deferred income tax (expense) recovery *(note 8)*		**-**		15,340
Net loss for the year		**(984,762)**		(2,027,522)
Unrealized (loss) gain on available-for-sale marketable securities arising during the year		**(350,000)**		107,360
Total comprehensive loss for the year	**$**	**(1,334,762)**	$	(1,920,162)
Basis and diluted loss per share *(note 10)*	**$**	**(0.01)**	$	(0.02)

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

Statements of Changes in Equity
for the years ended January 31, 2013 and 2012

	Share Capital		Reserves			Deficit	
	Number of shares	Amount	Contributed surplus	Warrants	Accumulated other comprehensive income	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**
Private placements	18,955,000	6,559,250	-	-	-	-	6,559,250
Value of private placements attributed to warrants	-	(1,342,400)	-	-	-	-	(1,342,400)
Cost of issue of private placements	-	(1,025,507)	-	-	-	-	(1,025,507)
Issued for mineral properties	3,175,000	911,750	-	-	-	-	911,750
Exercise of warrants	5,593,021	948,362	-	-	-	-	948,362
Fair value of warrants issued	-	-	-	1,830,230	-	-	1,830,230
Fair value of warrants exercised	-	275,229	-	(275,229)	-	-	-
Fair value of warrants expired	-	-	47,422	(47,422)	-	-	-
Share-based compensation	-	-	320,990	-	-	-	320,990
Unrealized gain on marketable securities	-	-	-	-	107,360	(107,360)	-
Deferred premium on flow-through shares	-	(122,750)	-	-	-	-	(122,750)
Comprehensive loss for the year	-	-	-	-	-	(1,920,162)	(1,920,162)
Balance, January 31, 2012	**106,440,476**	**$ 12,233,921**	**$ 1,465,733**	**$ 2,098,379**	**$ 175,000**	**$(6,270,148)**	**$ 9,702,885**

Statements of Changes in Equity - continued
for the years ended January 31, 2013 and 2012

	Share Capital		Reserves			Deficit	
	Number of shares	Amount	Contributed surplus	Warrants	Accumulated other comprehensive (loss) income	Deficit	Total
Balance, January 31, 2012	**106,440,476**	**$ 12,233,921**	**$ 1,465,733**	**$ 2,098,379**	**$ 175,000**	**$(6,270,148)**	**$ 9,702,885**
Private placements	30,755,556	6,010,000	-	-	-	-	6,010,000
Value of private placements attributed to warrants	-	(615,630)	-	-	-	-	(615,630)
Cost of issue of private placements	-	(261,409)	-	-	-	-	(261,409)
Issued for mineral properties	25,150,000	3,955,500	-	-	-	-	3,955,500
Exercise of warrants	199,258	23,191	-	-	-	-	23,191
Fair value of warrants issued	-	-	-	650,207	-	-	650,207
Fair value of warrants exercised	-	8,857	-	(8,857)	-	-	-
Fair vale of warrants expired	-	-	428,139	(428,139)	-	-	-
Share-based compensation	-	-	401,196	-	-	-	401,196
Unrealized loss on marketable securities	-	-	-	-	(350,000)	350,000	-
Deferred premium on flow-through shares	-	(757,250)	-	-	-	-	(757,250)
Comprehensive loss for the year	-	-	-	-	-	(1,334,762)	(1,334,762)
Balance, January 31, 2013	**162,545,290**	**$ 20,597,180**	**$ 2,295,068**	**$ 2,311,590**	**$ (175,000)**	**$(7,254,910)**	**$17,773,928**

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

Statements of Cash Flows
For the years ended January 31, 2013 and 2012

	2013	2012
Cash flow from operating activities		
Net loss before other comprehensive loss	**$ (984,762)**	$ (2,027,522)
Items not affecting cash from operating activities:		
Interest income	**(22,743)**	(21,921)
Share-based compensation	**401,196**	320,990
Premium on flow-through shares income	**(438,650)**	(122,750)
Deferred income tax expense (recovery)	**-**	(15,340)
(Recovery) write-off mineral properties and deferred exploration expenditures	**(34,674)**	1,173,782
Investment loss	**146,400**	25,000
Change in net working capital:		
Accounts receivable	**253,633**	(291,976)
Prepaid expense	**(8,542)**	2,154
Accounts payable	**(115,943)**	(95,178)
	(804,085)	(1,052,761)
Cash flow from investing activities		
Interest income	**22,743**	21,921
Mineral properties and deferred exploration expenditures	**(4,640,943)**	(4,968,356)
	(4,618,200)	(4,946,435)
Cash flow from financing activities		
Proceeds from issuance of private placements	**6,010,000**	6,559,250
Share issue costs	**(226,832)**	(537,677)
Proceeds from exercise of warrants	**23,191**	948,362
	5,806,359	6,969,935
Increase in cash and cash equivalents	**384,074**	970,739
Cash and cash equivalents, beginning of year	**1,686,740**	716,001
Cash and cash equivalents, end of year	**$ 2,070,814**	$ 1,686,740
Supplemental cash flow information:		
Shares issued for property	**$ 3,955,500**	$ 911,750

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

1. Nature of Operations

Canadian Orebodies Inc. (the "Company" or "Orebodies") 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.

2. Significant Accounting Policies

(a) Basis of presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

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

The financial statements were approved by the Board of Directors on May 22, 2013.

(b) Significant accounting estimates and judgments

The preparation of these financial statements requires management to make judgments and estimates 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 judgments and estimates. The financial statements include judgments and estimates which, by their nature, are uncertain. The impacts of such judgments and 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 current and future periods.

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

- The estimated value of the mineral properties and deferred exploration costs recorded in the statements of financial position; and
- Management's position that there are no income tax considerations required within these financial statements.

2. Significant Accounting Policies - continued

(c) Financial instruments

Financial assets

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

Fair value through profit or loss - This category comprises derivatives, or assets acquired or incurred principally for the purpose of being sold or repurchased in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of operations and comprehensive loss.

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

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of operations and comprehensive loss.

Available-for-sale - These assets are non-derivative financial assets not included in the above categories. They are carried at fair value with changes in fair value recognized in other comprehensive income. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in profit or loss.

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

Financial liabilities

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

*Fair value through profit or los*s - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of being sold or repurchased in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of operations and comprehensive loss.

Other financial liabilities - This category includes accounts payables and accrued liabilities, all of which are recognized at amortized cost.

2. Significant Accounting Policies - continued

(c) Financial instruments - continued

Financial assets - continued

The Company's financial instruments consist of the following:

Financial assets:	**Classification:**
Cash and cash equivalents	Fair value through profit and loss
Accounts receivable	Loans and receivables
Marketable securities - equity securities	Available-for-sale
Marketable securities - share purchase warrants	Fair value through profit and loss

Financial liabilities:	**Classification:**
Accounts payable and accrued liabilities	Other financial liabilities
Due to related party	Other financial liabilities

Fair value Hierarchy

The Company classifies its financial instruments according to a three level hierarchy that reflects the significance of the inputs used in making the fair value measurements. The three levels of fair value hierarchy are as follows:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
- Level 3 - Inputs for assets or liabilities that are not based on observable market data.

The Company's cash and cash equivalents and marketable securities - equity securities are classified within level 1 of the fair value hierarchy and marketable securities - share purchase warrants is classified within level 2 of the fair value hierarchy.

(d) Cash and cash equivalents

Cash and cash equivalents include money market instruments which are readily convertible into cash or have maturities at the date of purchase of less than ninety days.

(e) Mineral properties and deferred exploration expenditures

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 proceeds received against the cost of the related claims. Such costs include, but are not limited to geological and geophysical studies, exploratory drilling, and sampling.

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. Significant Accounting Policies - continued

(e) Mineral properties and deferred exploration expenditures - continued

The Company recognizes in income costs recovered on mineral properties when amounts received or receivable are in excess of the carrying amount.

All capitalized exploration and evaluation expenditures are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that an exploration expenditure is not expected to be recovered, it is charged to the results of operations. Exploration areas where reserves have been discovered, but which require major capital expenditures 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.

(f) Income taxes

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

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

The Company recognizes deferred tax on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in computing taxable profit or loss. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

2. Significant Accounting Policies - continued

(g) Flow-through shares

Under Canadian income tax legislation, a company is permitted to issue flow-through shares whereby the Company agrees to incur qualifying expenditures and renounce the related income tax deductions to the investors. For accounting purposes, the proceeds from issuance of these shares are allocated between the offering of shares and the sale of tax benefits. The allocation is made based on the difference between the quoted price of the existing shares and the amount the investor pays for the shares. A liability is recognized for this difference. The liability is reduced and the reduction of premium liability is recorded in other income at the time when the Company files the appropriate renunciation forms with the Canadian taxation authorities and the expenditures are incurred.

A deferred tax liability is recognized, in accordance with IAS 12, Income Taxes, for the taxable temporary difference that arises from the difference between the carrying amount of eligible expenditures capitalized as an asset in the statement of financial position and its tax base.

(h) **Share issue costs**

Costs incurred for the issue of common shares and warrants are deducted from share capital and warrants respectively.

(i) Share-based payment transactions

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 a share-based payment expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value 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.

(j) Asset retirement obligation

The operations of the Company are subject to regulations governing the environment, including future site restoration costs for mineral properties. The Company recognizes the fair value of a liability for an asset retirement obligation in the period in which it is incurred when a reasonable estimate of fair value can be made. If a reasonable estimate of fair value cannot be made in the period the asset retirement obligation is incurred, the liability is recognized when a reasonable estimate of fair value can be made.

The Company has determined that there are no asset retirement obligations or any other environmental obligations with respect to its mineral properties, and therefore no liability has been recognized in these financial statements.

2. Significant Accounting Policies - continued

(k) Loss per share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period. Diluted loss per share is computed using the treasury stock method. Stock options and warrants outstanding are not included in the computation of diluted loss per share if their inclusion would be anti-dilutive.

(l) Future changes in accounting standards not yet adopted

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. The Company intends to adopt those standards when they become effective.

IFRS 9 - Financial Instruments

IFRS 9, Financial Instruments ("IFRS 9") was issued by the IASB on November 12, 2009 and will replace IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"). IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2015.

IFRS 10 - Consolidated Financial Statements

IFRS 10, Consolidated Financial Statements ("IFRS 10") was issued by the IASB on May 12, 2011 and will replace portions of IAS 27 Consolidated and Separate Financial Statements and interpretation SIC-12 Consolidated - Special Purpose Entities. IFRS 10 incorporates a single model for consolidating all entities that are controlled and revises the definition of control to be "An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the current ability to affect those returns through its power over the investee:. Along with control, the new standard also focuses on the concept of power, both of which will include a use of judgment and continuous reassessment as facts and circumstances change. IFRS 10 is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted.

IFRS 11 – Joint Arrangements

IFRS 11, Joint Arrangements ("IFRS 11") was issued by the IASB on May 12, 2011 and will replace IAS31, Interest in Joint Ventures. The new standard will apply to the accounting for interest in joint arrangements where there is joint control. Joint arrangements will be separated into joint ventures and joint operations. The structure of the joint arrangement will no longer be the most significant factor on classifying a joint arrangement as either a joint operation or a joint venture. Proportionate consolidation will be removed and replaced with equity accounting. IFRS 11 is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted.

2. Significant Accounting Policies - continued

(l) Future changes in accounting standards not yet adopted - continued

IFRS 12 – Disclosure of Interest in Other Entities

IFRS 12, Disclosure of Interest in Other Entities ("IFRS 12") was issued by the IASB on May 12, 2011. The new standard includes disclosure requirements about subsidiaries, joint ventures and associates, as well as unconsolidated structured entities and replaces existing disclosure requirements. IFRS 12 is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted.

IFRS 13 – Fair Value Measurement

IFRS 13, Fair Value Measurement ("IFRS 13") was issued by the IASB on May 12, 2011. The new standard converges IFRS and US GAAP on how to measure fair value and the related fair value disclosures. The new standard creates a single source of guidance for fair value measurements, where fair value is required or permitted under IFRS, by not changing how fair value is used but how it is measured. The focus will be on an exit price. IFRS 13 is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted.

IAS 1 – Presentation of Financial Statements

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

IAS 28 – Investments in Associates and Joint Ventures

IAS 28, Investments in Associates and Joint Ventures prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. IAS 28 applies to all entities that are investors with joint control of, or significant influence over, an investee (associate or joint venture). This standard is effective for annual periods beginning on or after January 1, 2013, with early application permitted.

3. Marketable Securities

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

	January 31, 2013	January 31, 2012
Equity securities	**$ 200,000**	$ 550,000
Share purchase warrants	**26,000**	172,400
	$ 226,000	$ 722,400

4. 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 occurred during the years ended January 31, 2013 and 2012 are as follows:

	Haig Inlet Iron Ore Project	Lithium and Rare Metals Project	Trump Webequie Project	Hawkins Project	Coral Rapids Project	Total
January 31, 2011	$ 60,080	$ 976,454	$ 100,000	$ 687,650	$ 886,132	**$ 2,710,316**
Additions	5,503,815	215,337	130,955	-	-	**5,850,107**
Write-offs	-	-	-	(287,650)	(886,132)	**(1,173,782)**
January 31, 2012	5,563,895	1,191,791	230,955	400,000	-	**7,386,641**
Additions *(note 13)*	8,460,660	41,757	-	8,700	-	**8,511,117**
Write-offs	-	-	-	-	-	
January 31, 2013	**$14,024,555**	**$ 1,233,548**	**$ 230,955**	**$ 408,700**	**$ -**	**$15,897,758**

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% Gross Overriding Royalty ("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 2,685 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.
2. Issue to the Vendors an aggregate amount of 4,000,000 (issued) 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 (issued) 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. Mineral Properties and Deferred Exploration Expenditures - continued

Haig Inlet Iron Ore Property - continued

4. Grant a 3% 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.

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:

6. Issue an aggregate 7,000,000 (issued) common shares (each such common share a "First Milestone Share") in the event that a technical report compliant with NI 43-101 is issued 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.
7. Issue a further 7,000,000 (issued) common shares (each such common share a "Second Milestone Share") in the event that a technical report compliant with NI 43-101 is issued 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 Company's interest in the NTI Agreement at the relevant time.

The Agreement provides 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.

4. Mineral Properties and Deferred Exploration Expenditures - continued

Lithium and Rare Metals Project

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 (expired) of the Company valued at $104,000. Each warrant entitled the holder to purchase one common share of the Company at $0.15 for a period of two years from the date of issue. The vendor retains a 2% net smelter returns royalty ("NSR") on the property, one half of which can be purchased for $1,000,000. The fair value of the warrants was calculated using the Black-Scholes option pricing model with the following assumptions: risk free interest rate - 1.47%; expected volatility - 130.6%; expected life of warrants - 2 years and expected dividend yield - Nil.

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 60 kilometres 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 (paid - note 15) 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 TSX Venture Exchange (the "TSX-V") approval, 175,000 (issued) on the first anniversary of signing, 150,000 (issued) on the second anniversary of signing, and 125,000 (issued - note 15) on the third anniversary of signing;

3. Issue to the Owners an aggregate amount of 150,000 common shares (issued) of the Company on TSX-V 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 (completed); and $150,000 by October 31, 2013 (completed).

4. Mineral Properties and Deferred Exploration Expenditures - continued

Trump Property (Webequie)

Trump Property

On July 8, 2008, the Company announced it has entered into a letter of intent ("LOI") with Rainy Mountain Royalty Corp. (formally East West Resource Corporation) granting the Company the option to acquire an 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 was 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); and
4. Rainy Mountain will hold a 20% carried interest in the property until a Bankable Feasibility Study ("BFS") is produced.

Webequie Property

On May 11, 2010, the Company completed a purchase and assumption agreement with Noble Minerals Exploration Inc. (formerly Ring of Fire Resources Inc. and Hawk Uranium Inc.) ("NOB") whereby, NOB has acquired the 100% legal and beneficial interest in the Company's eight 100% owned properties (subject to a 10% NPI retained by the Company), and 100% interest in the Company's seven 50% owned properties (subject to a 10% NPI retained by the Company on the portion of those properties to be acquired by NOB, which would be converted to a 0.15% NSR if NOB's interest in those properties is reduced to less than 10% and therefore converted to a net smelter returns royalty) held through a joint venture with MacDonald Mines Exploration Ltd. and Temex Resources Corp. The Properties in total consist of 444 (100% owned) claim units comprising 7,104 hectares and 891 (50% owned) claim units comprising 14,256 hectares, all which are located in the James Bay Lowlands 'Ring of Fire', Ontario. As consideration for the sale, the Company has received 5,000,000 common shares of NOB, and 4,000,000 warrants of NOB to purchase shares at a price of $0.15 for four years valued at $547,400. The expiry can be accelerated in year three if the share price trades above $0.30 for 10 consecutive days and in year four if the share price trades above $0.40 for 10 consecutive days.

Hawkins Property

The Hawkins property is comprised of 111 claim units covering 1,776 hectares located in Hawkins Township, approximately 200 kilometres east of Timmins.

5. Share Capital

Authorized share capital

At January 31, 2013, the authorized share capital consisted of an unlimited number of common shares and the issued share capital amounted to $20,597,180. The common shares do not have a par value. All issued shares are fully paid.

(i) 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 proceeds (less the Agents' commission related to the sale of the Subscription Receipts) were released on June 16, 2011.

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 consisted 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 entitles 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. On December 5, 2012, the expiry date of these warrants was extended to December 15, 2013 (see note 7).

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.

(ii) 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 may be 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.

5. Share Capital - continued

(ii) Private Placement - November 18, 2011 - continued

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.

A flow-through premium of $122,750 was recognized on this financing (note 9).

(iii) Private Placement - June 28, 2012 and August 24, 2012

On June 28, 2012 the Company closed the first tranche of a non-brokered private placement comprising of 8,700,000 flow-through units at a price of $0.20 per unit and 7,055,556 non flow-through units at $0.18 per unit for gross proceeds of $3,010,000.

On August 24, 2012 the Company closed the second and final tranche of a non-brokered private placement comprising of 5,000,000 flow-through units at a price of $0.20 per unit for gross proceeds of $1,000,000.

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 $0.30 per share for a period of 18 months from the date of issuance. The exercise date may be accelerated at the option of the Company, if the closing price on the TSX Venture Exchange exceeds $0.40 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 $26,400 and issued 132,000 broker options. Each broker option entitles the holder to purchase one unit at a price of $0.18 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 $0.30 per share for a period of 18 months from the date of issuance.

Flow-through premiums of $174,000 (June 28) and $52,250 (August 24) were recognized on these financings (note 9).

(iv) Private Placement - December 4, 2012

On December 4, 2012 the Company closed a brokered private placement comprising of 10,000,000 flow-through units at a price of $0.20 per unit for gross proceeds of $2,000,000.

Each 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 $0.30 per share for a period of 18 months from the date of issuance.

5. Share Capital - continued

(iv) Private Placement - December 4, 2012 - continued

In connection with the private placement, the Company paid a commission of $114,000, legal fees of $39,550 and issued 570,000 broker options. Each broker option entitles the holder to purchase one unit at a price of $0.20 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 $0.30 per share for a period of 18 months from the date of issuance.

A flow-through premium of $531,000 was recognized on this financing (note 9).

(v) Exercise of Warrants

During the year ended January 31, 2013, a total of 199,258 (2012 - 5,593,021) share purchase warrants with exercise price ranging from $0.09 to $0.18 (2012 - $0.09 - $0.20) per share were exercised for gross proceeds aggregating $23,191 (2012 - $948,362). The fair value attributed to these warrants was $8,857 (2012 - $275,229).

6. 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 statements of operations 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.

6. Share Options - continued

The following table reflects the continuity of share options for the years ended January 31, 2013 and 2012:

	2013		2012	
	Options	**Weighted Average Exercise Price**	Options	Weighted Average Exercise Price
Outstanding, beginning	**6,200,000**	**$ 0.166**	5,075,000	$ 0.130
Issued	**2,125,000**	**0.250**	1,125,000	0.323
Outstanding, ending	**8,325,000**	**$ 0.187**	6,200,000	$ 0.166

The exercise price, expiry date and the fair value assigned to options issued and outstanding as at January 31, 2013 are as follows:

Options	**Exercise Price**	**Fair Value**	**Expiry Date**
1,950,000	$ 0.180	$ 244,884	March 31, 2013*
400,000	$ 0.250	42,568	April 5, 2014
1,200,000	$ 0.100	102,462	September 17, 2014
1,925,000	$ 0.100	122,900	July 28, 2015
925,000	$ 0.335	258,630	March 24, 2016
200,000	$ 0.265	62,360	August 5, 2016
1,725,000	$ 0.250	358,628	April 5, 2017
8,325,000	**$ 0.187**	**$ 1,192,432**	

* Expired subsequent to year end

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 5, 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 $358,628 using the Black-Scholes model for option pricing. The assumptions used to determine the value were: expected dividend yield - 0%; weighted expected volatility - 172%; risk-free interest rate - 1.53% and an expected life of 5 years.

6. Share Options - continued

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 two 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 after six months, 100,000 after nine months, and the final 100,000 after 12 months. The value ascribed to the 400,000 share options granted was estimated at $44,520 using the Black-Scholes model for option pricing. The assumptions used to determine the value were: expected dividend yield - 0%; weighted expected volatility - 103%; risk-free interest rate - 1.24% and an expected life of 2 years. As at January 31, 2013, 300,000 of these options were fully vested and $42,568 of their fair value was recognized in share-based compensation during the year.

7. Warrants

The following table reflects the continuity of warrants for the years ended January 31, 2013 and 2012:

		2013		2012
	Warrants	**Weighted Average Exercise Price**	Warrants	Weighted Average Exercise Price
Outstanding, beginning	**16,036,394**	**$ 0.375**	11,983,966	$ 0.180
Issued	**16,079,778**	**0.296**	11,183,450	0.461
Exercised	**(199,258)**	**0.116**	(5,593,021)	0.170
Expired	**(1,492,000)**	**0.372**	(1,538,001)	0.176
Outstanding, ending	**30,424,914**	**$ 0.336**	16,036,394	$ 0.375

The exercise price and expiry date on the warrants outstanding as at January 31, 2013 are as follows:

Warrants	**Exercise Price**	**Fair Value Recognized**	**Expiry Date**
1,977,500	$ 0.475	$ 233,600	May 18, 2013*
237,300	$ 0.300	45,100	May 18, 2013*
118,650	$ 0.475	19,400	May 18, 2013*
4,511,686	$ 0.180	254,483	November 19, 2013
7,500,000	$ 0.475	1,108,800	December 15, 2013
7,877,778	$ 0.300	400,164	December 28, 2013
132,000	$ 0.180	13,145	December 28, 2013
2,500,000	$ 0.300	97,750	February 24, 2014
5,000,000	$ 0.300	117,716	June 4, 2014
570,000	$ 0.200	21,432	June 4, 2014
30,424,914		**$ 2,311,590**	

7. Warrants - continued

*Expired subsequent to year end

On November 7, 2012, the Company extended the expiry date of the warrants issued in connection with the private placement on November 19, 2010. Of a total of 6,325,666 warrants issued, 4,570,111 warrants remained outstanding as at October 31, 2012 and the expiry date was extended by one year to November 19, 2013 with the exercise price unchanged at $0.18 per share.

On December 5, 2012, the Company extended the expiry date of the warrants issued in connection with the private placement on June 15, 2011. The 7,500,000 warrants issued and outstanding as at October 31, 2012 were extended by one year to December 15, 2013 with the exercise price unchanged at $0.475 per share.

8. Income Taxes

(a) Income tax recovery

The following table reconciles the expected income tax recovery at the Canadian Federal and Provincial statutory rate of 26.7% (2012 - 28%) to the amount recognized in the statements of operations and comprehensive loss:

	2013	2012
Loss before recovery of deferred income taxes	**$ (984,762)**	$ (2,042,862)
Expected income tax recovery	**$ (263,010)**	$ (572,000)
Adjustments resulting from:		
Non-deductible expenses	**47,870**	(55,880)
Tax rate changes and other adjustments	**(50,600)**	88,000
Mining tax credits	**(6,390)**	(486,970)
Premium on flow-through shares	**(117,160)**	(34,370)
Renunciation of flow-though expenditures	**1,141,260**	13,640
Deductible temporary differences not recognized	**(751,970)**	1,032,240
Income tax recovery reflected in the statements of operations and comprehensive loss	**$ -**	$ (15,340)

8. Income Taxes - continued

(b) Deferred income tax liability

The following table summarizes the components of deferred income tax liability:

	January 31, 2013	January 31, 2012
Deferred tax assets:		
Non-capital losses	**$ 638,820**	$ 25,000
Mining tax credits	**71,680**	-
	710,500	25,000
Deferred tax liabilities:		
Unrealized gains on available-for-sale financial instruments	**-**	(25,000)
Deferred exploration expenses	**(710,500)**	-
Deferred tax liabilities - net	**$ -**	$ -

(c) Movement in deferred tax liabilities

	2013	2012
Recognized in profit and loss	**$ (25,000)**	$ 15,340
Recognized in other comprehensive income	**25,000**	(15,340)
Balance, end of year	**$ -**	$ -

(d) Unrecognized deferred tax assets

Deferred income taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred income tax assets have not been recognized in respect of the following items:

	January 31, 2013	January 31, 2012
Resource properties	**$ -**	$ 1,626,570
Non-capital losses	**-**	968,690
Other temporary differences	**326,360**	27,660
Mining tax credits	**240,400**	486,970
Share issuance costs	**820,900**	930,430
	$ 1,387,660	$ 4,040,320

The investment tax credit expires in 20 years. The deductible temporary differences do not expire under the current tax legislation. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

8. Income Taxes - continued

(e) Non-capital losses carried forward

The non-capital losses expire as per the years and amounts outlined below:

2029	$ 67,900
2030	79,740
2031	67,900
2032	953,130
2033	1,241,970
	$ 2,410,640

9. Deferred Premium on Flow-through Shares

The premium paid for flow-through shares in excess of the market value of the shares without the flow-through features is initially recognized as a liability. The liability is reduced and the reduction of premium liability is recorded in loss from operations on a pro-rata basis based on the corresponding eligible expenditures that have been incurred when it is the Company's intention to file the appropriate renunciation forms with the Canadian taxation authorities. Accordingly, during the year ended January 31, 2013, $438,650 (2012 - $122,750) of deferred premium liability was recognized as income in the statements of operations and comprehensive loss.

As at January 31, 2013, the Company is committed to incurring approximately $1,200,000 before December 31, 2013 in respect of its December 4, 2012 flow-through financing (note 5(iv)). The deferred premium on flow-through shares of $318,600 will be recognized in the statements of operations and comprehensive loss as these flow-through expenditures are incurred.

The following outlines the deferred premium on flow-through shares activity:

Balance, January 31, 2011	**$ -**
Private placement - June 28, 2012	122,750
Premium recognized in loss from operations	(122,750)
Balance, January 31, 2012	**-**
Private placement - June 28, 2012	174,000
Private placement - August 24, 2012	52,250
Private placement - December 4, 2012	531,000
Premium recognized in loss from operations	(438,650)
Balance, January 31, 2012	**$ 318,600**

10. Loss Per Common Share

The following table sets forth the computation of basic and diluted earnings per share for the years ended January 31, 2013 and 2012:

		2013		2012
Numerator:				
Loss attributable to common shareholders - basic and diluted	**$**	**(984,762)**	$	(2,027,522)
Denominator:				
Weighted-average common shares outstanding - basic and diluted		**128,884,875**		98,054,000
Basic and diluted loss per common share	**$**	**(0.01)**	$	(0.02)

Diluted loss per share did not include the effect of the share options and warrants outstanding as their effect was anti-dilutive.

11. Capital Risk Management

The Company's capital is composed of shareholders' equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, 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.

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 year ended January 31, 2013. The Company is not subject to externally imposed capital requirements.

12. 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 which consist primarily of Harmonized Sales Tax 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 as they become due. As at January 31, 2013, the Company has a working capital of $1,876,170 (2012 - $2,316,244). The Company had a cash and cash equivalents balance of $2,070,814 (2012 - $1,686,740) to settle current liabilities of $676,869 (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.

The Company is currently in the exploration stage and has not commenced commercial operations. As at the date of issue of these financial statements, the Company has an accumulated deficit of $7,254,910 and is not yet generating operating cash flows.

(c) Market risk

(i) Interest rate risk

The Company has cash and cash equivalents 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.

12. Financial Risk Factors - continued

(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 $113,000.

13. Related Party Transactions and Balances

The Company has entered into agreements with officers of the Company and private companies controlled by officers and directors of the Company, or by their close relatives, for exploration expenses, loans, and other services required by the Company:

(a) Management Compensation

	2013	2012
Aggregate compensation included in professional and consulting fees	**$ -**	$ 54,000
Aggregate compensation included in mineral properties and deferred exploration costs	**$ -**	$ 267,147
Aggregate compensation included in management and administrative services	**$ 207,000**	$ 181,292
Aggregate expenditures included in mineral properties and deferred exploration costs	**$ 1,302,113**	$ 1,757,260

During the year ended January 31, 2013, 1,500,000 (2012 - 900,000) share options valued at $311,850 (2012 - $251,640) were granted to related parties as part of management compensation.

(b) Related Party Transactions and Balances

As described in note 4, during the years ended January 31, 2013 and 2012, the Company issued shares of the Company to acquire property whereby the vending party was a director of the Company.

A loan from 695202 Ontario Limited, a corporation managed by a relative of a director, in the amount of $233,035 is due as at January 31, 2013. The loan is interest free, unsecured and no repayment terms exist.

14. Segment Disclosure

The Company has one operating segment, being the exploration of mining properties. As at January 31, 2013, 100% (2012 - 100%) of the Company's mineral properties and deferred exploration costs were located in Canada.

15. Subsequent Event

On March 8, 2013 the Company paid $50,000 and issued 125,000 shares as part of the Ultra Lithium Inc. Option described in note 4. The Company has satisfied all conditions under this option agreement and has earned the 80% interest in the property.