Condensed Interim Financial Statements

CANADIAN OREBODIES

July 31, 2013

(expressed in Canadian dollars)

(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 six months ended July 31, 2013.

Canadian Orebodies Inc.
Condensed interim statements of financial position
(Unaudited)

	July 31, 2013	January 31, 2013
Assets		
Current assets		
Cash and cash equivalents	$ 1,627,439	$ 2,070,814
Accounts receivable	31,774	90,910
Prepaid expenses	15,484	15,315
Exploration advances	105,000	150,000
Marketable securities *(note 3)*	208,400	226,000
	1,988,097	2,553,039
Mineral properties and deferred exploration costs *(note 4)*	16,011,710	15,897,758
Total Assets	$ 17,999,807	$ 18,450,797
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$ 26,220	$ 125,234
Deferred premium on flow-through shares *(note 9)*	260,190	318,600
Due to related party *(note 10)*	233,036	233,035
	519,446	676,869
Shareholders' Equity		
Share capital *(note 5)*	20,614,680	20,597,180
Contributed surplus *(note 6)*	2,776,370	2,295,068
Warrants *(note 7)*	2,013,490	2,311,590
Accumulated other comprehensive income	(175,000)	(175,000)
Deficit	(7,749,179)	(7,254,910)
	17,480,361	17,773,928
Total Equity and Liabilities	$ 17,999,807	$ 18,450,797

See accompanying notes to the financial statements

Canadian Orebodies Inc.
Condensed interim statements of comprehensive loss
(Unaudited)

	Three months ended July 31 2013	Three months ended July 31 2012	Six months ended July 31 2013	Six months ended July 31 2012
Expenses				
Management and administrative services	$ 88,442	$ 75,973	$ 178,284	$ 159,263
Office and administration	19,840	18,946	50,499	63,535
Professional and consulting fees	25,152	45,708	55,399	136,951
Shareholder information	35,290	55,804	57,022	126,726
Representation and travel	1,760	5,188	13,262	27,660
Share based compensation	181,250	11,280	183,202	382,845
(Recovery) write-off of mineral properties and deferred exploration expenditures	-	-	-	(34,674)
Interest income	(2,584)	(2,203)	(2,589)	(8,082)
Premium on flow-through shares income *(note 9)*	(18,585)	(150,000)	(58,410)	(150,000)
Investment (gain) / loss	17,600	75,100	17,600	73,900
	348,165	135,796	494,269	778,124
Net Loss before other comprehensive income (loss)	(348,165)	(135,796)	(494,269)	(778,124)
Comprehensive income (loss)				
Unrealized gain (loss) on available-for-sale marketable securities arising during the period	(50,000)	(250,000)	-	(225,000)
Total comprehensive income (loss)	$ (398,165)	$ (385,796)	$ (494,269)	$ (1,003,124)
Basic and diluted net income (loss) per share *(note 8)*	$ (0.002)	$ (0.001)	$ (0.003)	$ (0.007)

See accompanying notes to the financial statements

Canadian Orebodies Inc.
Condensed interim statement of cash flows
(Unaudited)

Six months ended July 31,	2013	2012
Operating Activities		
Net loss	$ (494,269)	$ (778,124)
Adjustments to reconcile net loss from operating activities:		
Share based compensation	183,202	382,845
Recovery of mineral properties and deferred exploration activities	-	(34,674)
Premium on flow-through shares income	(58,410)	(150,000)
Investment (gain) / loss	17,600	73,900
Changes in non-cash working capital items		
Accounts receivable	59,136	222,920
Prepaids and deposits	(169)	933
Accounts payable and accrued liabilities	(99,014)	410,556
Exploration advances	45,000	(235,000)
	(346,924)	(106,644)
Financing Activities		
Issue of common shares	-	3,010,000
Exercise of warrants	-	10,516
Share issue costs	-	(41,450)
	-	2,979,066
Investing Activities		
Mineral Properties and deferred exploration expenditures	(96,451)	(1,824,409)
Net change in cash and cash equivalents	(443,375)	1,048,013
Cash and cash equivalents, beginning of period	2,070,814	1,686,740
Cash and cash equivalents, end of period	$ 1,627,439	$ 2,734,753
Non-cash transactions		
Issuance of common shares for property acquisition	$ 17,500	$ 1,475,000

See accompanying notes to the financial statements

Canadian Orebodies Inc.
Condensed interim statements of changes in equity
(Unaudited)

	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 placement, issued for cash	15,755,556	3,010,000	-	-	-	-	3,010,000
Value of private placements attributed to warrants	-	(400,164)	-	-	-	-	(400,164)
Cost of issue	-	(54,595)	-	-	-	-	(54,595)
Fair value of warrants issued	-	-	-	413,309	-	-	413,309
Issued for mineral properties	7,650,000	1,475,000	-	-	-	-	1,475,000
Exercise of warrants	58,425	10,516	-	-	-	-	10,516
Deferred premium on flow-through shares	-	(174,000)	-	-	-	-	(174,000)
Share-based compensation	-	-	382,845	-	-	-	382,845
Unrealized gain (loss) on marketable securities	-	-	-	-	(225,000)	225,000	-
Comprehensive loss for the period	-	-	-	-	-	(1,003,124)	(1,003,124)
Balance, July 31, 2012	**129,904,457**	**$ 16,100,678**	**$ 1,848,578**	**$ 2,511,688**	**$ (50,000)**	**$ (7,048,272)**	**$ 13,362,672**
Private placement, issued for cash	15,000,000	3,000,000	-	-	-	-	3,000,000
Value of private placements attributed to warrants	-	(215,466)	-	-	-	-	(215,466)
Cost of issue	-	(206,814)	-	-	-	-	(206,814)
Issued for mineral properties	17,500,000	2,480,500	-	-	-	-	2,480,500
Exercise of warrants	140,833	12,675	-	-	-	-	12,675
Fair value of warrants issued	-	-	-	236,898	-	-	236,898
Fair value of warrants exercised	-	8,857	-	(8,857)	-	-	-
Fair value of warrants expired	-	-	428,139	(428,139)	-	-	-
Deferred premium on flow-through shares	-	(583,250)	-	-	-	-	(583,250)
Share-based compensation	-	-	18,351	-	-	-	18,351
Unrealized gain (loss) on marketable securities	-	-	-	-	(125,000)	125,000	-
Comprehensive loss for the period	-	-	-	-	-	(331,638)	(331,638)
Balance, January 31, 2013	**162,545,290**	**$ 20,597,180**	**$ 2,295,068**	**$ 2,311,590**	**$ (175,000)**	**$ (7,254,910)**	**$ 17,773,928**
Issued for mineral properties	125,000	17,500	-	-	-	-	17,500
Fair value of warrants expired	-	-	298,100	(298,100)	-	-	-
Share-based compensation	-	-	183,202	-	-	-	183,202
Comprehensive loss for the period	-	-	-	-	-	(494,269)	(494,269)
Balance, July 31, 2013	**162,670,290**	**$ 20,614,680**	**$ 2,776,370**	**$ 2,013,490**	**$ (175,000)**	**$ (7,749,179)**	**$ 17,480,361**

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 141 Adelaide Street West, Suite 301, 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 $7,749,179 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. Significant Accounting Policies

(a) Basis of presentation

These unaudited condensed interim 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 unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") as issued by the IASB. Accordingly, they do not include all of the information required for full annual financial statements as required by IFRS. These unaudited condensed interim financial statements should be read in conjunction with the Company's audited annual financial statement for the year ended January 31, 2013. The condensed financial statements were approved by the Board of Directors on September 16, 2013.

(b) Significant accounting estimates and judgements

The preparation of these condensed interim financial statements requires management to make judgments and estimates that affect the reported amounts of assets and liabilities at the date of the

2. Significant Accounting Policies - continued

(b) Significant accounting estimates and judgements - continued

financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these judgments and estimates. The condensed interim 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:

(i) The estimated value of the mineral properties and deferred exploration costs recorded in the statements of financial position;

(ii) Management's position that there are no income tax considerations required within these financial statements; and

(iii) The calculation of the fair value of warrants, broker warrants and stock options issued by the Company requires the use of estimates of inputs in the Black-Scholes option pricing valuation model.

(c) Changes in accounting policies

Effective February 1, 2013, the Company has adopted the following new and revised standards, along with any consequential amendments. These changes were made in accordance with the applicable transitional provisions.

(i) *IFRS 10, Consolidated Financial Statements,* requires consolidation of an investee only if the investor possesses power over the investee, has exposure to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect its returns. Detailed guidance is provided on applying the definition of control. The Company has determined that the adoption of IFRS 10 did not result in any change in the accounting.

(ii) *IFRS 11, Joint Arrangements,* requires joint arrangements to be classified either as joint operations or joint ventures depending on the contractual rights and obligations of each investor that jointly controls the arrangement. For joint operations, a company recognizes its share of assets, liabilities, revenues and expenses of the joint operation. An investment in a joint venture is accounted for using the equity method as set out in *IAS 28, Investments in Associates and Joint Ventures*. The Company has concluded that the adoption of IFRS 11 did not result in any change in the accounting.

2. Significant Accounting Policies - continued

(c) Changes in accounting policies - continued

(iii) *IFRS 12, Disclosure of Interest in Other Entities*, requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with an entity's interests in other entities and the effects of those interests on its financial position, financial performance and cash flows. The Company has determined that the adoption of IFRS 12 did not result in any change in its disclosures of interests in other entities.

(iv) *IFRS 13, Fair Value Measurement,* 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. The Company has concluded that the adoption of IFRS 13 did not result in any change in the accounting.

(v) *IAS 1, Presentation of Financial Statements*, 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 Company has concluded that the adoption of IAS 1 did not result in any change in the accounting.

(d) 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 was issued by the IASB on November 12, 2009 and will replace *IAS 39, Financial Instruments: Recognition and Measurement*. 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.

3. Marketable Securities

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

	July 31, 2013	**January 31, 2013**
Equity securities	$ 200,000	$ 200,000
Share purchase warrants	8,400	26,000
	$ 208,400	**$ 226,000**

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 occured during the six months ended July 31, 2013 are as follows:

	Haig Inlet Iron Project	**Hawkins Project**	**Lithium and Rare Metals Project**	**Trump Webequie Project**	**Total**
January 31, 2013	$ 14,024,555	$ 408,700	$ 1,233,548	$ 230,955	$ 15,897,758
Additions	51,834	5,306	51,312	5,500	113,952
July 31, 2013	**$ 14,076,389**	**$ 414,006**	**$ 1,284,860**	**$ 236,455**	**$ 16,011,710**

Haig Inlet Iron Property

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 in the Inuit Owned Lands Mineral Exploration Agreement (the "NTI Agreement") with Nunavut Tunngavik Incorporated ("NTI") which covers the Haig Inlet Iron Project with an area of approximately 2,685 hectares, located on the Belcher Islands, Nunavut, Canada (the "Property"). On June 15, 2011, the Company acquired an initial 10% interest in the Property, which was increased to 25% on June 15, 2012, and on November 5, 2012, the Company acquired the remaining 75% interest in the Property. In total, the Company issued 28,000,000 common shares valued at $4,759,500 under the Agreement and now holds a 100% interest in the Property. The vendors retain a 3% GOR, of which one-third can be purchased by the Company for a maximum of $3,000,000.

In addition to the lands acquired under the Agreement, the Company applied for and acquired from NTI additional Inuit Owned Land packages totalling 14,527 hectares and staked 32 claims covering 22,691 hectares of Municipal Land, bringing the total area of the Haig Inlet Iron Project to 39,903 hectares.

4. Mineral Properties and Deferred Exploration Expenditures - continued

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 acquisition agreement with Ultra Lithium Inc. ("Ultra") and the underlying property owners (the "Owners") to acquire an 80% interest in 129 mining claim units located approximately 60 kilometers northeast of Armstrong, Ontario. The Owners retain a 2% NSR, one-half 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 on signing (paid), $15,000 on the first anniversary of signing (paid), $25,000 on the second anniversary of signing (paid), and $50,000 on the third anniversary of signing (paid);

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

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 by October 31, 2010 (completed), $50,000 by October 31, 2011 (completed), $100,000 by October 31, 2012 (completed), and $150,000 by October 31, 2013 (completed).

Hawkins Property

The Hawkins property is comprised of 111 claim units covering 1,776 hectares located in the Hawkins and Walls Townships, approximately 200 kilometers east of Timmins.

4. Mineral Properties and Deferred Exploration Expenditures - continued

Trump Property (Webequie)

Trump Property

On July 8, 2008, the Company announced it had entered into a letter of intent with Rainy Mountain Royalty Corp. ("Rainy Mountain", 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);
4. Rainy Mountain will hold a 20% carried interest in the property until a Bankable Feasibility study is produced.

Webequie Property

On May 11, 2010, the Company completed a purchase and assumption agreement with Noble Mineral Exploration Inc. ("NOB", formerly Ring of Fire Resources Inc. and Hawk Uranium Inc.) whereby NOB 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 of which are located in the James Bay Lowlands 'Ring of Fire', Ontario. As consideration for the sale, the Company 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.

5. Share Capital

Authorized share capital

At July 31, 2013, the authorized share capital consisted of an unlimited number of common shares and the issued share capital amounted to $ 20,614,680 . The common shares do not have a par value. All issued shares are fully paid.

5. Share Capital - continued

(i) 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 comprised 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 a 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 share purchase 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.

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, 2012) and $52,250 (August 24, 2012) were recognized on these financings (note 9).

(ii) Private Placement - December 4, 2012

On December 4, 2012 the Company closed a brokered private placement comprised 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 share purchase 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.

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).

5. Share Capital - continued

(iii) Exercise of Warrants

No warrants were exercised during the six months ended July 31, 2013. During the year ended January 31, 2013, a total of 199,258 share purchase warrants with exercise prices ranging from $0.09 to $0.18 per share were exercised for gross proceeds aggregating $23,191. The fair value attributed to these warrants was $8,857.

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.

The following table reflects the continuity of share options for the period ended July 31, 2013:

	Options	**Weighted Avg. Exercise Price**
Balance, January 31, 2012	6,200,000	0.17
Granted	2,125,000	0.25
Balance, January 31, 2013	8,325,000	0.19
Granted	3,125,000	0.10
Expired	2,675,000	0.17
Balance, July 31, 2013	**8,775,000**	**0.16**

6. Share Options - continued

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 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. 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 July 31, 2013, all of these options were fully vested.

On May 22, 2013, the Company granted to Directors, Officers and consultants of the Company 3,125,000 share options exercisable at $0.10 per share for a period of five years from the date of issuance. The value ascribed to the 3,125,000 share options granted was estimated at $181,250 using the Black-Scholes model for option pricing. The assumptions used to determine the value were: expected dividend yield - 0%; weighted expected volatility - 130%; risk-free interest rate - 1.38% and an expected life of 5 years.

The following table reflects the actual share options issued and outstanding as at July 31, 2013.

Options	Exercise Price	Expiry Date
1,000,000	$ 0.100	September 17, 2014
1,625,000	0.100	July 28, 2015
925,000	0.335	March 24, 2016
200,000	0.265	August 5, 2016
1,900,000	0.250	April 5, 2017
3,125,000	0.100	May 22, 2018
8,775,000	**$ 0.161**	

7. Warrants

A summary of the Company's outstanding warrants, for the six months ended July 31, 2013 and year ended January 31, 2013 are as follows:

	July 31, 2013	January 31, 2013
Balance, beginning of period	30,424,914	16,036,394
Issued	-	16,079,778
Exercised	-	(199,258)
Expired	(2,333,450)	(1,492,000)
Balance, end of period	**28,091,464**	**30,424,914**

7. Warrants - continued

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

Warrants	Exercise Price	Type	Expiry Date
4,511,686	$ 0.180	Warrants	November 19, 2013
7,500,000	0.475	Warrants	December 15, 2013
7,877,778	0.300	Warrants	December 28, 2013
132,000	0.180	Finder's unit	December 28, 2013
2,500,000	0.300	Warrants	February 24, 2014
5,000,000	0.300	Warrants	June 4, 2014
570,000	0.200	Finder's unit	June 4, 2014
28,091,464	**$ 0.325**		

8. Loss Per Common Share

The following table sets forth the computation of basic and diluted earnings per share for the periods ended July 31, 2013 and 2012.

	Three months ended July 31, 2013	Three months ended July 31, 2012	Six months ended July 31, 2013	Six months ended July 31, 2012
Loss attributable to common shareholders	$ (348,165)	$ (135,796)	$ (494,269)	$ (778,124)
Weighted-average common shares outstanding - basic and diluted	162,670,290	120,435,475	162,607,790	112,462,790
Basic and diluted loss per common share	**$ (0.002)**	**$ (0.001)**	**$ (0.003)**	**$ (0.007)**

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

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 six months ended July 31, 2013, $Nil (2012 - $Nil) was deferred and $58,410 (2012 - $150,000) was recognized as income in the statements of operations and comprehensive loss.

9. Deferred Premium on Flow-through Shares - continued

As at July 31, 2013, the Company is committed to incurring approximately $980,000 before December 31, 2013 in respect of its December 4, 2012 flow-through financing - note 5(ii). The deferred premium on flow-through shares of $260,190 will be recognized in the statements of operations and comprehensive loss as these flow-through expenditures are incurred.

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, 2013	**318,600**
Premium recognized in loss from operations	(58,410)
Balance, July 31, 2013	**$ 260,190**

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.

Six months ended July 31,	**2013**	**2012**
Professional and consulting fees	$ 5,500	$ 33,000

b) During the six months ended July 31, 2013, 3,125,000 (2012: 1,500,000) share options were granted to directors and officers.

c) The Company has a loan from 695202 Ontario Limited, a corporation managed by a relative of a director, in the amount of $233,036 and is due as at July 31, 2013. The loan is interest free, unsecured and no repayment terms exist.

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

11. Capital Risk Management - continued

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 quarter ended July 31, 2013. 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 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 July 31, 2013, the Company has a working capital of $1,468,651 . The Company had a cash balance of $1,627,439 (January 31, 2013: $2,070,814) to settle current liabilities of $ 519,446 (January 31, 2013: $ 676,869). 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.

11. Capital Risk Management - continued

(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 $104,200.