EXPLOREX RESOURCES INC.
(FORMERLY EXPLOREX CAPITAL LTD.)

INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

SEPTEMBER 30, 2012

(Unaudited - Prepared by Management)

EXPLOREX RESOURCES INC. (formerly Explorex Capital Ltd.)

CONSOLIDTED BALANCE SHEETS

(Unaudited - Prepared by Management)

	September 30 2012	March 31 2012
ASSETS		
Current		
Cash	$ 400,376	$ 317,656
Amounts receivable	22,075	10,509
Prepaid expense	-	25
	422,451	328,190
Non-current		
Exploration and Evaluation Assets (Note 4)	161,360	35,060
	$ 583,811	$ 363,250
LIABILITES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	$ 20,000	$ 32,327
Due to related parties (Note 8)	-	-
	20,000	32,327
Shareholders' equity		
Share capital (Note 5)	738,013	428,387
Share-based payment reserve (Note 5)	34,386	34,386
Deficit	(208,587)	(131,850)
	563,811	330,923
	$ 583,811	$ 363,250

Nature of operations (Note 1)

Approved and authorized by the Board on November 28, 2012:

"William E.A. Wishart"
William E.A. Wishart, CEO & Director

"Patrick Forseille"
Patrick Forseille, CFO

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

CONSOLIDTED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS AND DEFICIT
(Unaudited - Prepared by Management)

	Three months ended		Six months ended	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
EXPENSES				
Bank charges	84	32	150	79
Consulting	18,000	-	24,000	-
General office expenses	11,200	1,106	16,049	1,227
Professional fees	13,230	5,942	20,629	8,002
Rent	4,700	3,000	9,500	3,000
Stock-based compensation	-	-	-	-
Transfer agent and filing fees	3,476	10,419	7,483	11,615
Travel	-	4,266	-	4,266
Loss before other items	50,690	(24,765)	77,812	(28,189)
Interest income	1,073	-	1,073	-
Loss and comprehensive loss for the period	49,617	(24,765)	76,738	(28,189)
Basic and diluted loss per common share	0.01	(0.01)	0.01	(0.01)
Weighted average number of common shares outstanding	9,062,907	4,282,329	8,423,606	########

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

EXPLOREX RESOURCES INC. (formerly Explorex Capital Ltd.)

CONDENSED INTERIM STATEMENT OF CASH FLOWS

	Three months ended September 30 2012	Three months ended September 30 2011	Six months ended September 30 2012	Six months ended September 30 2011
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the period	$ (49,617)	$ (24,765)	$ (76,738)	$ (28,189)
Items not affecting cash				
Share-based compensation	-	-	-	-
Changes in non-cash working capital items				
Prepaid expense	-	-	1,519	-
Increase in receivables	(6,378)	(3,571)	(9,503)	(3,966)
Decrease in accounts payables	-	-	(12,326)	(4,947)
	(55,995)	(28,336)	(97,049)	(37,102)
INVESTING ACTIVITIES				
Exploration and evaluation	(96,300)	-	(126,300)	-
	(96,300)	-	(126,300)	-
CASH FLOWS FROM FINANCING ACTIVITIES				
Issuance of shares for cash	13,476	258,500	326,975	268,500
Share issuance costs	-	-	(17,350)	-
	13,476	258,500	309,625	268,500
Change in cash for the period	(138,819)	230,164	86,276	231,398
Cash position, begining of period	539,195	166,912	314,099	165,678
Cash, end of period	$ 400,376	$ 397,076	$ 400,375	$ 397,076

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

EXPLOREX RESOURCES INC. (formerly Explorex Capital Ltd.)
STATEMENTS OF CHANGES IN EQUITY
AS AT SEPTEMBER 30

	Number of Shares	Share capital	Equity reserve	Deficit	Total
Balance at January 6, 2011	-	$ -	$ -	$ -	$ -
Shares issued for cash	4,250,000	212,500	-	-	212,500
Comprehensive loss for the period	-	-		(18,093)	(18,093)
Balance at September 30, 2011	4,250,000	$ 212,500	$ -	$ (18,093)	$ 194,407
Shares issued for cash	3,200,000	310,000	-	-	310,000
Share issuance costs	-	(94,113)	15,730	-	(78,383)
Stock-based compensation	-	-	18,656	-	18,656
Comprehensive loss for the period	-	-		(113,757)	(113,757)
Balance at March 31, 2012	7,450,000	428,387	34,386	(131,850)	330,923
Shares issued for cash	1,417,500	283,500	-	-	283,500
Share issuance costs	-	(17,350)	-	-	(17,350)
Shares isssued for property	150,000	30,000	-	-	30,000
Exercise of warrants	134,755	13,476	-	-	13,476
Comprehensive loss for the period	-	-		(76,738)	(76,738)
Balance at September 30, 2012	9,152,255	738,013	34,386	(208,588)	563,810

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

1. NATURE OF OPERATIONS

Explorex Resources Inc. (the "Company", formerly Explorex Capital Ltd.) was incorporated under the Business Corporations Act (British Columbia) on January 6, 2011 as Explorex Capital Ltd., and changed its name to Explorex Resources Inc. on June 11, 2012. The Company was classified as a Capital Pool Company ("CPC") as defined by the policies of the TSX Venture Exchange (the "Exchange"). The Company is currently engaged in the acquisition, exploration and evaluation of its mineral property interests located in Eastern Canada. The Company's shares are listed on the Exchange under the symbol EX. During the current year, the Company closed its Qualifying Transaction (Note 12) and as such, the Company graduated from being a CPC to a Tier 2 mining issuer on the Exchange.

The head office of the Company is located at 214 – 1118 Homer Street, Vancouver, British Columbia, V6B 6L5. The registered office of the Company is located at Suite 300 – 576 Seymour Street, Vancouver, British Columbia, V6B 3K1. The Company does not have any subsidiaries.

These financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going-concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. Accordingly, it does not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts which may differ from those shown in the financial statements. The ability of the Company to continue as a going concern is dependent on its ability to obtain additional equity financing and achieve future profitable operations. As at September 30, 2012, the Company had working capital of $402,451.

2. BASIS OF PRESENTATION

Statement of compliance

These unaudited interim consolidated financial statements, including comparative figures, have been prepared in accordance with International Financial Reporting Standards ("IFRS") and in accordance with International Accounting Standards ("IAS") 34, *Interim Financial Reporting,* as issued by the International Accounting Standards Board ("IASB"). They do not include all of the information required for full annual financial statements.

Basis of presentation

The financial statements have been prepared in accordance with IFRS which include International Accounting Standards and Interpretations ("IFRIC") adopted by the International Accounting Standards Board ("IASB").

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. In addition, the financial statements have been prepared using the accrual basis of accounting, except for cash flow disclosure.

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

3. SIGNIFICANT ACCOUNTING POLICIES

a) Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of expenses during the period. Significant areas requiring the use of management estimates relate to the determination of environment obligations and impairment of exploration and evaluation assets and deferred costs and inputs used in accounting for share-based compensation. Actual results may differ from these estimates. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

b) Deferred financing costs

Costs directly identifiable with the raising of capital will be charged against the related capital stock. Costs related to shares not yet issued are recorded as deferred financing costs. These costs will be deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related capital stock or charged to operations if the shares are not issued.

c) Share-based compensation

The Company uses the fair value based method for measuring compensation costs. The Company grants stock options to buy common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to capital stock.

d) Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive. All of the stock options and agent’s options currently issued (see Note 5) were anti-dilutive for the year ended SEPTEMBER 30, 2012 and the period from incorporation on January 6, 2011 to March 31, 2011.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

e) Financial instruments

Financial assets

Financial assets are classified into one of four categories:

a) Fair value through profit or loss ("FVTPL");

b) Held-to-maturity ("HTM");

c) Loans and receivables; and

d) Available-for-sale ("AFS").

Financial assets at fair value through profit or loss ("FVTPL")

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's risk management strategy. Attributable transaction costs are recognized in profit or loss when incurred. FVTPL are measured at fair value, and changes are recognized in profit or loss.

Held-to-maturity ("HTM")

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 asset 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 comprehensive loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted on an active market. Such assets are initially recognized at fair value plus any direct attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Available-for-sale ("AFS")

Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. 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 the statement of comprehensive loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

e) Financial instruments (cont'd…)

The Company has classified its cash as FVTPL and receivables as loans and receivables.

Financial liabilities

Financial liabilities are classified into one of two categories:

a) Fair value through profit or loss; and

b) Other financial liabilities.

Fair value through profit or loss

This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it 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 comprehensive loss.

Other financial liabilities

This category includes accounts payable and accrued liabilities, all of which are recognized at amortized cost. The Company classified its financial liabilities which consisted of accounts payable and accrued liabilities and due to related parties as other financial liabilities.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted.

For all financial assets objective evidence of impairment could include:

a) significant financial difficulty of the issuer or counterparty; or

b) default or delinquency in interest or principal payments; or

c) it becoming probable that the borrower will enter bankruptcy or financial re-organization.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

e) Financial instruments (cont'd…)

For certain categories of financial assets, such as receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

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

f) Income taxes

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.

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences do not result in deferred tax assets or liabilities: 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 statement of financial position date.

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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

g) Exploration and evaluation assets (cont'd...)

Exploration costs are capitalized on an individual prospect basis until such time as an economic ore body is defined or the prospect is abandoned. No exploration costs are capitalized until the legal right to explore the property has been obtained. When it is determined that such costs will be recouped through successful development and exploitation, the capitalized expenditures are depreciated over the expected productive life of the asset. Costs for a producing asset are amortized on a unit-of-production method based on the estimated life of the ore reserves, while costs for the prospects abandoned are written off.

Impairment review for exploration and evaluation assets is carried out on a project by project basis, with each project representing a single cash generating unit. At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that these assets are impaired. An impairment review is undertaken when indicators of impairment arise but typically when one or more of the following circumstances apply:

- Unexpected geological occurrences are identified that render the resource uneconomic;
- Title to the asset is compromised;
- Fluctuations in the metal prices render the project uneconomic;
- Variation in the currency of operations; and
- Threat to political stability in the country of operation.

From time to time, the Company may acquire or dispose of exploration and evaluation assets pursuant to the terms of option agreements. Due to the fact that these options are exercisable. entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as exploration and evaluation assets or recoveries when the payments are made or received.

The recoverability of the amounts capitalized for the undeveloped exploration and evaluation assets is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral claims, the ability to farm out its exploration and evaluation assets, the ability to obtain the necessary financing to complete their development and future profitable production or proceeds from their disposition thereof.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

h) Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective. The Company does not expect the impact of such changes on the financial statements to be material.

IFRS 9 Financial Instruments

In November 2009, the IASB published IFRS 9, "Financial Instruments", which covers the classification and measurement of financial assets as part of its project to replace IAS 39, "Financial Instruments: Recognition and Measurement." In October 2010, the requirements for classifying and measuring financial liabilities were added to IFRS 9. Under this guidance, entities have the option to recognize financial liabilities at fair value through earnings. If this option is elected, entities would be required to reverse the portion of the fair value change due to their own credit risk out of earnings and recognize the change in other comprehensive income. IFRS 9 is effective on January 1, 2015. Early adoption is permitted and the standard is required to be applied retrospectively.

IFRS 10 Consolidated Financial Statements

IFRS 10, "Consolidated Financial Statements", requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12, "Consolidation - Special Purpose Entities", and parts of IAS 27, "Consolidated and Separate Financial Statements". The standard is effective for annual periods beginning on or after January 1, 2013. Entities early adopting this standard must also adopt the other standards included in the 'suite of five' standards on consolidation, joint arrangements and disclosures: IFRS 11, "Joint Arrangements", IFRS 12, "Disclosure of Interests in Other Entities", IAS 27 (2011), "Separate Financial Statements" and IAS 28 (2011), "Investments in Associates and Joint Ventures".

IFRS 11 Joint Arrangements

IFRS 11, "Joint Arrangements", requires a venturer to classify its interest in a joint arrangement as a joint venture or a joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation, the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, "Interests in Joint Ventures", and SIC-13, "Jointly Controlled Entities - Non-monetary Contributions by Venturers". The standard is effective for annual periods beginning on or after January 1, 2013. Entities early adopting this standard must also adopt the other standards included in the 'suite of five' standards on consolidation, joint arrangements and disclosures: IFRS 10, "Consolidated Financial Statements", IFRS 12, "Disclosure of Interests in Other Entities", IAS 27 (2011), "Separate Financial Statements" and IAS 28 (2011), "Investments in Associates and Joint Ventures".

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

h) Standards issued but not yet effective (cont'd...)

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12, "Disclosure of Interests in Other Entities", establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities. The standard is effective for annual periods beginning on or after January 1, 2013. Entities early adopting this standard must also adopt the other standards included in the 'suite of five' standards on consolidation, joint arrangements and disclosures: IFRS 10, "Consolidated Financial Statements", IFRS 11, "Joint Arrangements", IAS 27 (2011), "Separate Financial Statements" and IAS 28 (2011), "Investments in Associates and Joint Ventures".

IFRS 13 Fair Value Measurement

IFRS 13, "Fair Value Measurement", is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

IAS 1 Presentation of Financial Statements

In June 2011, the IASB issued amendments to IAS 1, "Presentation of Financial Statements" to: (a) require companies to group together items within other comprehensive income ("OCI") that may be reclassified to the statement of loss; and (b) require tax associated with items presented before tax to be shown separately for each of the two groups of OCI items (without changing the option to present items of OCI either before tax or net of tax). The amendments also reaffirm existing requirements that items in OCI and income or loss should be presented as either a single statement or two separate statements. The amended standard is effective for annual periods beginning on or after July 1, 2012.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

h) Standards issued but not yet effective (cont'd…)

IAS 19 Employee Benefits (Amended in 2011)

IAS 19 (2011), "Employee Benefits", amends IAS 19, "Employee Benefits" with revised requirements for pensions and other postretirement benefits, termination benefits and other changes. The key amendments include:

- Requiring the recognition of changes in the net defined benefit liability (asset) including immediate recognition of defined benefit cost, disaggregation of defined benefit cost into components, recognition of remeasurements in other comprehensive income, plan amendments, curtailments and settlements (eliminating the 'corridor approach' permitted by the existing IAS 19);
- Introducing enhanced disclosures about defined benefit plans;
- Modifying accounting for termination benefits, including distinguishing benefits provided in exchange for service and benefits provided in exchange for the termination of employment and affect the recognition and measurement of termination benefits;
- Clarifying various miscellaneous issues, including the classification of employee benefits, current estimates of mortality rates, tax and administration costs and risk-sharing and conditional indexation features; and
- Incorporating other matters submitted to the IFRS Interpretations Committee.

The amended standard is effective for annual periods beginning on or after January 1, 2013.

The Company expects no impact from the adoption of the amendments on its financial position or performance.

4. EXPLORATON AND EVALUATION ASSETS

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets. The Company has investigated title to all of its exploration and evaluation assets and, to the best of its knowledge, title to all of its exploration and evaluation assets are in good standing.

Porcupine property

The Company entered into an option agreement ("Agreement") to acquire up to an 85% interest in several mineral claims comprising the Porcupine property in New Brunswick, Canada. The Agreement constituted the Company's Qualifying Transaction. Under the terms of the Agreement, in order to exercise the option to acquire the initial 70% interest, the Company will be required to make, over a three year period, total cash payments of $180,000 ($25,000 paid), issue a total of 850,000 common shares of the Company (150,000 common shares issued) and incur exploration expenditures of $1,000,000. The Company can acquire an additional 15% interest upon completion of a positive bankable feasibility study on or before September 30, 2018.

EXPRESSED IN CANADIAN DOLLARS

4. EXPLORATON AND EVALUATION ASSETS (cont'd...)

Porcupine property (cont'd…)

Porcupine property	**Period ended September 30, 2012**	**Period from Incorporation on January 6, 2011 to September 30, 2011**
Beginning balance	$ -	$ -
Acquisition costs	30,000	
Additions, during the period	-	
Cash payments	35,000	-
Acquisition costs, ending balance	65,000	-
Deferred exploration costs	-	-
Additions, during the period	-	-
Geological consulting	96,360	-
Deferred exploration costs, ending balance	96,360	-
Ending balance	$ 161,360	$ -

5. SHARE CAPITAL

a) Authorized share capital:

As at September 30, 2012, the authorized share capital of the Company was an unlimited number of common shares without par value. All issued shares are fully paid.

b) Issued share capital:

During the current year, the Company completed a non-brokered private placement of 1,417,500 units at $0.20 per unit for gross proceeds of $283,500. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant will entitle the holder thereof to purchase one additional share of the Company at a price of $0.30 per share for a period of up to twelve months from the closing date of the private placement. The Company paid finder's fees of $17,350.

During the period ended March 31, 2011, the Company issued a total of 4,250,000 seed common shares at a price of $0.05 per share for total proceeds of $212,500.

During the year ended March 31, 2012, an additional 200,000 seed common shares were issued at a price of $0.05 per share for total proceeds of $10,000.

EXPRESSED IN CANADIAN DOLLARS

5. SHARE CAPITAL (cont'd…)

The Company issued 3,000,000 common shares from its initial public offering (the "Offering") at $0.10 per share for gross proceeds of $300,000. In connection with the Offering the Company granted the agent an option to acquire an aggregate of 300,000 common shares (agent's options) at an exercise price of $0.10 per share until August 8, 2013. The agent's options were granted with a value of $15,730. The Company paid an administration fee of $10,000, a cash commission of $30,000 and $38,383 in other issuance costs.

c) At September 30, 2012, 4,050,000 common shares were held in escrow and are released pro-rata to the shareholders. 10% of the original 4,500,000 escrow shares were issued upon release of the Final Exchange Bulletin in June 2012, and the remainder will be issued in six equal tranches of 15% every six months thereafter for a period of 36 months. These escrow shares may not be transferred, assigned or otherwise dealt with without the consent of the regulatory authorities.

Stock option plan

The Company has a stock option plan under which it can grant options to directors, officers, employees, and consultants for up to 10% of the issued and outstanding common shares. The exercise price of each option is based on the market price of the Company's stock at the date of grant. The options can be granted for a term of ten years and vest as determined by the board of directors.

As at and during the period ended September 30, 2012, the following options were granted or outstanding.

	Number of Options	Weighted Average Exercise Price
Outstanding, March 31, 2012	250,000	0.10
Granted	-	-
Expired	-	-
Exercised	-	-
Outstanding, September 30, 2012	250,000	$ 0.10
Options Exercisable, September 30, 2012	250,000	$ 0.10

Number of options	Exercise Price	Expiry Date
250,000	$ 0.10	August 8, 2016

EXPRESSED IN CANADIAN DOLLARS

5. **SHARE CAPITAL** (cont'd…)

Stock option plan (cont'd…)

As at September 30, 2012, the following agent's options were outstanding:

	Number of Options		Weighted Average Exercise Price
Outstanding, March 31, 2012	300,000		0.10
Granted	-		-
Expired	-		-
Exercised	(134,755)		0.10
Outstanding, September 30, 2012	165,245	$	0.10
Options Exercisable, September 30, 2012	165,245	$	0.10

The following weighted-average assumptions were used for the Black-Scholes valuation of the stock options and agent's options granted during the period:

	June 30, 2012	March 31, 2011
Risk-free interest rate	1.12%	-
Expected life of options	3.36 years	-
Annualized volatility	100%	-
Dividend rate	0.00%	-

Annualized volatility is estimated by considering historic average share price volatility of the publicly traded shares of comparable entities.

Total expenses arising from share-based payment transactions recognized during the year ended March 31, 2012 was $18,656 (2011 - $Nil).

6. CAPITAL MANAGEMENT

Capital is comprised of the Company's shareholders' equity. As at September 30, 2012, the Company's shareholders' equity was $563,811. The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels.

The Company is dependent on the capital markets as its sole source of operating capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects. The Company is not subject to any externally imposed capital requirements. There has been no change in the Company's approach to capital management during the year ended September 30, 2012.

7. FINANCIAL INSTRUMENTS AND RISK

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The fair value of cash is based on level 1 inputs of the fair value hierarchy.

The fair value of the Company's receivables, accounts payable and accrued liabilities and due to related parties approximates their carrying values due to the short-term nature.

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

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2012, the Company had a cash balance of $400,376 to settle current liabilities of $20,000.

7. FINANCIAL INSTRUMENTS AND RISK (con't…)

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(a) Interest rate risk

The Company has cash balances and no interest-bearing debt. As of September 30, 2012, the Company held an interest bearing GIC term deposit with a variable interest rate. The interest rate risk on cash is not considered significant.

(b) Foreign currency risk

The Company does not have assets or liabilities in a foreign currency.

(c) Price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, and the stock market to determine the appropriate course of action to be taken by the Company.

8. RELATED PARTY TRANSACTIONS

On August 1, 2012, the Company signed a consulting agreement with a Director of the Company, to provide consulting services for a monthly fee of $6,000 for a period of three years.

During the period ended September 30, 2012, the Company entered into the following transactions with related parties:

- Paid or accrued rent of $10,800 (2011 - $Nil) to a company controlled by a director.
- Paid or accrued consulting fees of $6,000 (2011 - $Nil) to a director.

9. SEGMENTAL ANAYSIS

The Company operates in one business segment which is the exploration of exploration and evaluation assets and all its operations are in Canada.

EXPRESSED IN CANADIAN DOLLARS

10. INCOME TAXES

		2012		2011
Loss before income taxes	$	(113,757)	$	(18,093)
Expected income tax recovery	$	(30,000)	$	(5,000)
Impact of future income tax rates applied versus current statutory rate		1,000		-
Non-deductible expenditures		5,000		-
Share issue costs		(20,000)		-
Change in unrecognized deductible temporary differences and other		44,000		5,000
Total	$	-		-

Significant components of deductible temporary differences and unused tax losses that have not been recognized on the statements of financial position are as follows:

		As of March 31,				
		2012	**Expiry dates**		**2011**	**Expiry date**
Share issue costs	$	63,000	2013 - 2016	$	-	-
Non-capital losses		121,000	2031 - 2032		5,000	2031

11. SUBSEQUENT EVENTS

Subsequent to the quarter end, 47,600 agent's warrants were exercised at a price of $0.10.