BRAVURA VENTURES CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTH ENDED JULY 31, 2012 AND 2011

(UNAUDITED)

Notice of No Auditor Review of Interim Financial Statements

The accompanying unaudited financial statements have been prepared by management and approved by the Audit Committee.

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

BRAVURA VENTURES CORP.
Statements of Financial Position
(Expressed in Canadian dollars)

		July 31, 2012		January 31, 2012
ASSETS				
CURRENT				
Cash	$	20,201	$	220,357
Amount receivable		66,388		57,162
Prepaid expenses (Note 5)		–		10,000
		86,589		287,519
MINERAL PROPERTY (Note 4)		393,551		348,551
	$	480,140	$	636,070
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities (Note 5)	$	13,387	$	36,358
SHAREHOLDERS' EQUITY				
SHARE CAPITAL (Note 6)		1,102,079		1,077,079
RESERVES		176,789		176,789
DEFICIT		(812,115)		(654,156)
		466,753		599,712
	$	480,140	$	636,070

NATURE OF BUSINESS AND CONTINUING OPERATIONS (Note 1)
COMMITMENTS (Note 7)

Approved and authorized for issue on behalf of the Board on September 27, 2012

"Quinn Field-Dyte"
Director

"Jerry Minni"
Director

BRAVURA VENTURES CORP.
Statement of Comprehensive Loss
(Expressed in Canadian dollars)

	Three months ended July 31, 2012	Three months ended July 31, 2011	Six months ended July 31, 2012	Six month ended July 31, 2011
EXPENSES				
Consulting fees	$ 4,500	$ 2,000	$ 8,250	$ 8,000
Investor communications	1,775	2,624	10,457	2,624
Management fees	31,500	39,250	73,000	52,000
Office and miscellaneous	778	5,674	2,747	7,210
Professional fees	10,300	16,753	26,747	24,639
Property evaluation	7,997	–	8,372	–
Rent and property tax	3,000	–	6,000	–
Share-based payments	–	7,996	–	116,996
Transfer agent and filing fees	6,244	6,583	16,258	7,083
Travel and promotion	2,518	2,222	6,128	2,222
	(68,612)	(83,102)	(157,959)	(220,774)
LOSS BEFORE INCOME TAXES	(68,612)	(83,102)	(157,959)	(220,774)
FUTURE INCOME TAX RECOVERY	–	–	–	12,495
NET LOSS AND COMPREHENSIVE LOSS	$ (68,612)	$ (83,102)	$ (157,959)	$ (208,279)
LOSS PER SHARE, basic and diluted	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.04)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	10,868,751	6,016,355	10,868,751	6,016,355

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

BRAVURA VENTURES CORP.
Statements of Changes in Equity
(Expressed in Canadian dollars)

	Common Shares without Par Value								
	Shares		Amount		Reserves		Deficit		Total Shareholders' Equity
Balance, January 31, 2011	5,168,751	$	413,501	$	–	$	(188,458)		225,016
Issued for mineral property	100,000		15,000		–		–		15,000
Issued to agent as fees	100,000		15,000		–		–		15,000
Issued for cash	5,500,000		596,666		–		–		596,666
Share based payments	–		–		158,705		–		158,705
Comprehensive loss	–		–		–		(220,774)		(220,774)
Balance, July 31, 2011	10,868,751	$	1,040,167	$	158,705	$	(409,259)	$	789,613
Balance, January 31, 2012	10,868,751	$	1,077,079	$	176,789	$	(654,156)	$	599,712
Issued for mineral property	250,000		25,000		–		–		25,000
Comprehensive loss	–		–		–		(157,959)		(157,959)
Balance at July 31, 2012	11,118,751	$	1,102,079	$	176,789	$	(812,115)	$	466,753

BRAVURA VENTURES CORP.
Statements of Cash Flow
(Expressed in Canadian Dollars)

	Three months ended July 31, 2012	Three months ended July 31, 2011	Six months ended July 31, 2012	Six month ended July 31, 2011
OPERATING ACTIVITIES				
Net income (loss) for the year	$ (68,612)	$ (83,102)	$ (157,959)	$ (220,774)
Items not affecting cash:				
Share-based payments	–	7,996	–	116,996
	(68,612)	(75,106)	(157,959)	(103,778)
Changes in non-cash working capital items:				
Amounts receivable	(3,307)	(4,339)	(9,226)	(7,876)
Prepaid expenses	11,824	–	10,000	–
Accounts payable and accrued liabilities	(3,090)	(31,349)	(22,971)	(11,436)
Due to directors	–	–	–	(10,463)
Net cash used in operating activities	(63,185)	(110,854)	(180,156)	(133,553)
FINANCING ACTIVITIES				
Deferred financing cost	–	(76,033)	–	–
Shared issued for cash	–	653,435	–	653,375
Net cash provided by financing activities	–	729,468	–	653,375
INVESTING ACTIVITES				
Mineral property acquisition And exploration costs	(20,000)	(115,000)	(20,000)	(124,547)
Cash used in investing activities	(20,000)	(115,000)	(20,000)	(124,547)
INCREASE (DECREASE) IN CASH	(83,185)	503,614	(200,156)	395,275
CASH, BEGINNING	103,386	10,428	220,357	118,767
CASH, ENDING	$ 20,201	$ 514,042	$ 20,201	$ 514,042
Supplemental information:				
Interest paid	$ –	$ –	$ –	$ –
Income tax paid	$ –	$ –	$ –	$ –
Shares issued for mineral properties	$ 25,000	$ 15,000	$ 25,000	$ 15,000
Shares issued for service	$ –	$ 15,000	$ –	$ 15,000

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

1. NATURE OF BUSINESS AND CONTINUING OPERATIONS

Bravura Ventures Corp. (the "Company") was incorporated on August 6, 2010 under the British Columbia Business Corporations Act. The Company is domiciled in Canada and is a reporting issuer with its common shares publicly traded on the TSX-Venture exchange under the stock symbol "BVQ". The Company is primarily engaged in the acquisition, exploration and development of mineral properties. The address of its head office is Suite 200 – 551 Howe Street, Vancouver, British Columbia, Canada, V6C 2C2

At July 31, 2012, the Company had not yet determined whether the properties contain ore reserves that are economically recoverable. The recoverability of amounts shown for mineral properties and related deferred exploration costs is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development, and upon future profitable production from the mineral properties or proceeds from the disposition of the mineral property.

At July 31, 2012, the Company had incurred a net loss of $157,959 (2011 - $220,774) and an accumulated deficit of $812,115 which have been funded by the issuance of equity. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

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

The financial statements were authorized for issue in accordance with a resolution from the Board of Directors on September 24, 2012.

b) Basis of presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out in Note 2(m). In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The comparative figures presented in these financial statements are in accordance with IFRS.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. .

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Significant accounting estimates and judgments

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

Critical accounting estimates

i. the inputs used in accounting for share-based compensation expense in profit or loss;

ii. the assessment of indications of impairment of the mineral property and related determination of the net realizable value and write-down of the property where applicable; and,

iii. the estimated value of the exploration costs which are recorded in the statement of financial position;

Critical accounting judgments

i. The determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by management.

c) Mineral properties

All costs related to the acquisition, exploration and development of mineral properties are capitalized. Upon commencement of commercial production, the related accumulated costs are amortized against projected income using the units of production method over estimated recoverable reserves. Management annually assesses carrying values of non-producing properties and properties for which events and circumstances may indicate possible impairment. Impairment of a property is generally considered to have occurred if the property has been abandoned, there are unfavourable changes in the property economics, there are restrictions on development, or when there has been an undue delay in development, which exceeds three years. In the event that estimated discounted cash flows expected from its use or eventual disposition is determined by management to be insufficient to recover the carrying value of the property, the carrying value is written-down to the estimated recoverable amount.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Mineral properties - continued

The recoverability of mineral properties and exploration and development costs is dependent on the existence of economically recoverable reserves, the ability to obtain the necessary financing to complete the development of the reserves, and the profitability of future operations. The Company has not yet determined whether or not any of its future mineral properties contain economically recoverable reserves. Amounts capitalized to mineral properties as exploration and development costs do not necessarily reflect present or future values.

When options are granted on mineral properties or properties are sold, proceeds are credited to the cost of the property. If no future capital expenditure is required and proceeds exceed costs, the excess proceeds are reported as a gain.

e) 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 year end, adjusted for amendments to tax payable with regards to previous years.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings. The tax rate used is the rate that is enacted or substantively enacted.

Deferred tax is provided using the balance sheet 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 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 financial position reporting date applicable to the period of expected realization or settlement.

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.

f) Decommissioning, restoration and similar liabilities

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Decommissioning, restoration and similar liabilities - continued

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

The Company has no material restoration, rehabilitation and environmental obligations as the disturbance to date is immaterial.

g) Share-based payments

Share-based payments to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to equity settled share-based payments reserve.

Consideration received on the exercise of stock options is recorded as share capital and the related equity settled share-based payments reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from equity settled share-based payment reserve.

Share-based compensation expense relating to deferred share units is accrued over the vesting period of the units based on the quoted market price. As these awards can be settled in cash, the expense and liability are adjusted each reporting period for changes in the underlying share price.

h) Loss per share

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of common shares outstanding during the period. The Company applies the treasury stock method in calculating diluted loss per share. Diluted loss per share excludes all dilutive potential common shares if their effect is anti-dilutive.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Flow-through shares

Current Canadian tax legislation permits a company to issue securities referred to as flow-through shares whereby the Company assigns the tax deductions arising from the related resource expenditures to the shareholders. The issue of flow-through shares is in substance an issue of ordinary shares and the sale of tax deductions. At the time the Company issues flow-through shares, the sale of tax deductions is deferred and presented as other liabilities in the statement of financial position to recognize the obligation to incur and renounce eligible resource exploration and evaluation expenditures. The tax deduction is measured as the difference between the current market price of the Company's common shares and the issue price of the flow-through share. Upon incurring and renouncing eligible resource exploration and evaluation expenditures, the Company recognizes the sale of tax deductions as a tax deduction recovery on the statement of comprehensive loss and reduces the other liability.

To the extent that the Company has deferred tax assets in the form of tax loss carry-forwards and other unused tax credits as at the reporting date, the Company may use them to reduce its deferred tax liability relating to tax benefits transferred through flow-through shares.

j) Impairment of non-financial assets

At the end of each reporting period, the Company assesses each cash generating unit to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a discounted rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

When an impairment subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate and its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

k) Cash and cash equivalents

Cash and cash equivalents consist of cash and liquid investments which are readily convertible into cash with maturities of three months of less when purchased. The Company's cash and cash equivalents are invested with major financial institutions and are not invested in any asset-backed deposits or investments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Financial instruments

i) Financial assets

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

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit or loss. The Company has classified its cash as FVTPL.

Financial assets classified as loans and receivables are measured at amortized cost less impairment. The Company has no financial assets classified as loans and receivables.

Financial assets classified as held-to-maturity are measured at amortized cost. The Company has no financial assets classified as held-to-maturity.

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered other than temporary. The Company has no financial assets classified as available-for-sale.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

ii) Financial liabilities

Financial liabilities are initially recorded at fair value and designed upon inception as FVTPL or classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as FVTPL. Fair value changes on financial liabilities classified as FVTPL are recognized through the statement of comprehensive income or loss. The Company has no financial liabilities classified as FVTPL.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. Subsequently, they are measured at amortized cost using the effective interest rate method. The Company has classified its accounts payable as other financial liabilities.

m) Related party transactions

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

3. RECENT ACCOUNTING PRONOUNCEMENTS

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods beginning after January 1, 2010, or later periods. Some updates are not applicable or are not consequential to the Company may have been excluded from the list below.

Accounting standards effective January 1, 2012

Financial instrument disclosure
In October 2010, the IASB issued amendments to IFRS 7 – *Financial Instruments: Disclosure that* improves the disclosure requirements in relation to transferred financial assets. The amendments are effective for annual periods beginning on or after July 1, 2011, with earlier adoption permitted. The Company does not anticipate this amendment to have a significant impact on its financial statements.

Income taxes
In December 2010, the IASB issued an amendment to IAS 12 – *Income Taxes* that provide a practical solution to determining the recovery of investment properties as it relates to the accounting for deferred income taxes. This amendment is effective for annual periods beginning on or after January 1, 2012, with earlier adoption permitted. The Company does not anticipate this amendment to have a significant impact on its financial statements.

Accounting standards anticipated to be effective January 1, 2013

Consolidation
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 Company does not anticipate the application of IFRS 10 to have a material impact on its financial statements.

Joint ventures
On May 12, 2011, the IASB issued IFRS 11, *Joint Arrangements*. IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or 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, J*ointly Controlled Entities—Non-monetary Contributions by Venturers*. The Company does not anticipate the application of IFRS 11 to have a material impact on its financial statements.

Disclosure of interest in other entities
IFRS 12, *Disclosure of Interest 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 Company does not anticipate the application of IFRS 12 to have a material impact on its financial statements.

Fair value measurement
IFRS 13, *Fair Value Measurement*, sets out a single IFRS framework for measuring fair value and new required disclosures about fair value measurements. Management anticipates that this standard will be adopted in the Company's financial statements for the period beginning February 1, 2013, and has not yet considered the potential impact of the adoption of IFRS 13.

(Expressed in Canadian dollars)

3. RECENT ACCOUNTING PRONOUNCEMENTS (continued)

Accounting standards anticipated to be effective January 1, 2013 (continued)

Presentation of financial statements
IAS 1, *Presentation of Financial Statements*, effective for annual periods beginning on or after July 1, 2012, was amended to require entities to group items within other comprehensive income that may be reclassified to profit or loss. Management anticipates that this standard will be adopted in the Company's financial statements for period beginning February 1, 2013, and has not yet considered the potential impact of the adoption of IAS 1.

Accounting standards anticipated to be effective January 1, 2015

Financial instruments
IFRS 9, *Financial Instruments*, addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit and loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit and loss or at fair value through other comprehensive income. The Company has not yet considered the potential impact of the adoption of IFRS 9 on its financial statements.

4. MINERAL PROPERTY

	Period ended July 31, 2012	Year ended January 31, 2012
Acquisition costs		
Balance, beginning	$ 54,555	$ 15,555
Cash paid	20,000	20,000
Shares issued	25,000	19,000
Balance, ending	$ 99,555	$ 54,555
Exploration costs		
Balance, beginning	$ 293,996	$ 105,771
Surveying	–	171,286
Consulting	–	2,625
Other	–	14,314
Balance, ending	293,996	293,996
	$ 393,551	$ 348,551

(Expressed in Canadian dollars)

4. MINERAL PROPERTY (continued)

Greenhorn Property, British Columbia

Pursuant to an option agreement dated November 24, 2010, the Company was granted an option to acquire a 100% undivided interest in the Greenhorn Property comprised of 7 mineral claims located in the Slocan Mining Division, British Columbia. To earn the 100% interest, the Company agreed to pay $120,555 and issue 200,000 common shares of the Company to the optionors as follows:

		Cash Payments	Number of Common Shares
(i) By November 24, 2010 (paid)	$	15,555	–
(ii) On July 19, 2011 (paid and issued)		20,000	100,000
(iii) On or before July 4, 2012		20,000	100,000
(iv) On or before July 4, 2013		30,000	–
(v) On or before July 4, 2014		35,000	–
	$	120,555	200,000

The property is subject to a 2% net smelter return royalty ("NSR") which can be purchased by the Company at $1,000,000 per percentage point during the five year period commencing from the date upon which the property is put into commercial production. The Company has paid a total of $20,000 to date.

Quebec Property

Pursuant to an option agreement dated June 11, 2012, the Company acquired a 100% interest in the three graphite properties located in southern Quebec, Canada, all within the Central Metasedimentary Belt of the Grenville region. The Company paid $20,000 and issued 250,000 common shares to acquire the interest.

5. RELATED PARTY TRANSACTIONS AND BALANCES

During the year, the Company incurred the following related party transactions which were measured at exchange amounts, which were the amounts agreed upon by the transacting parties and are on terms and conditions similar to those for arms length transactions:

a) The Company paid management fees of $63,000 (2011 - $52,000) to directors or companies controlled by directors of the Company.

b) The Company incurred consulting and accounting fees of $7,900 (2011 - $14,386) from a company controlled by a director and officer of the Company.

c) The Company paid rental fees of $6,000 (2011 - $Nil) to a company controlled by a director of the Company.

d) The Company paid management fees and property evaluation fees of $107,997 (2011 - $Nil) to the chief executive officer during the year.

Accounts payable includes $3,700 (2011 - $2,500) related to the above noted fees and services. The amounts are non-interest bearing, unsecured and with no stated payment terms.

(Expressed in Canadian dollars)

6. SHARE CAPITAL

a) Authorized

Unlimited number of common shares without par value.

b) Issued and fully paid

	Number of Shares	Amount
Balance, August 6, 2010 (date of incorporation)	-	$ -
Issued for cash pursuant to subscription agreements		
At $1.00 per share	1	1
At $0.001 per share	2,000,000	2,000
Fair value adjustment on 2,000,000 shares issued	–	158,000
At $0.08 per non-flow through share	2,643,750	211,500
At $0.08 per flow through share	525,000	42,000
Balance, January 31, 2011	5,168,751	413,501
Issued for mineral property (Note 4)	100,000	19,000
Issued to agent as fees in connection with IPO	100,000	15,000
Issued for cash	5,500,000	825,000
Share issuance costs	-	(195,422)
Balance, January 31, 2012	10,868,751	1,077,079
Issued for mineral property	250,000	25,000
Balance, July 31, 2012	11,118,751	$ 1,102,079

On June 29, 2011, the Company completed its prospectus offering of 5,500,000 common shares at a price of $0.15 per share for gross proceeds of $825,000 (the "IPO").

In connection with the IPO, the Company paid to an agent cash commission of $70,125 (being 8.5% of the gross proceeds from the sale of the common shares). The Company also paid to the agent a work fee of $12,500 in cash as well as a corporate finance fee in 100,000 shares of the Company with a fair value of $15,000 on the date of issuance.

During the year ended January 31, 2012, the Company renounced the exploration expenditures related to the flow through shares that were issued in the prior year.

In connection with the IPO, the Company issued 467,500 agents' warrants with a fair value of $48,947.

(Expressed in Canadian dollars)

6. SHARE CAPITAL (continued)

c) Stock options

The Company has implemented a stock option plan ("the Plan") to be administered by the Board of Directors. Pursuant to the Plan the Board of Director's has discretion to grant options for up to a maximum of 10% of the issued and outstanding common shares of the Company at the date the options are granted. The option price under each option shall be not less than the discounted market price on the grant date. The expiry date of an option shall be set by the Board of Directors at the time the option is awarded, and shall not be more than ten years after the grant date.

On March 18, 2011, the Company granted incentive stock options to directors and officers to purchase 900,000 common shares of the Company at an exercise price of $0.15 per share expiring 5 years from the date the common shares of the Company are listed and posted for trading on the TSXV. These options vested immediately upon granting and none were exercised at July 31, 2012.

On September 1, 2011, the Company granted incentive stock options to consultants to purchase 170,000 common shares of the Company at an exercise price of $0.15 per share expiring 2 years from the date of grant. The options vested immediately upon granting and none were exercised at July 31, 2012.

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

Expiry date	Exercise Price	January 31, 2012	Granted	Exercised	Expired/ cancelled	July 31, 2012	Options exercisable
March 18, 2016	$0.15	750,000	–	–	–	750,000	750,000
September 1, 2013	$0.15	170,000	–	–	–	170,000	170,000
	$0.15	920,000	–	–	–	920,000	920,000
Weighted average exercise price	–		–	–	–	$0.15	$0.15
Weighted average contractual remaining life (years)	–		–	–	–	3.41	3.41

The Company did not grant any stock options during the period.

The fair value of stock options granted during the year ended January 31, 2012 is $127,842. Options were priced based on the Black-Scholes option pricing model using the following weighted average assumptions to estimate the fair value of options granted:

Expected share price volatility	116%
Expected life of options (in years)	4.45
Risk free interest rate	2.22%
Grant date share price	$0.15
Expected forfeiture rate	0%
Expected dividend yield %	0%

(Expressed in Canadian dollars)

6. SHARE CAPITAL (continued)

d) Escrow shares

The Company entered into an escrow agreement on April 28, 2011. Pursuant to the escrow agreement, 2,450,001 common shares were to be held in escrow, of which 10% were released on July 4, 2011, which was the date the common shares of the Company were listed and posted for trading on the TSXV, and 15% will be released every six months thereafter to July 4, 2014. As at July 31, 2012, there were 1,470,001 common shares remained in escrow.

e) Warrants

The continuity of warrants for the year ended July 31, 2012 is as follows:

Expiry date	Exercise Price	January 31, 2012	Granted	Exercised	Expired/ cancelled	July 31, 2012	Options exercisable
July 4, 2013	0.20	467,500	–	–	–	467,500	467,500

The weighted average exercise price of the warrants was $0.20.

The Company did not issue any warrants during the period.

During the year ended January 31, 2012, the company granted 467,500 agent warrants pursuant to the Company's initial public offering with a weighted average fair value of $0.10 each. The fair value of the warrants granted is estimated on the date of grant, using the Black-Scholes option pricing model with the following weighted average assumptions:

Expected share price volatility	118%
Expected life of warrants (in years)	2.00
Risk free interest rate	1.58%
Grant date share price	$0.20
Expected dividend yield %	0%

7. COMMITMENTS

The Company is obligated to make certain payments and issue shares as described in Note 4 in connection with the acquisition of its mineral property.

8. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of mineral properties. The Company does not have any externally imposed capital requirements to which it is subject.

As at July 31, 2012, the Company had capital resources consisting mainly of cash. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue common shares or dispose of assets or adjust the amount of cash.

9. FINANCIAL INSTRUMENTS

Fair Values

The Company's financial instruments consist of cash, accounts payable and due to directors. The fair values of these financial instruments approximate their carrying values because of their current nature.

The following table summarizes the carrying values of the Company's financial instruments:

		July 31, 2012
FVTPL (i)	$	20,201
Other financial liabilities (ii)		13,387

(i) Cash
(ii) Accounts payable, due to directors

The Company classifies its fair value measurements in accordance with the three level fair value hierarchy 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 the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices), and
Level 3 – Inputs that are not based on observable market date

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy as follows:

		Level 1		Level 2		Level 3		July 31, 2012
Cash	$	20,201	$	-	$	-	$	20,201

Credit Risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places these instruments with a high quality financial institution.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due (Note 1). The Company manages liquidity risk through the management of its capital structure and financial leverage as outlined above.

The Company monitors its ability to meet its short-term exploration and administrative expenditures by raising additional funds through share issuance when required. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. The Company does not have investments in any asset backed deposits.

Foreign Exchange Risk

The Company does not have significant foreign exchange risk as all of its transactions are in Canadian dollars.

Interest Rate Risk

The Company is not exposed to significant interest rate risk.