NORTHERN LIGHTS RESOURCES CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS

(Unaudited – Prepared by Management)
(In Canadian Dollars)

January 31, 2012

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NORTHERN LIGHTS RESOURCES CORP.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited – Prepared by Management)
(In Canadian Dollars)
AS AT

	January 31, 2012	April 30, 2011 (Note 12)	May 1, 2010 (Note 12)
ASSETS			
Current			
Cash	$ 229	$ 2,597	$ 80
Receivables	-	390	801
Prepaids	5,745	5,745	5,745
	5,974	8,732	6,626
Deferred financing costs (Note 11a)	32,211	24,000	-
Equipment (Note 3)	6,128	7,526	9,715
Exploration and evaluation assets (Note 4)	2,067,871	2,067,256	2,064,751
	$ 2,112,184	$ 2,107,514	$ 2,081,092
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities (Note 11b)	$ 148,846	$ 138,621	$ 251,723
Loans payable (Note 6)	-	-	27,000
	148,846	138,621	278,723
Loans payable (Note 6)	212,450	196,500	205,000
	361,296	335,121	483,723
Shareholders' equity			
Share capital (Note 5)	2,435,608	2,435,608	2,193,305
Stock-based payment reserve	20,000	20,000	20,000
Deficit	(704,720)	(683,215)	(615,936)
	1,750,888	1,772,393	1,597,369
	$ 2,112,184	$ 2,107,514	$ 2,081,092

Nature and continuance of operations (Note 1)
Basis of presentation (Note 2)
Commitments (Note 10)
Subsequent events (Notes 5 and 11)

On behalf of the Board:

"Rick Timke" Director   "Dave Cross" Director

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

NORTHERN LIGHTS RESOURCES CORP.
CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited – Prepared by Management)
(In Canadian Dollars)

	Three Months Ended January 31, 2012	Three Months Ended January 31, 2011	Nine Months Ended January 31, 2012	Nine Months Ended January 31, 2011
		(Note 12)		(Note 12)
EXPENSES				
Amortization	$ 361	$ 547	$ 1,398	$ 1,641
Office and miscellaneous	355	216	1,433	1,437
Professional fees (Note 6)	1,514	11,120	16,014	12,371
Rent	522	3,262	2,204	29,817
Telecommunication	161	(485)	456	1,037
Loss and comprehensive loss for the period	$ (2,913)	$ (14,660)	$ (21,505)	$ (46,303)
Basic and diluted loss per common share	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)
Weighted average number of common shares outstanding	22,934,652	21,156,460	22,934,652	20,419,842

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

NORTHERN LIGHTS RESOURCES CORP.
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Unaudited – Prepared by Management)
(In Canadian Dollars)

	Number of shares	Capital stock	Special warrants	Stock-based payment reserve	Deficit	Total equity
May 1, 2010 (Note 12)	19,656,366	$ 2,193,305	$ -	$ 20,000	$ (615,936)	$ 1,597,369
Issuance of special warrants	-	-	166,290	-	-	166,290
Special warrants costs - cash	-	-	(14,259)	-	-	(14,259)
Issuance of shares on conversion of special warrants	1,127,000	72,128	(72,128)	-	-	-
Issuance of shares to settle accounts payable	902,715	90,272	-	-	-	90,272
Loss for the period	-	-	-	-	(46,303)	(46,303)
January 31, 2011 (Note 12)	21,686,081	2,355,705	79,903	20,000	(662,239)	1,793,369
Issuance of shares on conversion of special warrants	1,248,571	79,903	(79,903)	-	-	-
Issuance of shares to settle accounts payable	-	-	-	-	-	-
Loss for the period	-	-	-	-	(20,976)	(20,976)
April 30, 2011 (Note 12)	22,934,652	2,435,608	-	20,000	(683,215)	1,772,393
Loss for the period	-	-	-	-	(21,505)	(21,505)
January 31, 2012	22,934,652	$ 2,435,608	$ -	$ 20,000	$ (704,720)	$ 1,750,888

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

NORTHERN LIGHTS RESOURCES CORP.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited – Prepared by Management)
(In Canadian Dollars)
FOR THE NINE MONTHS ENDED JANUARY 31

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (21,505)	$ (46,303)
Non-cash items:		
Amortization	1,398	1,641
Changes in non-cash working capital items:		
Decrease in receivables	390	411
Increase (decrease) in accounts payable and accrued liabilities	5,432	(53,283)
Net cash used in operating activities	(14,285)	(97,534)
CASH FLOWS FROM INVESTING ACTIVITIES		
Mineral property costs	(615)	(1,930)
Net cash used in investing activities	(615)	(1,930)
CASH FLOWS FROM FINANCING ACTIVITIES		
Loans payable payments	(20,150)	(39,000)
Loans payable proceeds	36,100	12,000
Proceeds from subscriptions received	-	152,031
Deferred financing costs	(3,418)	(24,000)
Net cash provided by financing activities	12,532	101,031
Change in cash for the period	(2,368)	1,567
Cash, beginning of period	2,597	80
Cash, end of period	$ 229	$ 1,647
Cash paid for interest	$ -	$ -
Cash paid for income taxes	-	-
Supplemental disclosure with respect to cash flows (non-cash transactions)		
Exploration and evaluation asset expenditures included in accounts payable	$ 65,109	$ 105,081
Accrued finder’s fee	-	4,800
Deferred financing costs included in accounts payable	4,793	-

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Northern Lights Uranium Corp. (the "Company") was incorporated under the laws of British Columbia on March 28, 2007. On April 22, 2008, the Company changed its name to Northern Lights Resources Corp. The Company's principal business activities include the acquisition and exploration of resource properties. The Company is in the process of completing an initial public offering ("IPO") by way of prospectus, and a listing on the Canadian National Stock Exchange ("CNSX") (Note 11).

The Company is in the process of exploring its mineral properties and has not yet determined whether the properties contain reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves, the achievement of profitable production, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis.

These condensed interim financial statements have been prepared on a going concern basis 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. The continuing operations of the Company are dependent upon its ability to continue to complete an IPO or raise adequate financing and to commence profitable operations in the future. The condensed interim financial statements do not include any adjustments relating to the recoverability and classification of recorded assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The Canadian Institute of Chartered Accountants Handbook was revised in 2010 to incorporate International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), and require publicly accountable enterprises to apply such standards effective for fiscal years beginning on or after January 1, 2011. The Company has commenced reporting on this basis in these condensed interim financial statements.

These IFRS condensed interim financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting and IFRS 1, First-Time Adoption of International Financial Reporting Standard. These condensed interim financial statements do not include all disclosure required by IFRS for annual financial statements and accordingly should be read in conjunction with the Company's audited financial statements for the year ended April 30, 2011 presented under Canadian Generally Accepted Accounting Principles ("cGAAP"). Subject to certain transition elections disclosed in Note 12, the Company has consistently applied the same accounting policies in the opening IFRS statement of financial position as at May 1, 2010 and throughout all periods presented, as if the policies had always been in effect. Note 12 discloses the impact of the transition from cGAAP to IFRS on the reported financial position, operating earnings and cash flows, including the nature and effect of significant changes in accounting policies from those used in the financial statements for the year ended April 30, 2011. IFRS 1, which governs the first-time adoption of IFRS, generally requires accounting policies to be applied retrospectively to determine the opening statement of financial position on the transition date of May 1, 2010 and allows certain exemptions on transition to IFRS. The elections adopted by the Company have been disclosed in Note 12.

The policies applied in these condensed interim financial statements are based on IFRS guidance available as of March 9, 2012, the date the Board of Directors approved the financial statements. Any subsequent changes to IFRS that are given effect in the annual financial statements for the year ended April 30, 2012 could result in restatement of these condensed interim financial statements. None of these proposed standards are expected to have a significant effect on the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Loss per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. Basic loss per common share is calculated using the weighted average number of common shares outstanding during the period.

Comprehensive income

Comprehensive income (loss) reflects the net gain (loss) and other comprehensive income (loss) for the period. Other comprehensive income (loss) includes changes in unrealized foreign currency translation amounts arising from self-sustaining foreign operations, unrealized gains and losses on available-for-sale assets and changes in the fair value of derivatives designated as cash flow hedges to the extent they are effective.

Equipment

Equipment is recorded at cost less accumulated amortization. Amortization is provided on a declining balance basis at 20% per annum for furniture and equipment and 50% per annum for computer equipment.

Estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates include financial instruments, the estimation of stock-based compensation, valuation and recoverability / carrying value of exploration and evaluation assets, the determination of impairment of assets, useful lives for amortization and valuation allowances for deferred tax assets. Actual results could differ from those estimates.

Exploration and evaluation assets

Upon acquiring the legal right to explore a mineral property, costs related to acquisition, exploration and evaluation are capitalized by property. If commercially profitable ore reserves are developed, capitalized costs of the related exploration and evaluation assets are reclassified as mining assets and amortized using the unit of production method. If, after management review, it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable, or the exploration and evaluation assets are abandoned, or management deems there to be an impairment in value, the exploration and evaluation assets are written down to their net realizable value.

Any option payments received by the Company from third parties or tax credits refunded to the Company are credited to the capitalized cost of the exploration and evaluation assets. If payments received exceed the capitalized cost the excess is recognized as income in the year received. The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and evaluation, and future profitable production or proceeds from the disposition thereof.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Impairment

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If 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 pre-tax discount 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 the 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.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of 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.

Provision for environmental rehabilitation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates. Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period.

Stock-based payments

The Company grants stock options to acquire 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.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

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 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 are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the 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. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it provides a valuation allowance against that excess.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. 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.

Deferred financing costs

Costs directly identifiable with the raising of capital will be charged against the related share capital. 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 share capital or charged to operations if the shares are not issued.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments – recognition and measurement

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

Fair value through profit or loss - This category comprises derivatives, or assets acquired or incurred principally for the purpose of 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 through profit or loss.

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

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

Available-for-sale - 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 through other comprehensive income (loss).

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

The Company has classified its cash at fair value through profit and loss. The Company's receivables are classified as loans and receivables.

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

Fair value through profit or loss - This category comprises derivatives, or 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 through profit or loss.

Other financial liabilities: This category consists of liabilities carried at amortized cost using the effective interest method.

The Company's accounts payable and accrued liabilities and loans payable are classified as other financial liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Future Accounting Standards

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and none of these standards are expected to have a significant effect on the financial statements.

Accounting Standards Issued and Effective January 1, 2012

IAS 12 – Income Taxes (Amended) (IAS 12), introduces an exception to the general measurement requirements of IAS 12 in respect of investment properties measured at fair value.

IFRS 7 – *Financial instruments: Disclosures (Amended*) require additional disclosures on transferred financial assets.

Accounting Standards Issued and Effective January 1, 2013
IFRS 9 *Financial Instruments* replaces the current standard IAS 39 Financial Instruments: Recognition and Measurement, replacing the current classification and measurement criteria for financial assets and liabilities with only two classification categories: amortized cost and fair value.

IFRS 10 *Consolidated Financial Statements* establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. This standard:

i. requires a parent entity (an entity that controls one or more other entities) to present consolidated financial statements

ii. defines the principle of control, and establishes control as the basis for consolidation

iii. sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee

iv. sets out the accounting requirements for the preparation of consolidated financial statements. IFRS 10 supersedes IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation—Special Purpose Entities.

IFRS 11 *Joint Arrangements* establishes the core principle that a party to a joint arrangement determines the type of joint arrangement in which it is involved by assessing its rights and obligations and accounts for those rights and obligations in accordance with that type of joint arrangement.

IFRS 12 *Disclosure of Involvement with Other Entities* requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

IFRS 13 *Fair Value Measurement* defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except for: share-based payment transactions within the scope of IFRS 2 Share-based Payment; leasing transactions within the scope of IAS 17 Leases; measurements that have some similarities to fair value but that are not fair value, such as net realisable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets.

IAS 27 *Separate Financial Statements* has the objective of setting standards to be applied in accounting for investments in subsidiaries, jointly ventures, and associates when an entity elects, or is required by local regulations, to present separate (non-consolidated) financial statements.

IAS 28 *Investments in Associates and Joint Ventures* prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. IAS 28 applies to all entities that are investors with joint control of, or significant influence over, an investee (associate or joint venture).

(In Canadian Dollars)

3. EQUIPMENT

	January 31, 2012			April 30, 2011		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Furniture and equipment	$ 14,150	$ 8,022	$ 6,128	$ 14,150	$ 6,941	$ 7,209
Computer equipment	2,631	2,631	-	2,631	2,314	317
	$ 16,781	$ 10,653	$ 6,128	$ 16,781	$ 9,255	$ 7,526

	May 1, 2010		
	Cost	Accumulated Amortization	Net Book Value
Furniture and equipment	$ 14,150	$ 5,140	$ 9,010
Computer equipment	2,631	1,926	705
	$ 16,781	$ 7,066	$ 9,715

4. EXPLORATION AND EVALUATION ASSETS

Pursuant to an agreement dated March 2007, as amended, the Company acquired an option to purchase a 100% interest in certain claim blocks in the Northwest Territories in exchange for (i) reimbursement of $992,720 of staking costs (of which $403,494 was paid or credited); (ii) issuing 460,000 units per claim block retained by the Company (each unit consisting of one common share and one-half share purchase warrant); and (iii) paying $28,750 per claim block retained, per year for three years, payable quarterly in 12 equal installments.

During the year ended April 30, 2009, the Company agreed with the property vendor to retain an option to acquire only one of the 43 claim blocks, and for that would issue 460,000 units and would pay $28,750 per year for three years. In addition, the Company agreed with the property vendor to settle the $589,226 owing by the Company to the vendor by paying $354,226 over three years and issuing 2,350,000 shares at $0.10 per share. All payments and issuance of securities to the vendor would occur on the date the Company gains a listing on the TSX Venture Exchange ("TSX-V").

In January 2010, a new agreement was entered into replacing earlier agreements whereby the Company has the option to acquire certain claims by paying $157,500 at $7,500 per month for 21 months commencing July 2010.

In June 2010, this agreement was amended whereby:

i) certain camp equipment held by the Company be sold to the vendor for $30,000 which will be offset against amounts owing to the vendor; and
ii) the remaining $127,500 owing will be paid over 30 months commencing on completion of the IPO at $3,000 per month for 12 months and $5,083 per month for 18 months thereafter.

(In Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Following is a summary of acquisition and exploration costs:

	Nine Months Ended January 31, 2012	Year Ended April 30, 2011	Year Ended May 1, 2010
Acquisition costs			
Balance, beginning of period	$ 393,506	$ 392,139	$ 456,634
Additions	300	1,367	15,750
Balance, end of period	393,806	393,506	472,384
Exploration costs			
Balance, beginning of period	1,673,750	1,672,612	1,661,223
Additions:			
Camp and field supplies	-	563	1,350
Geological	315	575	8,329
Prospecting and mapping	-	-	1,710
Balance, end of period	1,674,065	1,673,750	1,672,612
Write-offs	-	-	(80,245)
Total costs	$ 2,067,871	$ 2,067,256	$ 2,064,751

5. SHARE CAPITAL

Authorized: Unlimited common shares, without par value

Shares held in escrow: There will be 6,236,667 common shares held in escrow to be released over three years from the date the Company gains a listing on the CNSX.

a) During the year ended April 30, 2011, the Company issued 902,715 common shares to settle accounts payable of $90,272.

b) Special warrants

During the year ended April 30, 2011, the Company issued 2,375,571 special warrants at a price of $0.07 per special warrant, raising gross proceeds of $166,290. Each special warrant was then converted into one common share and one-half share purchase warrant. Each whole share purchase warrant entitles the holder to acquire an additional common share at a price of $0.15 until November 30, 2011. During the period ended January 31, 2012, the Company extended the expiry date to November 30, 2012.

c) Warrants

	Number of Warrants	Weighted Average Exercise Price
Balance, May 1, 2010	765,000	$ 0.40
Warrants expired	(765,000)	(0.40)
Conversion of special warrants	1,187,785	0.15
Balance, April 30, 2011 and January 31, 2012	1,187,785	0.15

(In Canadian Dollars)

5. SHARE CAPITAL (cont'd…)

As at January 31, 2012, the following warrants were issued and outstanding:

Number of Warrants	Exercise Price	Expiry Date
1,187,785	$ 0.15	November 30, 2012

d) Stock options

The Company has a stock option plan in place under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option will not be less than the market price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of 5 years.

During the year ended April 30, 2011, the Company granted 1,175,000 options that will be exercisable at $0.10 per share for five years, commencing and only becoming effective upon the date the Company is listed on the CNSX.

6. TRANSACTIONS WITH RELATED PARTIES

During the period ended January 31, 2012, the Company:

i) recorded professional fees of $6,014 (2011 - $Nil) to an accounting firm in which an officer and director of the Company is a partner. As at January 31, 2012, the officer and director was owed $12,835 (April 30, 2011 - $4,419) which is included in accounts payable and accrued liabilities.

i) received non-interest bearing loans for $36,100 from an officer and director of the Company, and repaid $20,150 of the loans. At January 31, 2012, the loans payable total was $212,450 (April 30, 2011 - $196,500; May 1, 2010 - $232,000). The Company entered into a debt settlement agreement where the Company will start to settle the loans beginning one year after completion of the Company's IPO on the CNSX (Note 11). Subsequently, at April 2, 2012, the loans payable total was $213,520.

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities, and loans payables. The fair value of these financial instruments, other than cash, approximates their carrying values due to the short-term nature of these instruments. The fair value of the loan payable to a related party has not been determined as no relevant information is available for this type of financial instrument and it is not practicable to do so. Cash is measured at fair value using level 1 inputs.

The Company is exposed to a variety of financial risks by virtue of its activities including currency, credit, interest rate, liquidity and commodity price risk.

a) Currency risk

The Company operates in Canada and is not subject to significant currency risk.

b) Credit risk

Credit risk is risk of financial loss to the Company if the counterparty to a financial statement fails to meet its contractual obligations. The Company's cash is held in large Canadian financial institutions and is not exposed to significant credit risk.

c) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to limited interest rate risk as it only holds non-interest bearing debt.

d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. The Company's ability to continue as a going concern is dependent on management's ability to raise the required capital through future equity or debt issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the directors are actively involved in the review, planning, and approval of significant expenditures and commitments.

e) Price risk

The ability of the Company to explore and develop its exploration and evaluation assets and the future profitability of the Company are directly related to the price of commodities. The Company monitors these prices to determine the appropriate course of action to be taken.

8. CAPITAL MANAGEMENT

The Company defines capital that it manages as its shareholders' equity. When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. 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 and exploration 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 the exploration stage; as such the Company has historically relied on the equity markets to fund its activities. 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.

The Company did not change its approach to capital management during the period ended January 31, 2012.

(In Canadian Dollars)

9. SEGMENTED INFORMATION

The Company currently operates in one business segment, being the exploration of mineral properties in Canada.

10. COMMITMENTS

The Company is committed to an operating lease on its office premises expiring March 31, 2013. Effective January 2011, the Company entered into a sub-leasing agreement whereby the subtenant will effectively assume the payments. The underlying lease agreement provides for annual lease payments as follows:

2012	$ 8,951
2013	37,908
	$ 46,859

11. SUBSEQUENT EVENTS

a) The Company obtained a final receipt to its prospectus dated January 5, 2012, and became a reporting issuer at that time. The prospectus pertained to a proposed initial public offering of a minimum of 3,500,000 Units to a maximum of 4,500,000 Units at a price of $0.10 per Unit for total gross proceeds of a minimum of $350,000 to a maximum of $450,000. Each Unit will consist of one common share and one common share purchase warrant exercisable at $0.15 for two years from the date of closing the IPO (subject to an acceleration clause whereby, if the stock price closes at or over $0.30 for a period of 20 consecutive days, the exercise period of the warrants will be shortened to 30 days after giving notice to the warrant holders). The Company has been unable to complete its initial public offering with the 90 days allowed for distribution (ending April 5, 2012); and is in the process of filing an amended and restated prospectus for an IPO of Units on the same terms as stated above.

In connection with the IPO, the Company will pay the Agent a cash commission of 10% of the gross proceeds raised, a corporate finance fee of $15,000, an additional corporate finance fee of $3,000 plus HST for the extended offering (of which $9,000 plus HST has been paid), and out-of-pocket expenses relating to the offering (of which $15,000 has been advanced). In addition, the Company will issue agent's warrants equal to 10% of the Units sold, exercisable at $0.15 each for a period of 24 months from the date of listing on the CNSX.

On completion of the listing 1,175,000 previously issued stock options will become effective and exercisable. (Note 5f)

b) The Company has entered into debt settlement agreements with several vendors, whereby the Company will settle aggregate payables of $148,945. Pursuant to these agreements, the Company issued 902,715 shares to settle payables of $90,272 during the year ended April 30, 2011. On completion of the IPO, certain remaining payables will be repaid over a three year period, with $13,200 paid in the first year and $45,360 over years two and three.

c) The Company entered into a management agreement with the President and CEO where the President and CEO will be paid $18,000 a year for three years commencing upon completion of the Company's IPO. If the agreement is terminated for any reason other than for cause, the President and CEO is entitled to one year's salary.

12. TRANSITION TO IFRS

The financial statements of the Company have been prepared in compliance with IFRSs as issued by the International Accounting Standards Board ("IASB"). The preparation of the internal consolidated statement of financial position resulted in changes to the accounting policies as compared with the most recent annual balance sheet prepared under cGAAP. The accounting policies set out below have been applied in preparing the opening IFRS statement of financial position as at May 1, 2010, January 31, 2011 and April 30, 2011 for the purposes of the transition to IFRS as required by IFRS 1, First Time Adoption of International Financial Reporting Standards ("IFRS 1").

IFRS 1 *"First-time Adoption of International Financial Reporting Standards"*

IFRS 1 generally required that first-time adopters retrospectively apply all effective IFRS standards and interpretations in effect as at the reporting date. IFRS 1 provides for certain mandatory exceptions and optional exemptions for first time adopters of IFRS. The Company has elected to take the following IFRS 1 optional exemptions:

Share-based payments
IFRS 2, Share-based Payments, encourages application of its provisions to equity instruments granted on or before November 7, 2002, but permits the application only to equity instruments granted after November 7, 2002 that had not vested by the Transition Date. The Company didn't have equity instruments granted after November 7, 2002 that had not vested by the Transition Date.

Adjustments on transition to IFRS

Presentation differences

Some line items are described differently under IFRS compared to cGAAP. These line items are as follows (with cGAAP descriptions in brackets):

i. Exploration and evaluation assets ("Mineral property and deferred exploration expenses")
ii. Stock-based payment reserve ("Contributed surplus")

Reconciliation to previously reported financial statements
A reconciliation of the above noted changes is included in these following Statements of Financial Position and Statements of Comprehensive Loss for the dates noted below. The effects of transition from cGAAP to IFRS on the cash flow are not material; therefore a reconciliation of cash flows has not been presented.

- Transitional Statement of Financial Position Reconciliation – May 1, 2010.
- Statement of Financial Position Reconciliation – January 31, 2011.
- Statement of Loss and Comprehensive Loss Reconciliation – Three Months Ended January 31, 2011.
- Statement of Loss and Comprehensive Loss Reconciliation – Nine Months Ended January 31, 2011.
- Statement of Financial Position Reconciliation – April 30, 2011.
- Statement of Loss and Comprehensive Loss Reconciliation – Year Ended April 30, 2011.

(In Canadian Dollars)

12. TRANSITION TO IFRS (cont'd…)

The May 1, 2010 unaudited cGAAP statement of financial position has been reconciled as follows:

	May 1, 2010		
	GAAP	**Effect of transition to IFRS**	**IFRS**
ASSETS			
Current assets			
Cash	$ 80	$ -	$ 80
Accounts receivable	801	-	801
Prepaid expenses	5,745	-	5,745
	6,626	-	6,626
Equipment	9,715	-	9,715
Exploration and evaluation assets	2,064,751	-	2,064,751
	$ 2,081,092	$ -	$ 2,081,092
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	$ 251,723	$ -	$ 251,723
Loans payable	27,000		27,000
	278,723	-	278,723
Loans payable	205,000	-	205,000
	483,723	-	483,723
SHAREHOLDERS' EQUITY			
Share capital	2,193,305	-	2,193,305
Share-based payments reserve	20,000	-	20,000
Deficit	(615,936)	-	(615,936)
	1,597,369	-	1,597,369
	$ 2,081,092	$ -	$ 2,081,092

(In Canadian Dollars)

12. TRANSITION TO IFRS (cont'd…)

The January 31, 2011 unaudited cGAAP Statement of Financial Position has been reconciled to IFRS as follows:

	January 31, 2011		
	GAAP	**Effect of transition to IFRS**	**IFRS**
ASSETS			
Current assets			
Cash	$ 1,647	$ -	$ 1,647
Accounts receivable	390	-	390
Prepaid expenses	5,745	-	5,745
	7,782	-	7,782
Deferred financing costs	24,000	-	24,000
Equipment	8,074	-	8,074
Exploration and evaluation assets	2,066,681	-	2,066,681
	$ 2,106,537	$ -	$ 2,106,537
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	$ 108,168	$ -	$ 108,168
Loans payable	205,000	-	205,000
	313,168	-	313,168
SHAREHOLDERS' EQUITY			
Share capital	2,355,705	-	2,355,705
Special warrants	79,903	-	79,903
Share-based payments reserve	20,000	-	20,000
Deficit	(662,239)	-	(662,239)
	1,793,369	-	1,793,369
	$ 2,106,537	$ -	$ 2,106,537

(In Canadian Dollars)

12. TRANSITION TO IFRS (cont'd…)

The April 30, 2011 unaudited cGAAP Statement of Financial Position has been reconciled to IFRS as follows:

	April 30, 2011		
	GAAP	**Effect of transition to IFRS**	**IFRS**
ASSETS			
Current assets			
Cash	$ 2,597	$ -	$ 2,597
Accounts receivable	390	-	390
Prepaid expenses	5,745	-	5,745
	8,732	-	8,732
Deferred financing costs	24,000	-	24,000
Equipment	7,526	-	7,526
Exploration and evaluation assets	2,067,256	-	2,067,256
	$ 2,107,514	$ -	$ 2,107,514
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	$ 138,621	$ -	$ 138,621
Loans payable	196,500	-	196,500
	335,121	-	335,121
SHAREHOLDERS' EQUITY			
Share capital	2,435,608	-	2,435,608
Share-based payments reserve	20,000	-	20,000
Deficit	(683,215)	-	(683,215)
	1,772,393	-	1,772,393
	$ 2,107,514	$ -	$ 2,107,514

(In Canadian Dollars)

12. TRANSITION TO IFRS (cont'd…)

The cGAAP unaudited Statement of comprehensive loss for the three month period ended January 31, 2011 has been reconciled to IFRS as follows:

	Three Months Ended January 31, 2011		
	GAAP	Effect of transition to IFRS	IFRS
EXPENSES			
Amortization	$ 547	$ -	$ 547
Office and miscellaneous	216	-	216
Professional fees	11,120	-	11,120
Rent	3,262	-	3,262
Telecommunication	(485)	-	(485)
Loss and comprehensive loss for the period	$ 14,660	$ -	$ 14,660

The cGAAP unaudited Statement of comprehensive loss for the nine month period ended January 31, 2011 has been reconciled to IFRS as follows:

	Nine Months Ended January 31, 2011		
	GAAP	Effect of transition to IFRS	IFRS
EXPENSES			
Amortization	$ 1,641	$ -	$ 1,641
Office and miscellaneous	1,437	-	1,437
Professional fees	12,371	-	12,371
Rent	29,817	-	29,817
Telecommunication	1,037	-	1,037
Loss and comprehensive loss for the period	$ 46,303	$ -	$ 46,303

(In Canadian Dollars)

12. TRANSITION TO IFRS (cont'd…)

The cGAAP unaudited Statement of comprehensive loss for the year ended April 30, 2011 has been reconciled to IFRS as follows:

	Year ended April 30, 2011		
	GAAP	Effect of transition to IFRS	IFRS
EXPENSES			
Amortization	$ 2,189	$ -	$ 2,189
Office and miscellaneous	2,185	-	2,185
Professional fees	31,317	-	31,317
Rent	30,450	-	30,450
Telecommunication	1,138	-	1,138
Loss and comprehensive loss for the year	$ 67,279	$ -	$ 67,279