NORTHERN LIGHTS RESOURCES CORP.

FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

Years ended April 30, 2012 and 2011

Head Office
Suite 1000 – 355Burrard Street
Vancouver, BC
V6C 2G8
Canada

Registered and Records Office
Suite 700 – 625 Howe Street
Vancouver, BC
V6C 2T6
Canada

DAVIDSON & COMPANY LLP Chartered Accountants A Partnership of Incorporated Professionals

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Northern Lights Resources Corp.

We have audited the accompanying financial statements of Northern Lights Resources Corp., which comprise the statements of financial position as at April 30, 2012, April 30, 2011 and May 1, 2010 and the statements of loss and comprehensive loss, changes in equity and cash flows for the years ended April 30, 2012 and April 30, 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

NEXIA INTERNATIONAL

1200 - 609 Granville Street, P.O. Box 10372, Pacific Centre, Vancouver, B.C., Canada V7Y 1G6
Telephone (604) 687-0947 Fax (604) 687-6172

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Northern Lights Resources Corp. as at April 30, 2012, April 30, 2011 and May 1, 2010 and its financial performance and its cash flows for the years ended April 30, 2012 and April 30, 2011 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Northern Lights Resources Corp.'s ability to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Accountants

August 27, 2012

NORTHERN LIGHTS RESOURCES CORP.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
AS AT

	April30, 2012	April 30, 2011 (Note 15)	May 1, 2010 (Note 15)
ASSETS			
Current			
Cash	$ 1,814	$ 2,597	$ 80
Receivables (Note 3)	-	390	801
Prepaids	5,745	5,745	5,745
	7,559	8,732	6,626
Deferred financing costs (Note 14a)	37,211	24,000	-
Equipment (Note 4)	5,767	7,526	9,715
Exploration and evaluation assets (Note 5)	2,067,871	2,067,256	2,064,751
	$ 2,118,408	$ 2,107,514	$ 2,081,092
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities (Notes 6 and 14b)	$ 230,984	$ 138,621	$ 251,723
Loans payable (Note 8)	-	-	27,000
	230,984	138,621	278,723
Loans payable (Note 8)	218,520	196,500	205,000
	449,504	335,121	483,723
Shareholders' equity			
Share capital (Note 7)	2,435,608	2,435,608	2,193,305
Share-based payment reserve	20,000	20,000	20,000
Deficit	(786,704)	(683,215)	(615,936)
	1,668,904	1,772,393	1,597,369
	$ 2,118,408	$ 2,107,514	$ 2,081,092

Nature and continuance of operations (Note 1)
Basis of presentation (Note 2)
Commitments(Note 12)
Subsequent events (Notes 1 and 14)

On behalf of the Board:

"Rick Timke" Director   "Dave Cross" Director

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

NORTHERN LIGHTS RESOURCES CORP.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED APRIL 30

		2012		2011
				(Note 15)
EXPENSES				
Amortization	$	1,760	$	2,189
Office and miscellaneous		1,288		2,185
Professional fees		97,514		31,317
Rent expense		2,471		30,450
Telecommunication		456		1,138
Loss and comprehensive loss for the year	$	(103,489)	$	(67,279)
Basic and diluted loss per common share	$	(0.00)	$	(0.00)
Weighted average number of common shares outstanding		22,934,652		20,878,562

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

NORTHERN LIGHTS RESOURCES CORP.
STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)

	Number of shares	Capital stock	Special warrants	Share-based payment reserve	Deficit	Total equity
May 1, 2010 (Note 15)	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	2,375,571	152,031	(152,031)	-	-	-
Issuance of shares to settle accounts payable	902,715	90,272	-	-	-	90,272
Loss for the year	-	-	-	-	(67,279)	(67,279)
April 30, 2011 (Note 15)	22,934,652	2,435,608	-	20,000	(683,215)	1,772,393
Loss for the year	-	-	-	-	(103,489)	(103,489)
April 30, 2012	22,934,652	$ 2,435,608	$ -	$ 20,000	$ (786,704)	$ 1,668,904

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

NORTHERN LIGHTS RESOURCES CORP.
STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
FOR THE YEARSENDED APRIL30

	2012	2011 (Note 15)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	$ (103,489)	$ (67,279)
Non-cash items:		
Amortization	1,760	2,189
Changes in non-cash working capital items:		
Decrease in receivables	390	411
Increasein accounts payable and accrued liabilities	87,569	17,142
Net cash used in operating activities	(13,770)	(47,537)
CASH FLOWS FROM INVESTING ACTIVITY		
Exploration and evaluation assets costs	(615)	(42,477)
Net cash used in investing activity	(615)	(42,477)
CASH FLOWS FROM FINANCING ACTIVITIES		
Loans payable payments	(20,150)	(48,000)
Loans payable proceeds	42,170	12,500
Proceeds from subscriptions received	-	152,031
Deferred financing costs	(8,418)	(24,000)
Net cashprovided by financing activities	13,602	92,531
Change in cash for the year	(783)	2,517
Cash, beginning of year	2,597	80
Cash, end of year	$ 1,814	$ 2,597
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	$ 65,109
Accrued finder's fee	-	4,800
Shares to settle accounts payable	-	90,272
Deferred financing costs included in accounts payable	4,793	-

The accompanying notes are an integral part of these 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.On June 28, 2012, the Company completedits initial public offering (“IPO”) by way of prospectus, and a listing on the Canadian National Stock Exchange (“CNSX”) (Note 14).

The Company is in the process of exploring its exploration and evaluation assets and has not yet determined whether they contain ore 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 and upon future profitable production. Further, the Company expects its current capital resources will not be sufficient to complete its exploration plans and operations through its current operating period and will be required to raise additional funds through future equity issuances. The Company’s ability to continue as a going concern is therefore dependent on its ability to raise additional funds through equity issuances. These uncertainties may cast significant doubt on the entity’s ability to continue as a going concern.

These 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 raise adequate financing and to commence profitable operations in the future. The 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 years beginning on or after January 1, 2011.

These financial statements have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board (“IASB”), and interpretations of the IFRS Interpretations Committee (“IFRIC”). The date of transition to IFRS is May 1, 2010. Prior to adoption on May 1, 2010, the Company prepared its financial statements in accordance with Canadian Generally Accepted Accounting Principles (“cGAAP”). Subject to certain transition elections disclosed in Note 15the Company has consistently applied the same accounting policies in the opening IFRS statement of financial position as at May1, 2010 and throughout all periods presented, as if the policies had always been in effect. Note 15 discloses the impact of the transition from cGAAP to IFRS on the reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the financial statements for year ended March 31, 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 May1, 2010 and allows certain exemptions on transition to IFRS. The elections adopted by the Company and have been disclosed in Note 15.

The policies applied in these financial statements are presented in below and are based on IFRS issued and outstanding as of April 30, 2012. The Board of Directors approved these financial statements on August 27, 2012.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Loss per share

The Company computes the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per share is based 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 year. Basic loss per common share is calculated using the weighted average number of common shares outstanding during the year.

Comprehensive income

Comprehensive income (loss) reflects the net gain (loss) and other comprehensive income (loss) for the year. 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

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

i) The estimation of deferred income tax assets and liabilities including the recoverability of income tax assets, income tax rates used and the timing of expected recoveries.

ii) The carrying value and the recoverability of exploration and evaluation assets, which are included in the statement of financial position.

iii) The inputs used in calculating share-based compensation using the Black-Scholes option pricing model.

Exploration and evaluation assets

Upon acquiring the legal right to explore anexploration and evaluation asset, 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 year.

Share-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.

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments – recognition and measurement(cont'd…)

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.

<u>Financial liabilities</u>
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'saccounts payable and accrued liabilities and loans payable are classified as other financial liabilities.

Recent accounting pronouncements not yet effective

The following new standards, interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning April 1, 2011 and have not been early adopted. The Company does not expect the adoption of the following standards to have a material impact on its financial statements:

Accounting Standards Issued and Effective January 1, 2013

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.

Accounting Standards Issued and Effective January 1, 2015

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.

(Expressed in Canadian Dollars)

3. RECEIVABLES

	April 30, 2012	April 30, 2011	May1, 2010
HST/GST receivable	$ -	$ -	$ 412
Other receivables	-	390	389
	$ -	$ 390	$ 801

4. EQUIPMENT

	Furniture and equipment	Computer equipment	Total
Cost			
Balance at May 1, 2010	$ 14,150	$ 2,631	$ 16,781
Additions	-	-	-
Balance at April 30, 2011	14,150	2,631	16,781
Additions	-	-	-
Balance at April 30, 2012	$ 14,150	$ 2,631	$ 16,781
Accumulated amortization			
Balance at May 1, 2010	$ 5,140	$ 1,926	$ 7,066
Amortization	1,801	388	2,189
Balance at April 30, 2011	6,941	2,314	9,255
Amortization	1,442	317	1,759
Balance at April 30, 2012	$ 8,383	$ 2,631	$ 11,014
Carrying amounts			
At May 1, 2010	$ 9,010	$ 705	$ 9,715
At April 30, 2011	$ 7,209	$ 317	$ 7,526
At April 30, 2012	$ 5,767	$ -	$ 5,767

5. 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").

(Expressed in Canadian Dollars)

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

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 of payments under the option agreement will be paid over 30 months commencing on completion of the IPO (Note 14) at $3,000 per month for 12 months and $5,083 per month for 18 months thereafter.

Following is a summary of acquisition and exploration costs:

	Year Ended April 30, 2012	Year Ended April 30, 2011	Year Ended May 1, 2010
Acquisition costs			
Balance, beginning of year	$ 393,506	$ 392,139	$ 456,634
Additions	300	1,367	15,750
Balance, end of year	393,806	393,506	472,384
Exploration costs			
Balance, beginning of year	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 year	1,674,065	1,673,750	1,672,612
Write-offs	-	-	(80,245)
Total costs	$ 2,067,871	$ 2,067,256	$ 2,064,751

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	April 30, 2012	April 30, 2011	May1, 2010
HST/GST payable	$ 13,612	$ 14,029	$ -
Trade payables	92,872	75,592	220,223
Accrued liabilities	124,500	49,000	31,500
	$ 230,984	$ 138,621	$ 251,723

7. SHARE CAPITAL

Authorized: Unlimited common shares, without par value

Shares held in escrow: 6,236,667 common shares are being held in escrow to be released over three years from June 28, 2012.

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

(Expressed in Canadian Dollars)

7. SHARE CAPITAL(cont'd…)

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 wasthen 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 year ended April 30, 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 April 30, 2012	1,187,785	$	0.15

As at April 30, 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 (Note 14).

8. TRANSACTIONS WITH RELATED PARTIES

During the yearended April30, 2012, the Company:

i) recorded professional fees of $8,514 (2011 - $8,409) to an accounting firm in which an officer and director of the Company is a partner. As at April 30, 2012, the accounting firm was owed $15,335 (2011 - $4,419) which is included in accounts payable and accrued liabilities.

ii) received non-interest bearing loans for $42,170 (2011 - $12,500) from an officer and director of the Company, and repaid $20,150(2011 - $48,000) of the loans. At April 30, 2012, the loans payable total was $218,520 (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 (Note 14).

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company has applied a three-level hierarchy to reflect the significance of the inputs used in making fair value measurements. The three levels of 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 assets or liabilities, either directly or indirectly; and
Level 3 – Inputs for assets or liabilities that are not based on observable market data.

The Company's financial instruments consist of cash, receivables, accounts payableand 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. 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.

10. 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 exploration and evaluation assets. 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 yearended April 30, 2012.

(Expressed in Canadian Dollars)

11. SEGMENTED INFORMATION

The Company currently operates in one business segment, being the exploration of exploration and evaluation assets in Canada.

12. COMMITMENT

The Company is committed to an operating lease on its office premises expiring March 31, 2013. Effective January2011, 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 of $37,908 in 2013.

13. INCOME TAXES

The reconciliation of the combined Canadian federal and provincial income tax rate to the income tax recovery presented in the accompanying statements of loss and comprehensive loss is provided below:

		2012		2011
Loss for the year before income tax	$	(103,489)	$	(67,279)
Combined federal and provincial statutory tax rate		26.0%		27.8%
Income tax expense (recovery) at statutory income tax rate	$	(26,907)	$	(18,726)
Impact of future income tax rates applied versus current statutory rate		1,035		1,906
Change in unrecognized deductible temporary differences		25,872		23,500
Share issue costs		-		(6,680)
Total	$	-	$	-

The Canadian income tax rate declined during the year due to changes in the law that reduced corporate income tax rates in Canada.

Significant components of deferred tax assets that have not been recognized are as follows:

		April 30, 2012		April 30, 2011		May 1, 2010
Exploration and evaluation assets	$	(74,601)	$	(74,624)	$	(74,709)
Share issue costs		6,165		9,930		7,695
Non-capital losses		190,907		161,710		141,672
Capital assets		2,020		1,581		1,033
Total	$	124,491	$	98,597	$	75,691

Tax attributes are subject to review and potential adjustment by tax authorities.

The significant components of the Company's temporary differences and unused tax losses/assets are as follows:

		2012		2011		2010	Expiry dates
Share issue costs	$	24,660	$	39,720	$	30,781	2033 - 2036
Non-capital losses		763,629		646,839		566,689	2027 - 2032
Capital assets		8,081		6,322		4,133	No expiry date
Exploration and evaluation assets		(302,255)		(302,255)		(302,255)	No expiry date
Income tax credits		1,284		1,253		1,139	2030 - 2032

14. SUBSEQUENT EVENTS

Subsequent to April 30, 2012:

a) The Company completedits listing on the CNSX and an IPO on June 28, 2012 of 3,502,500 units at a price of $0.10 per unit for total gross proceeds of $350,250. Each unit consisted of one common share and one common share purchase warrant exercisable at $0.15 for two years expiring on June 28, 2014.

The warrants are 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 holder.

In connection with the IPO, the Company paid a cash commission of $35,000 being 10% of the gross proceeds raised, a corporate finance fee of $18,000 (of which $9,000 plus GST has been paid), warrants to acquire 350,250 shares, exercisable at $0.15 per share expiring June 28, 2014and out-of-pocket expenses relating to the offering (of which $15,000 has been advanced).

On completion of the listing 1,175,000 previously issued stock options became effective and exercisable. (Note 7d)

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 endedApril 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 $45,360over 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 June 28, 2012. If the agreement is terminated for any reason other than for cause, the President and CEO is entitled to one year's salary.

d) The Company entered into agreements for a one term year towards advertising and promotional services in the amount of $191,000 of which the Company has paid $126,000.

15. TRANSITION TO IFRS

The financial statements of the Company have been prepared in compliance with IFRS. The preparation of the statement of financial position resulted in changes to the accounting policies as compared with the most recent annual financial statements prepared under cGAAP. An explanation of how the transition from previous cGAAP to IFRS has affected the Company's financial position, comprehensive loss and cash flows is set out in this note.

The accounting policies set out in Note 2 have been applied in preparing the statement of financial position for the year ended April 30, 2012, the comparative information presented in these financial statements for the year ended April 30, 2012 and in the preparation of an opening IFRS statement of financial position at May 1, 2010 (the Company's date of transition).

<u>IFRS 1 *"First-time Adoption of International Financial Reporting Standards"*</u>

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.

15. TRANSITION TO IFRS(cont'd…)

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. Share-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 Loss and 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 – April 30, 2011.
- Statement of Loss and Comprehensive Loss Reconciliation – Year Ended April 30, 2011.

(Expressed in Canadian Dollars)

15. TRANSITION TO IFRS(cont'd…)

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

	May 1, 2010		
	cGAAP	**Effect of transition to IFRS**	**IFRS**
ASSETS			
Current assets			
Cash	$ 80	$ -	$ 80
Receivables	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 payment reserve	20,000	-	20,000
Deficit	(615,936)	-	(615,936)
	1,597,369	-	1,597,369
	$ 2,081,092	$ -	$ 2,081,092

(Expressed in Canadian Dollars)

15. TRANSITION TO IFRS(cont'd…)

The April 30, 2011audited cGAAPstatement of financial position has been reconciled to IFRS as follows:

	April 30, 2011		
	cGAAP	Effect of transition to IFRS	IFRS
ASSETS			
Current assets			
Cash	$ 2,597	$ -	$ 2,597
Receivables	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 payment reserve	20,000	-	20,000
Deficit	(683,215)	-	(683,215)
	1,772,393	-	1,772,393
	$ 2,107,514	$ -	$ 2,107,514

(Expressed in Canadian Dollars)

15. TRANSITION TO IFRS(cont'd…)

The cGAAPaudited statement of loss and comprehensive loss for the year ended April 30, 2011 has been reconciled to IFRS as follows:

	Year ended April 30, 2011		
	cGAAP	**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