

SIGNAL EXPLORATION INC.

Interim Financial Statements

September 30, 2012

(Unaudited)

(In Canadian Dollars)

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

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

SIGNAL EXPLORATION INC.

Interim Statements of Financial Position
(Unaudited)
(In Canadian Dollars)

| | September 30, 2012 | December 31, 2011 |
|---|-----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash | \$ 193,610 | \$ 516,350 |
| Amounts receivable | 27,513 | 17,423 |
| Total current assets | 221,123 | 533,773 |
| Non-current assets | | |
| Exploration and evaluation assets (Note 3) | 309,048 | 150,781 |
| Total assets | \$ 530,171 | \$ 684,554 |
| Liabilities and shareholders' equity | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | \$ – | \$ 24,582 |
| Due to related parties (Note 4) | – | 49,155 |
| Total liabilities | 4,355 | 73,737 |
| Shareholders' equity | | |
| Share capital (Note 5) | 775,026 | 775,026 |
| Share based payment reserve | 147,831 | 147,831 |
| Deficit | (392,686) | (312,040) |
| Total shareholders' equity | 530,171 | 610,817 |
| Total liabilities and shareholders' equity | \$ 530,171 | \$ 684,554 |

Nature of operations and continuance of business (Note 1)

Approved on behalf of the Board:

/s/ "Barry Hartley"
Barry Hartley, Director

/s/ "Brent Hahn"
Brent Hahn, Director

(The accompanying notes are an integral part of these financial statements)

SIGNAL EXPLORATION INC.

Interim Statements of Comprehensive Loss

(Unaudited)

(In Canadian Dollars)

| | Three months ended September 30, 2012 | Three months ended September 30, 2011 | Nine months ended September 30, 2012 | Nine months ended September 30, 2011 |
|---------------------------------------|--|--|---|---|
| Revenue | \$ – | \$ – | \$ – | \$ – |
| Expenses | | | | |
| General and administrative | 14,294 | 18,060 | 54,771 | 51,974 |
| Property Investigation costs (Note 3) | 23,093 | – | 25,875 | – |
| Total expenses | 37,387 | 18,060 | 80,646 | 51,974 |
| Comprehensive loss | \$ 37,387 | \$ 18,060 | \$ 80,646 | \$ 51,974 |
| Basic and diluted loss per share | \$ (0.00) | \$ (0.00) | \$ (0.01) | \$ (0.01) |
| Weighted average shares outstanding | 10,350,000 | 6,580,000 | 10,350,000 | 6,480,000 |

(The accompanying notes are an integral part of these financial statements)

SIGNAL EXPLORATION INC.

Interim Statement of Changes in Equity

(Unaudited)

(In Canadian Dollars)

| | Share capital | | Share based payment reserve | Share subscription receivable | Deficit | Total shareholders' equity |
|------------------------------------|-------------------|-------------------|-----------------------------------|-------------------------------------|---------------------|----------------------------------|
| | Number | Amount | | | | |
| Balance December 31, 2010 | 6,280,000 | \$ 226,000 | \$ – | \$ (48,000) | \$ (50,623) | \$ 127,377 |
| Share subscriptions received | – | – | – | 48,000 | – | 48,000 |
| Common shares issued for cash | 300,000 | 15,000 | – | – | – | 15,000 |
| Capital contributions | – | 20,000 | – | – | – | 20,000 |
| Comprehensive loss | – | – | – | – | (51,974) | (51,974) |
| Balance, September 30, 2011 | 6,580,000 | \$ 261,000 | \$ – | \$ – | \$ (102,597) | \$ 158,403 |
| | | | | | | |
| Balance December 31, 2011 | 10,350,000 | \$ 775,026 | \$ 147,831 | \$ – | (312,040) | \$ 610,817 |
| Comprehensive loss | – | – | – | – | (80,646) | (80,646) |
| Balance, September 30, 2012 | 10,350,000 | \$ 775,026 | \$ 147,831 | \$ – | (392,686) | \$ 530,171 |

SIGNAL EXPLORATION INC.

Interim Statements of Cash Flows

(Unaudited)

(In Canadian Dollars)

| | Nine months ended September 30, 2012 | Nine months ended September 30, 2011 |
|---|---|---|
| <hr/> | | |
| Cash provided by (used in): | | |
| Operating activities | | |
| Comprehensive loss | \$ (80,646) | \$ (51,974) |
| Changes in non-cash working capital items: | | |
| Amounts receivable | (10,090) | 10,786 |
| Accounts payable and accrued liabilities | (24,582) | (7,141) |
| Due to related parties | (49,155) | (3,755) |
| Net cash used in operating activities | (164,473) | (52,084) |
| Investing activities | | |
| Exploration and evaluation asset expenditures | (158,267) | (24,870) |
| Net cash used in investing activities | (158,267) | (24,870) |
| Financing activities | | |
| Proceeds from issuance of common shares | – | 83,000 |
| Net cash provided by financing activities | – | 83,000 |
| Increase (decrease) in cash | (322,740) | 6,046 |
| Cash, beginning | 516,350 | 428 |
| Cash, ending | \$ 193,610 | \$ 6,474 |

SIGNAL EXPLORATION INC.

Notes to the Interim Financial Statements

September 30, 2012

(Unaudited)

(In Canadian Dollars)

1. Nature and continuance of operations

Signal Exploration Inc. (the "Company") was incorporated in the province of British Columbia on March 9, 2010. The Company is a resource exploration company that is acquiring and exploring mineral properties. On December 28, 2011, the Company completed an Initial Public Offering and its shares commenced trading on the TSX-Venture Exchange on January 9, 2012.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at September 30, 2012, the Company has not generated any revenue and has incurred losses since inception. The Company's continuation as a going concern is dependent on its ability to generate future cash flows and/or obtain additional financing. Management intends to finance operating costs over the next twelve months with cash on hand, loans from directors and companies controlled by directors and/or private placements of common stock. There is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. Significant accounting policies

(a) Basis of preparation

These Interim Financial Statements have been prepared in accordance with International Accounting Standard ("IAS 34"), Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). They do not include all of the information required for full annual financial statements, and should be read in conjunction with the Company's financial statements as at and for the year ended December 31, 2011. Accounting policies applied in the preparation of these unaudited interim financial statements are the same as those applied in the preparation of Company's annual financial statements for the year ended December 31, 2011. The unaudited interim financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities, which are stated at fair value.

New or amended accounting standards that have been issued by the IASB but are not yet effective, and have not been applied by the Company, are as outlined in Note 2 of the 2011 annual financial statements.

These unaudited interim financial statements were authorized for issue by the Board of Directors on October 26, 2012.

(b) Use of estimates and judgments

The preparation of the Company's financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Significant areas requiring the use of estimates include the recoverability of exploration and evaluation assets, fair value of stock-based compensation, and deferred income tax asset valuation allowance.

SIGNAL EXPLORATION INC.

Notes to the Interim Financial Statements

September 30, 2012

(Unaudited)

(In Canadian Dollars)

3. Exploration and evaluation assets

Scotch Creek Property, British Columbia:

Acquisition costs:

| | |
|---|-----------|
| Balance, September 30, 2012 and December 31, 2011 | \$ 12,000 |
|---|-----------|

Exploration costs:

| | |
|-----------------------------|------------|
| Balance, December 31, 2011 | 138,781 |
| Additions | 170,253 |
| Balance, September 30, 2012 | 309,034 |
| Balance, September 30, 2012 | \$ 321,034 |

Terra Property, British Columbia:

During the period ended September 30, 2012 the Company entered into an option agreement to earn a 51% interest in the Terra Property by paying \$7,000 in cash and incurring exploration expenses of \$20,000 before December 31, 2012. The Company can earn an additional 24% in the Terra Property by incurring an additional \$300,000 in exploration expenses before December 31, 2016. The Company decided not to pursue this agreement and related costs totalling \$17,919 was expensed as property investigation costs.

During the period ending September 30, 2012 the Company incurred \$7,956 in other property investigation costs.

4. Related party transactions

During the period ending September 30, 2012 the Company incurred management fees of \$36,000 (2011: \$Nil) to two companies controlled by two directors of the Company. At September 30, 2012, \$Nil (2011: \$49,155) was due to two companies controlled by two directors of the Company. Amount amounts due to related parties are unsecured, bear no interest and are due on demand.

5. Share capital

There were no changes to the Company's issued share capital, outstanding warrant and outstanding options during the period ending September 30, 2012.