Financial Statements of

Mountain Lake Minerals Inc.

For the period from incorporation on May 16, 2012 to November 30, 2012

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Mountain Lake Minerals Inc.

We have audited the accompanying financial statements of Mountain Lake Minerals Inc., which comprise the statement of financial position as at November 30, 2012, the statements of loss and comprehensive loss, changes in equity and cash flows for the period from incorporation on May 16, 2012 to November 30, 2012, and notes, comprising 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 our 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, we consider 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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Mountain Lake Minerals Inc. as at November 30, 2012, and its financial performance and its cash flows for the period from incorporation on May 16, 2012 to November 30, 2012in accordance with International Financial Reporting Standards**.**

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Emphasis of Matter

Without qualifying our opinion, we draw attention to note 2 in the financial statements which indicates that Mountain Lake Minerals Inc. has experienced a loss since incorporation and negative cash flows from operations and does not have sufficient working capital to complete a license payment on a key resource property. These conditions along with other matters set forth in note 2 in the financial statements, indicate the existence of a material uncertainty that casts significant doubt about Mountain Lake Minerals Inc.'s ability to continue as a going concern.

KPMG LLP

Chartered Accountants
March 18, 2013
Halifax, Canada

MOUNTAIN LAKE MINERALS INC.
STATEMENT OF FINANCIAL POSITION
(Expressed in Canadian dollars)
As at November 30, 2012

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ASSETS	
Current assets	
Cash	74,077
Taxes receivable	21,941
Prepaid expenses	25,057
Marketable securities (Notes 1 and 6)	33,474
	154,549
Equipment (Notes 1 and 7)	40,363
Exploration and evaluation assets (Notes 1 and 8)	4,460,418
Total Assets	4,655,330
LIABILITIES	
Current liabilities	
Accounts payable and accrued liabilities	44,563
Total Liabilities	44,563
SHAREHOLDERS' EQUITY (Note 9)	
Capital stock	4,720,322
Warrants	154,100
Share-based payments reserve	347,269
Deficit	(610,924)
Total Shareholders' Equity	4,610,767
Total Liabilities and Shareholders' Equity	4,655,330

Going concern – Note 2
Subsequent Event – Note 8

Approved on behalf of the Board:

"Frank Metcalf"
Director

"Paul Bowes"
Director

See accompanying notes to audited financial statements.

MOUNTAIN LAKE MINERALS INC.
STATEMENT OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian dollars)
For the period from incorporation on May 16, 2012 to November 30, 2012

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Administration expenses	
Amortization	1,016
Management fees	47,053
Office and general	13,167
Professional fees	84,513
Property investigation costs	975
Shareholder information and communications	47,124
Share transfer, listing and filing fees	22,942
Travel and business development	8,394
Share-based payments expense	347,269
Total Administration Expenses	572,453
Loss before the following:	(572,453)
Write-down of exploration and evaluation assets (Note 8)	(1,650)
Unrealized loss on marketable securities	(36,821)
Net loss and comprehensive loss for the period	(610,924)
Loss per share – basic and diluted (Note 10)	(0.04)

See accompanying notes to audited financial statements.

MOUNTAIN LAKE MINERALS INC.
STATEMENT OF CHANGES IN EQUITY
(Expressed in Canadian dollars)
For the period from incorporation on May 16, 2012 to November 30, 2012

	Common shares		Warrants	Share-based payments reserve	Deficit	Total Shareholders' Equity
	Number	$	$	$	$	$
Upon incorporation on May 16, 2012	1	-	-	-	-	-
Cancellation of initial share pursuant to the Arrangement (Note 1)	(1)	-	-	-	-	-
Issuance of shares for assets (Note 1)	21,149,996	4,321,141	61,200	-	-	4,382,341
Issuance of shares for cash:						
Private placement at $0.20 per share	2,500,001	407,100	92,900	-	-	500,000
Share issuance costs	-	(7,919)	-	-	-	(7,919)
Share-based payments (Note 9)	-	-	-	347,269	-	347,269
Net loss and comprehensive loss	-	-	-	-	(610,924)	(610,924)
Balance, November 30, 2012	23,649,997	4,720,322	154,100	347,269	(610,924)	4,610,767

See accompanying notes to audited financial statements.

MOUNTAIN LAKE MINERALS INC.
STATEMENT OF CASH FLOWS
(Expressed in Canadian dollars)
For the period from incorporation on May 16, 2012 to November 30, 2012

CASH PROVIDED BY (USED IN)	$
Operating activities	
Net loss for the period	(610,924)
Adjustments for:	
Amortization	1,016
Write-down of exploration and evaluation assets	1,650
Unrealized loss on marketable securities	36,821
Share-based payments expense	347,269
	(224,168)
Net change in non-cash working capital balances related to operations	
Increase in input taxes receivable	(21,941)
Increase in prepaid expenses	(25,057)
Increase in accounts payable and accrued liabilities	42,788
	(228,378)
Financing activities	
Proceeds from issuance of capital stock – net of issuance costs	492,081
Investing activities	
Exploration and evaluation expenditures	(189,626)
Net change in cash for the period	74,077
Cash – beginning of period	-
Cash – end of period	74,077

See Supplemental cash flow information (Note 13)

See accompanying notes to audited financial statements.

NOTE 1 – ARRANGEMENT, INCORPORATION AND BASIS OF PRESENTATION

Mountain Lake Minerals Inc. ("Mountain Lake Minerals" or the "Company") was incorporated under the Business Corporations Act (British Columbia) on May 16, 2012, as a wholly-owned subsidiary of Mountain Lake Resources Inc. ("MLR"). The address of the Company's registered office is Suite 1750 – 1185 West Georgia Street, Vancouver, British Columbia, V6E 4E6.

On July 9, 2012, MLR, Mountain Lake Minerals and Marathon Gold Corp. ("Marathon") completed an arrangement (the "Arrangement") whereby Marathon acquired all of the outstanding common shares of MLR. Under the Arrangement, MLR's and Marathon's 50% respective interests in the Valentine Lake project were combined, resulting in Marathon becoming the 100% owner of the project. As part of the Arrangement, Mountain Lake Minerals, the newly incorporated exploration company, acquired the Glover Island, Little River, Bobby's Pond, Goodwin Lake and Hong Kong claims, related equipment, and investment in Rockwell Diamonds Inc. ("RDI") at a purchase price of $4,382,341 in exchange for the issuance of 20,309,586 common shares to MLR, 840,410 common shares to settle an obligation to employees and consultants of $168,082, and the following warrants ("Arrangement Warrants") at a fair value of $61,200: 689,655 warrants at an exercise price of $0.32 expiring on June 22, 2013 and 620,000 warrants at an exercise price of $0.30 expiring on September 13, 2013. Following the acquisition of the assets outlined above, the shareholders of MLR received 0.40 Marathon common shares for each share held and 0.40 Mountain Lake Minerals common shares for every share held. This distribution of Mountain Lake Minerals common shares to the shareholders of MLR resulted in the distribution of all of the shares of the Company owned by MLR.

The Arrangement does not meet the definition of a business in accordance with IFRS 3: Business Combinations, as there are no established reserves for the acquired properties and the nature of the additional work to convert resources into reserves. As the assets were obtained in exchange for shares, the transaction is a share-based payment to be accounted for in accordance with the guidance in IFRS 2. As such, the fair value of the acquired assets, including direct transaction costs of $8,800, has been determined to be as follows:

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Marketable securities	70,295
Equipment	47,046
Exploration and evaluation assets	4,273,800
	4,391,141

NOTE 2 – NATURE OF OPERATIONS AND GOING CONCERN

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which presumes that the Company will realize its assets and discharge its liabilities in the normal course of business for at least the next twelve months.

The Company was incorporated on May 16, 2012 and commenced principal operations on July 9, 2012. The Company has a net loss to date of $610,924 and working capital of $109,986 at November 30, 2012. The recoverability of amounts shown for exploration and evaluation assets and the Company's continued viability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete their development, and future profitable production or proceeds from the disposition of its interests. The ability to raise capital is outside of the Company's control. If the Company does not raise sufficient capital, it may not be able to continue as a going concern and therefore realize its assets and discharge its liabilities in the normal course of business.

There is substantial doubt as to the Company's ability to continue as a going concern. The Company has experienced losses since incorporation and negative cash flow from operations. In addition, the Company has a payment of $154,000 due in April 2013 to maintain its Glover Island mining lease, which it does not currently have the available working capital to complete. The Company is actively pursuing various options with potential investors, which, if accepted, will, in management's view, enable the Company to meet its mineral property obligations, fund its administration costs, and commence its planned exploration programs for the next twelve months. No agreements with potential investors have been reached and there can be no assurance that such agreements will be reached. The ability of the Company to continue as a going concern and to realize the carrying value of its assets and discharge its liabilities when due is dependent on the successful completion of a financing or monetizing assets, which management believes will mitigate the adverse conditions and events which raise doubt about the validity of the going concern assumption used in preparing these financial statements. There is no certainty that these and other strategies will be sufficient to permit the Company to continue beyond November 30, 2013.

These financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these financial statements, then adjustments would be necessary

to reflect these financial statements on a liquidation basis which could differ from accounting principles applicable to a going concern.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These audited financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board.

The financial statements were authorized for issue by the Board of Directors on March 18, 2013.

b) Basis of measurement

The financial statements have been prepared on the historical cost basis, except for cash and marketable securities which are measured at fair value.

c) Functional and presentation currency

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

d) Use of estimates

The preparation of these financial statements requires management to make estimates, judgments and assumptions that affect the amounts reported in the financial statements and notes. By their nature, these estimates, judgments and assumptions are subject to measurement uncertainty and affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amount of revenues and expenses. These estimates are based on historical experience, current and future economic conditions, and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The more significant areas are as follows:

Critical accounting estimates

Estimate of recoverability for non-financial assets:

When there are indications that an asset may be impaired, the Company is required to estimate the asset's recoverable amount. Recoverable amount is the greater of value in use and fair value less costs to sell. Determining the value in use requires the Company to estimate expected future cash flows associated with the assets and a suitable discount rate in order to calculate present value. No impairments of non-financial assets have been recorded for the period ended November 30, 2012.

Share-based payments

The amounts recorded for share-based payments and warrants are based on estimates. The Black Scholes model is based on estimates of assumptions for expected volatility, expected number of options to vest, dividend yield, risk-free interest rate, expected forfeitures and expected life of the options. Changes in these assumptions may result in a material change to the amounts recorded for the issuance of stock options and warrants.

Decommissioning liabilities

Management's assumption that there are currently no decommissioning liabilities is based on the facts and circumstances that existed during the year.

Critical accounting judgments

The following accounting policies involve judgments or assessments made by management:

Management is required to apply judgment in determining whether the Arrangement is an asset acquisition or a business combination. Management determined that the Arrangement was an asset acquisition. The accounting treatment of the transaction would differ if the Arrangement was considered a business combination.

Management is required to apply judgment in determining whether technical feasibility and commercial viability can be demonstrated for the mineral properties. Once technical feasibility and commercial viability of a property can be demonstrated, exploration costs will be reclassified to mineral properties under exploration and subject to different accounting treatment. As at November 30, 2012 management had determined that no reclassification of exploration expenditures was required.

The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the financial statements.

e) Exploration and Evaluation Assets

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired. Exploration and evaluation expenditures are capitalized as incurred as intangible assets. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, which management has determined to be indicated by a feasibility study and a decision to proceed with development, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to resource property and development assets.

An impairment review of exploration and evaluation assets is performed, either individually or at the cash generating unit level, when there are indicators the carrying amount of the assets may exceed their recoverable amounts. To the extent this occurs, the excess is fully provided against the carrying amount, in the period in which this is determined.

Exploration and evaluation assets are reviewed for indicators of impairment on a regular basis and these costs are carried forward provided at least one of the following conditions is met:

- such costs are expected to be recovered through successful exploration and development and of the area of interest or by its sale; or
- exploration and evaluation activities in the area have not yet reached a stage that permits reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing, or planned in the future.

f) Equipment

Items of equipment are recorded at cost less accumulated depreciation and accumulated impairment. The cost of an item includes the purchase price and directly attributable costs to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Where an item of equipment comprises major components with different useful lives, the components are accounted for as separate items of equipment.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of loss and comprehensive loss during the financial period in which they are incurred.

Depreciation is recognized using the declining balance method at the following rates:

Computer hardware	30%
Office and exploration equipment	20%
Vehicles	30%

Depreciation methods, useful lives and residual values are reviewed at each financial year end and are adjusted if appropriate.

g) Impairment

Financial assets
Financial assets, other than those at fair value through profit or loss, are assessed for objective evidence of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or

more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security. In addition, for available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against accounts receivable. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period. Impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income.

Non-financial assets
The Company's non-financial assets, excluding exploration and evaluation assets, are reviewed for indicators of impairment annually. If indication of impairment exists, the asset's recoverable amount is estimated. Long-lived assets that are not amortized are subject to an annual impairment assessment.

An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit and loss. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. 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. 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.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss with respect to goodwill is never reversed.

h) Share-based Payments

Equity-settled share-based payments to employees and others providing similar services are measured at fair value of the equity instruments at the date of grant. Fair value is measured using the Black-Scholes pricing model. The fair value determined at the grant date of the equity-settled share-based payments is expensed as services are rendered over the vesting period, based on the Company's estimate of the shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no-true-up for differences between expected and actual outcomes.

Equity-settled share-based payment transactions with parties other than employees and those providing similar services are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

i) Income Taxes

Income tax on profit or loss consists of current and deferred tax. Income tax expense 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 assets and liabilities are recognized for differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized 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, the deferred tax asset is reduced.

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.

j) Loss per Share

Loss per share is computed by dividing the net loss attributable to common shareholders by the weighted average number of shares outstanding during the period. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

k) Financial Instruments

(i) All financial assets are classified into one of the following four categories: fair value through profit or loss ("FVTPL"), held to maturity ("HTM"), available for sale ("AFS") and loans and receivables.

Financial assets are classified as FVTPL when the financial asset is held for trading or it is designated as FVTPL. Financial assets classified as FVTPL are stated at fair value and changes are recognized in profit or loss. HTM investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. AFS financial assets subsequent to initial recognition are measured at fair value and changes therein, other than impairment losses and foreign currency differences on AFS monetary items, are recognized in other comprehensive income or loss. When an investment is derecognized, the cumulative gain or loss in the investment revaluation reserve is transferred to profit or loss. Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

The Company's cash and marketable securities have been classified as FVTPL financial assets. The Company does not presently have any financial assets designated as AFS. The carrying value of the Company's cash approximates its fair value due to its nature. The carrying value of the marketable securities approximates its fair value as its carrying value is adjusted to fair value at each reporting period.

The Company has the following non-derivative financial liabilities: accounts payable and accrued liabilities. The carrying value of financial liabilities approximates their fair value due to their short-term nature. Such financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

Common shares of the Company are classified as equity. Incremental costs directly attributable to the issue of common shares, share options and warrants are recognized as a deduction from equity, net of any tax effects.

(ii) Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value.

i. Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
ii. Level 2: Inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability (for example, interest rate and yield curves observable at commonly quoted intervals, forward pricing curves used to value currency

and commodity contracts, volatility measurements used to value option contracts and observable credit default swap spreads to adjust for credit risk where appropriate), or inputs that are derived principally from or corroborated by observable market data or other means.

iii. Level 3: Inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

The Company's financial assets measured at fair value, which include cash and marketable securities, are classified as a Level 1 measurement.

l) Decommissioning Liabilities

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. A pre-tax discount rate that reflects the time value of money and the risks specific to the liability are used to calculate the net present value of the expected future cash flows. These costs are charged to the statement of loss over the economic life of the related asset, through depreciation expense using either the unit-of-production or the straight-line method as appropriate. The related liability is progressively increased each period as the effect of discounting unwinds, creating an expense recognized in the statement of loss. The liability is assessed at each reporting date for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

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

m) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance expense.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic benefits will be required, the provision is reversed. The Company presently does not have any amounts considered to be provisions.

n) New and revised IFRSs in issue but not effective:

A number of new standards, and amendments to standards and interpretations under IFRS, are not yet effective for the year ending November 30, 2012, and have not been applied in preparing these financial statements. The Company is currently evaluating the impact of these new standards, but they are not anticipated to have a significant impact on the Company.

Financial Instruments

The IASB has issued a new standard, IFRS 9 (2010), Financial Instruments, which will ultimately replace IAS 39, Financial Instruments – Recognition and Measurement and augments the previously issued IFRS 9 (2009). The standard eliminates the existing IAS 39 categories of held-to-maturity, available-for-sale and loans and receivables. This standard becomes effective on January 1, 2015.

Consolidated Financial Statements

The IASB issued IFRS 10, Consolidated Financial Statements on May 12, 2011 to replace the current IAS 27, Consolidated and Separate Financial Statements and SIC-12, Consolidation – Special Purpose Entities. The new standard identifies the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. This new standard is effective for fiscal years beginning January 1, 2013.

Joint Arrangements

The IASB issued IFRS 11, Joint Arrangements on May 12, 2011 to replace the current IAS 31, Interests in Joint Ventures. The new standard classifies joint arrangements as either joint ventures or joint operations. Interests in joint ventures will be accounted for using equity accounting, eliminating the proportionate consolidation option currently available under IAS 31. This new standard is effective for fiscal years beginning January 1, 2013.

Disclosure of Interest in Other Entities

On May 12, 2011 the IASB issued IFRS 12, Disclosure of Interest in Other Entities. This standard establishes disclosure requirements for interests in other entities, including joint arrangements, associates, special purpose entities and other off balance sheet entities. This new standard is effective for fiscal years beginning January 1, 2013.

Fair Value Measurement

The IASB issued IFRS 13, Fair Value Measurement on May 12, 2011. This is a comprehensive standard for fair value measurement and disclosure of fair value measurements across various IFRS standards. IFRS 13 provides a definition of fair value, sets out a single IFRS framework for measuring fair value, and outlines requirements for disclosure of fair value measurements. The new standard is effective for fiscal years beginning January 1, 2013.

Presentation of Financial Statements

In June 2011, the IAS issued amendments to International Accounting Standard 1, Presentation of Financial Statements ("IAS 1"), that requires an entity to group items presented in the statement of comprehensive income on the basis of whether they may be reclassified to earnings subsequent to initial recognition. For those items presented before taxes, the amendments to IAS 1 also require that the taxes related to the two separate groups be presented separately. The amendments are effective for annual periods beginning on or after July 1, 2012, with earlier adoption permitted.

Offsetting Financial Assets and Financial Liabilities

On December 16, 2011 the IASB published amendments to International Accounting Standard 32, Financial Instruments: Presentation ("IAS 32"), to clarify the application of the offsetting requirements. The amendments are effective for annual periods beginning on or after January 1, 2014, with earlier application permitted.

Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)

On December 16, 2011 the IASB published new disclosure requirements jointly with the Financial Accounting Standards Board ("FASB") that enables users of the financial statements to better compare financial statements prepared in accordance with IFRS and US Generally Accepted Accounting Principles.

Other Standards

The IASB amended IAS 19, Employee Benefits, with changes effective January 1, 2013.

NOTE 4 – CAPITAL MANAGEMENT

The Company's objective when managing capital is to maintain adequate levels of funding to support the acquisition and exploration of mineral properties and maintain the necessary corporate and administrative functions to facilitate these activities. The Company's definition of capital is shareholders' equity, which as at November 30, 2012 was $4,610,767.

The properties in which the Company currently has an interest are in the exploration stage; as such, the Company is dependent on external financing, primarily equity financing, to fund its activities. There can be no assurance that the Company will be able to continue to raise capital in this manner. To carry out the planned exploration and fund administrative costs, the Company will utilize its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it believes there is sufficient geologic and economic potential and if it has adequate financial resources to do so.

The Company invests all capital that is surplus to its immediate operational needs in short-term, highly-liquid financial instruments, such as cashable guaranteed investment certificates, held with a major Canadian financial institution.

There were no changes to the Company's approach to capital management during the period. The Company is not subject to externally imposed capital requirements.

NOTE 5 – FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, marketable securities, and accounts payable and accrued liabilities. Financial assets and financial liabilities are measured on an ongoing basis at fair value or amortized cost. Cash is designated as held-for-trading and measured at fair value. Marketable securities are carried at fair value as it is comprised of common shares in a publicly-traded company which have a quoted market price in an active market. Accounts payable and accrued liabilities are designated as other financial liabilities and measured at amortized cost. The recorded values of all financial instruments approximate their current fair values because of their nature and respective maturity dates or durations.

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

Credit risk

The Company has no significant credit risk arising from operations. The Company does not engage in any sales activities, so is not exposed to major credit risks attributable to customers. The Company's credit risk is primarily attributable to cash. The Company holds its cash with Canadian chartered banks and the risk of default is considered to be remote.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due (Note 2). The Company's accounts payable and accrued liabilities are due within one year. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital markets is hindered, whether as a result of stock market conditions generally or as a result of conditions specific to the Company. The Company's approach to managing liquidity risk is to ensure it will have sufficient liquidity to meet liabilities when due. As at November 30, 2012, the Company has cash of $74,077 to settle current liabilities of $44,563. To maintain the leases on its mineral properties, the Company has payment obligations of approximately $173,000 over each of the next five years.

Interest rate risk

Interest rate risk is the risk that future cash flows of the Company's assets and liabilities can change due to a change in interest rates. The Company is not exposed to interest rate risk as no financial instruments are interest-bearing. It is management's opinion that the Company is not exposed to significant interest, currency or credit risk arising from the financial statements.

NOTE 6 – MARKETABLE SECURITIES

Marketable securities are comprised of 167,368 common shares of RDI, a publicly-traded company. The fair value of the RDI shares is based on the market price of RDI shares at the reporting date.

NOTE 7 – EQUIPMENT

Cost	May 16, 2012 $	Additions $	November 30, 2012 $
Office furniture and equipment	-	4,256	4,256
Exploration equipment	-	781	781
Vehicles	-	42,009	42,009
	-	47,046	47,046

Accumulated Depreciation	May 16, 2012 $	Additions $	November 30, 2012 $
Office furniture and equipment	-	433	433
Exploration equipment	-	72	72
Vehicles	-	6,178	6,178
	-	6,683	6,683

Carrying Amounts	May 16, 2012 $	November 30, 2012 $
Office furniture and equipment	-	3,823
Exploration equipment	-	709
Vehicles	-	35,831
	-	40,363

Depreciation of $5,667 was capitalized to exploration and evaluation assets.

NOTE 8 – EXPLORATION AND EVALUATION ASSETS

Property Description	Balance, May 16, 2012	Acquisitions (Note 1)	Option payments during the period	Expenditures during the period	Balance, November 30, 2012
Glover Island	-	2,844,484	-	110,066	2,954,550
Little River	-	744,604	61,000	15,552	821,156
Bobby's Pond	-	684,712	-	-	684,712
	-	4,273,800	61,000	125,618	4,460,418

On July 9, 2012, the Company, Marathon and MLR completed the Arrangement described in Note 1, which resulted in the Company acquiring the Glover Island, Bobby's Pond, Little River, Goodwin Lake, and Hong Kong claims. The acquired assets have been recorded at fair value as described in Note 1.

Glover Island, Newfoundland and Labrador, Canada

The Company has an undivided 100% interest in the Glover Island Property, a gold exploration property in Newfoundland and Labrador consisting of mineral licenses and a mining lease. The property is subject to a net smelter returns royalty ("NSR") of 1% of commercial production, which reduces to 0.5% after the payment of the first $1.0 million. The NSR becomes effective after payment of the South Coast Royalty. The South Coast Royalty is a 3% NSR paid either from production of the Glover Island property or the production of certain other mineral interests known as the Pine Cove property (held and operated by Anaconda Mining Inc.) to an aggregate of $3.0 million. The Company has a payment of $154,000 due in April 2013 to maintain its Glover Island mining lease.

Little River, Newfoundland and Labrador, Canada

The Company has a 100% interest in 382 mineral claims in Newfoundland and Labrador. The Optionors retain a 2% net smelter return royalty and the Company has the exclusive right and option to acquire 1% of the net smelter return royalty for $1.5 million.

Bobby's Pond, Newfoundland and Labrador, Canada

The Company owns a 100% interest in a mining lease known as the Bobby's Pond property located in Central Newfoundland and Labrador. The property is subject to a 2% net smelter royalty.

Other Properties

Goodwin Claims, New Brunswick, Canada

The Company holds a 100% interest in the Goodwin mineral claims, subject to a 2% net smelter return royalty ("NSR"). In March, 2013, the terms of the Goodwin Lake agreement were amended such that the Company agreed to pay a fee of $20,000, payable in common shares of the Company, for the right to acquire one-half of the NSR for $1.0 million. On March 4, 2013, $10,000 of the fee was paid by the issuance of 100,000 common shares of the Company at a deemed price of $0.10 per common share.

Management has no current plans to further explore the property and accordingly, any claim costs and exploration expenses incurred on the property are charged to operations in the period incurred. In 2012, $1,650 in claims maintenance expenditures on the Goodwin Claims were written off.

Hong Kong Claims, Ontario, Canada

The Company has a 41.8% interest in a mineral property known as Hong Kong Claims in Ontario. At this time the Company and the other owner have decided not to carry out further exploration. Ongoing maintenance costs are expensed as incurred.

NOTE 9 – SHARE CAPITAL

The Company's authorized share capital consists of an unlimited number of common shares without par value. Upon incorporation on May 16, 2012, the Company issued one common share at a price of $0.01.

On July 9, 2012, the Company issued 21,149,996 common shares under the Arrangement with Marathon (Note 1), 1,309,655 Arrangement Warrants, and 2,500,001 Units for gross cash proceeds of $500,000. Each Unit consists of one common share and one-half of one share purchase warrant ("Warrant"). Each whole Warrant is exercisable for one common share of the Company at a price of $0.30, expiring on July 9, 2014. Using the Black-Scholes model, a fair value of $92,900 was assigned to the warrants and recorded to warrants. The assumptions used to fair value the warrants were a risk free rate of 1.53%, expected volatility of 89%, expected life of 2 years and a dividend yield of 0%. The Company recorded share issue costs of $7,919 for legal fees incurred in connection with the financing. Of the Arrangement Warrants issued, 689,655 are exercisable for one common share of the Company at a price of $0.32, expiring on June 22, 2013, and 620,000 are exercisable for one common share of the Company at a price of $0.30, expiring on September 13, 2013. A fair value of $61,200 was assigned to the Arrangement Warrants and recorded to warrants. The assumptions used to fair value the Arrangement Warrants were a risk free rate of 1.53%, expected volatility of 89%, expected life of 1 to 1.2 years and a dividend yield of 0%. Expected volatility was estimated by considering historic average share price volatility for Mountain Lake Resources Inc.

Stock Options

The Company has a Stock Option Plan (the "Plan) which provides that the number of options granted may not exceed 10% of the issued and outstanding shares. Options granted under the Plan generally have a five-year term and are granted at a price no lower than the market price of the common shares at the time of the grant.

During the period from incorporation to November 30, 2012, 2,165,000 share purchase options were granted to employees, consultants and directors and $347,269 in share-based payments expense was charged to loss for the fair value of the share purchase options vested during the period. The weighted average assumptions used to fair value the options were a risk free rate of 1.53%, expected volatility of 125%, expected life of 1.67 to 5 years and a dividend yield of 0%. Expected volatility was estimated by considering historic average share price volatility for Mountain Lake Resources Inc.

Details of the outstanding share purchase options at November 30, 2012 are as follows:

Expiry Date	Weighted Average Exercise Price	Number of Shares Outstanding	Number of Shares Vested
March 17, 2014	$0.31	140,000	140,000
October 30, 2017	$0.20	2,025,000	1,908,333
	$0.21	2,165,000	2,048,333

Warrants

Details of the outstanding share purchase warrants at November 30, 2012 are as follows:

Expiry Date	Exercise price per share	Number of Shares
July 9, 2014	$0.30	1,250,000

Pursuant to the Arrangement, there are Arrangement Warrants outstanding at November 30, 2012 as follows:

Expiry Date	Exercise price per share	Number of Shares
September 13, 2013	$0.30	620,000
June 22, 2013	$0.32	689,655
		1,309,655

NOTE 10 – LOSS PER SHARE

Basic loss per share is calculated based on the weighted average number of shares outstanding during the period ended November 30, 2012 of 17,232,410. Diluted earnings per share is based on the assumption that dilutive options under the stock option plan have been exercised on the later of the beginning of the period and the date granted. Basic and diluted loss per share are equal for the periods presented as all outstanding options and warrants were anti-dilutive.

NOTE 11 – INCOME TAX

A reconciliation of income taxes at statutory rates with the reported income taxes is as follows:

	2012
Combined statutory tax rate	31.00%
Computed tax recovery	$ (189,400)
Non-deductible items for tax purposes	108,000
Deductible items charged to equity	(2,500)
Benefit of temporary differences not recognized	83,900
Total income taxes	$ -

The deferred tax assets and (liabilities) recognized are as follows:

	2012
Equipment	$ (500)
Exploration and evaluation assets	(2,100)
Non-capital losses	2,600
Total	$ -

The following temporary differences and non-capital losses have not been recognized in the financial statements:

	2012
Marketable securities	$ 36,821
Non-capital losses carried forward	226,686
Share issue costs	6,921
	$ 270,428

The realization of benefits related to these future potential tax deductions is uncertain and cannot be viewed as more likely than not. Accordingly, no deferred income tax assets have been recognized for accounting purposes.

As at November 30, 2012, the Company has available non-capital losses for income tax purposes of approximately $226,700 which may be carried forward and applied against future taxable income when earned. If not utilized, the non-capital losses expire in 2032.

NOTE 12 – RELATED PARTY TRANSACTIONS

Payments to key management personnel including the President and Chief Executive Officer, Chief Financial Officer, Directors and companies directly controlled by key management personnel are for salaries, consulting fees, management fees, or professional fees and are directly related to their position in the organization.

Key management personnel compensation for the period ended November 30, 2012 is as follows:

	$
Salaries and fees	111,548
Obligations pursuant to the Arrangement	94,695
Share-based payments	236,215
Total	442,458

Included in accounts payable and accrued liabilities are amounts owing to related parties totalling $6,201. Included in prepaid expenses is an amount of $3,000 representing a retainer on a services contract with an officer of the Company.

Transactions with related parties are measured at the exchange amount of consideration established by the related parties.

NOTE 13 – SUPPLEMENTAL CASH FLOW INFORMATION

The following is the supplementary disclosure of non-cash activities during the 199 days ended November 30, 2012:

	$
Shares issued for mineral properties	4,265,000
Shares issued for equipment	47,046
Shares issued for marketable securities	70,295
Increase in accounts payable for exploration assets	1,775
Amortization charged to mineral properties	5,667