RT MINERALS CORP.

(An Exploration Stage Company)

FINANCIAL STATEMENTS

FOR THE YEARS ENDED NOVEMBER 30, 2012 AND 2011

MANNING ELLIOTT
CHARTERED ACCOUNTANTS

11th floor, 1050 West Pender Street, Vancouver BC, Canada V6E 3S7
Phone: 604.714.3600 Fax: 604.714.3669 Web: manningelliott.com

AUDITORS' REPORT

To the Shareholders of
RT Minerals Corp.

We have audited the accompanying financial statements of RT Minerals Corp. which comprise the statements of financial position as at November 30, 2012, November 30, 2011 and December 1, 2010, and the statements of comprehensive loss, changes in equity and cash flows for the years ended November 30, 2012 and November 30, 2011, and the related 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 as issued by the International Accounting Standards Board, 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 audits 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 based on 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 RT Minerals Corp. as at November 30, 2012, November 30, 2011 and December 1, 2010, and its financial performance and its cash flows for the years ended November 30, 2012 and November 30, 2011 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 2c in the financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of RT Minerals Corp. to continue as a going concern.

CHARTERED ACCOUNTANTS

Manning Elliott LLP

Vancouver, British Columbia

April 1, 2013

RT MINERALS CORP.
STATEMENTS OF FINANCIAL POSITION
Expressed in Canadian Dollars

	November 30, 2012	November 30, 2011 (Note 19)	December 1, 2010 (Note 19)
Assets			
Current assets			
Cash and cash equivalents (Note 5)	$ 109,447	$ 1,071,151	$ 134,778
Short-term investments (Note 6)	-	225,000	144,000
Amounts receivable	38,576	182,055	133,939
Prepaid expenses	8,888	25,156	17,295
Total current assets	156,911	1,503,362	430,012
Non-current assets			
Exploration and evaluation assets (Note 7)	3,021,477	2,769,262	3,562,786
Equipment (Note 8)	7,846	10,142	-
Total non-current assets	3,029,323	2,779,404	3,562,786
Total assets	$ 3,186,234	$ 4,282,766	$ 3,992,798
Liabilities and shareholders' equity			
Current liabilities			
Trade and other payables	$ 239,389	$ 263,092	$ 111,186
Due to related parties (Note 9)	261,835	359,159	339,617
Other liabilities (Note 10)	121,421	242,742	5,062
Total current liabilities	622,645	864,993	455,865
Non-current liabilities			
Deferred tax liability (Note 11)	-	-	48,000
Total non-current liabilities	-	-	48,000
Total liabilities	622,645	864,993	503,865
Shareholders' equity			
Share capital (Note 12)	9,044,344	9,034,344	4,718,777
Contributed surplus (Note 12)	1,210,562	1,083,925	692,403
Accumulated deficit	(7,691,317)	(6,700,496)	(1,922,247)
Total shareholders' equity	2,563,589	3,417,773	3,488,933
Total liabilities and shareholders' equity	$ 3,186,234	$ 4,282,766	$ 3,992,798

Going concern (Note 2c)

Commitments (Note 20)

Signed on behalf of the Board of Directors by:

"Paul Antoniazzi"	Director	*"Fred Kiernicki"*	Director
Paul Antoniazzi		Fred Kiernicki	

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

RT MINERALS CORP.

STATEMENTS OF COMPREHENSIVE LOSS
FOR THE YEARS ENDED NOVEMBER 30, 2012 AND 2011
Expressed in Canadian Dollars

	2012	2011 (Note 19)
Expenses		
Depreciation (Note 8)	$ 2,296	$ 1,339
Employee costs (Note 14)	453,983	520,356
Finance expense (Note 14)	227,714	12,268
General and administrative expenses (Note 14)	214,222	375,710
Loss on disposal of exploration and evaluation assets	-	2,803,601
Impairment of exploration and evaluation assets	249,231	1,761,714
Total expenses	(1,147,446)	(5,474,988)
Interest and other income (Notes 10 and 14)	156,625	736,739
Loss before income tax	(990,821)	(4,738,249)
Deferred tax expense (Note 11)	-	(40,000)
Comprehensive loss for the year	$ (990,821)	$ (4,778,249)
Loss per common share, basic and diluted	$ (0.01)	$ (0.07)
Weighted average number of common shares outstanding	69,983,783	67,404,182

RT MINERALS CORP.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED NOVEMBER 30, 2012 AND 2011
Expressed in Canadian Dollars

	Share Capital (Note 12)	Contributed Surplus (Note 12)	Accumulated deficit	Total
Balance at December 1, 2010	$ 4,718,777	$ 692,403	$ (1,922,247)	$ 3,488,933
Loss for the year	-	-	(4,778,249)	(4,778,249)
Share capital issued	4,542,520	-	-	4,542,520
Share-based payments	-	300,000	-	300,000
Warrants issued	-	196,522	-	196,522
Warrants exercised	180,000	(105,000)	-	75,000
Share issue costs	(406,953)	-	-	(406,953)
Balance at November 30, 2011	9,034,344	1,083,925	(6,700,496)	3,417,773
Loss for the year	-	-	(990,821)	(990,821)
Share capital issued	10,000	-	-	10,000
Share-based payments	-	126,637	-	126,637
Balance at November 30, 2012	$ 9,044,344	$ 1,210,562	$ (7,691,317)	$ 2,563,589

RT MINERALS CORP.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED NOVEMBER 30, 2012 AND 2011
Expressed in Canadian Dollars

	2012	2011 (Note 19)
Cash flows used in operating activities		
Loss for the year	$ (990,821)	$ (4,778,249)
Items not involving cash::		
Deferred tax expense	-	40,000
Depreciation	2,296	1,339
Unrealized loss on short-term investments	-	105,000
Flow-through share premium	(121,321)	(734,170)
Gain on disposal of investments	(30,950)	(86,000)
Loss on disposal of exploration and evaluation assets	-	2,803,601
Share-based payments	126,637	300,000
Impairment of exploration and evaluation assets	249,231	1,761,714
Changes in non-cash working capital balances:		
Amounts receivable	143,479	(48,116)
Prepaid expenses	16,268	(7,861)
Trade and other payables	(24,155)	(7,548)
Total cash used in operating activities	(629,336)	(650,290)
Cash flows from investing activities		
Investment in exploration and evaluation assets	(235,502)	(2,247,602)
Acquisition of short-term investments	(135,000)	(100,000)
Acquisition of equipment	-	(11,481)
Sale of exploration and evaluation assets	-	500,000
Sale of short-term investments	390,950	-
Total cash flows provided by (used in) investing activities	20,448	(1,859,083)
Cash flows from financing activities		
Proceeds from share issuances	-	4,081,370
Cost of issue of shares	-	(298,431)
Due to related parties	(352,816)	(337,193)
Total cash flows (used in) provided by financing activities	(352,816)	3,445,746
Total increase (decrease) in cash during the year	(961,704)	936,373
Cash and cash equivalents at beginning of year	1,071,151	134,778
Cash and cash equivalents at end of year	$ 109,447	1,071,151

Supplemental cash flow disclosure (Note 16)

1. CORPORATE INFORMATION

RT Minerals Corp. (the “Company”) was incorporated under the Business Corporations Act of British Columbia on March 9, 2007. The Company’s business activity is the exploration and evaluation of mineral properties in Canada “TSVX”. The Company is listed on the TSX Venture Exchange, having the symbol RTM-V, as a Tier 2 mining issuer and is in the process of exploring its mineral properties.

The address of the Company’s corporate office and principal place of business is 300 - 555 West Georgia Street, Vancouver, British Columbia, Canada.

2. BASIS OF PREPARATION

a) Statement of Compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). This is the first time that the Company has prepared its financial statements in accordance with IFRS, having previously prepared its financial statements in accordance with pre-changeover Canadian Generally Accepted Accounting Principles (pre-changeover Canadian GAAP).

An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Company is provided in Note 19.

The financial statements were authorized for issue by the Board of Directors on April 1, 2013.

b) Basis of Measurement

The financial statements have been prepared on a historical cost basis except for financial assets and financial liabilities that have been measured at fair value as described in Note 4.

The financial statements are presented in Canadian dollars, which is also the Company’s functional currency.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

2. BASIS OF PREPARATION – (cont'd)

c) Going Concern of Operations

The Company has not generated revenue from operations since its inception. The Company incurred a net loss of $990,821 during the year ended November 30, 2012 and, as of that date the Company's accumulated deficit was $7,691,317 and its working capital deficiency was $465,734. As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures. The Company will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future. These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in these financial statements and in preparing the opening IFRS statement of financial position as at December 1, 2010 for the purposes of the transition to IFRS, unless otherwise indicated.

a) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. For cash flow statement presentation purposes, cash and cash equivalents includes bank overdrafts.

b) Mineral Exploration and Evaluation Expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures ("E&E") are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of comprehensive loss/income.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (cont'd)

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs. Mineral exploration and evaluation expenditures are classified as intangible assets.

c) Equipment

Equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognized in profit or loss and is provided on a straight-line basis over the estimated useful life of the asset as follows:

Office Furniture and Equipment	Straight-line over 5 Years

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

d) Impairment of Non-Financial Assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial year-end. Other non-financial assets, including exploration and evaluation assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

An impairment loss is charged to the profit or loss, except to the extent they reverse gains previously recognized in other comprehensive loss/income.

e) Financial Instruments

Financial Assets

Financial assets are classified as into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Loans and Receivables

These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Loans and receivables are comprised of cash and amounts receivable.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (cont'd)

Gains and losses are recognized in the profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Fair Value Through Profit or Loss

Financial assets are classified as FVTPL when the financial asset is held for trading or it is designated as FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future;
- it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets classified as FVTPL are stated at fair value with any resultant gain or loss recognized in profit or loss. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset. Short-term investments have been designated as held for trading, and are therefore classified as FVTPL.

Impairment on Financial Assets

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Financial Liabilities

Financial liabilities are classified as other financial liabilities, based on the purpose for which the liability was incurred, and are comprised of trade and other payables and due to related parties. These liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of the period which are unpaid. Trade payable amounts are unsecured and are usually paid within 30 days of recognition.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (cont'd)

f) Provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date. The Company does not have any rehabilitation provisions.

g) Income Taxes

Income tax expense comprises of deferred tax. Deferred tax is recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or other comprehensive loss/income.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

h) Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, preferred shares, share purchase warrants and flow-through shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Flow-Through Shares

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through shares into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (cont'd)

Upon expenses being incurred, the Company derecognizes the liability. The premium is recognized as other income and the related deferred tax is recognized as a tax provision. Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource exploration expenditures within a two-year period. The portion of the proceeds received but not yet expended at the end of the Company's period is disclosed separately as flow-through share proceeds in Note 10.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

Earnings/Loss Per Share

Basic earnings/loss per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant period.

Diluted earnings/loss per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

i) Share-based Payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive loss/income over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss/income over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at grant date. The grant date fair value is recognized in comprehensive loss/income over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (cont'd)

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services in the statement of comprehensive loss/income, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by the use of a valuation method. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

j) Standards, Amendments and Interpretations Not Yet Effective

The following standards have been issued by the IASB but are not yet effective:

- IFRS 9 Financial Instruments

  IFRS 9 Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2015. The Company is yet to assess the full impact of the new standard on the accounting for the Company's financial instruments.

- IFRS 11 Joint Arrangements

  IFRS 11 describes the accounting for arrangements in which there is joint control; proportionate consolidation is not permitted for joint ventures (as newly defined). IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC 13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers. The Company is yet to assess the full impact of IFRS 11 and intends to adopt the standard no later than the accounting period beginning on December 1, 2013.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (cont'd)

- IFRS 12 Disclosures of Interests in Other Entities

  IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Company is yet to assess the full impact of IFRS 12 and intends to adopt the standard no later than the accounting period beginning on December 1, 2013.

- IFRS 13 Fair Value Measurement

  IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The Company is yet to assess the full impact of IFRS 13 and intends to adopt the standard no later than the accounting period beginning on December 1, 2013.

There may be more IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical judgements in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in these financial statements are discussed below:

i) Exploration and Evaluation Expenditures

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of such expenditures are unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS – (cont'd)

ii) Title to Mineral Property Interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

iii) Income Taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes that they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

iv) Share-based Payment Transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating the fair value for share-based payment transactions are disclosed in Note 13(b).

5. CASH AND CASH EQUIVALENTS

Cash equivalents consist of highly liquid investments held with a Canadian Chartered Bank, which are readily convertible into cash and are redeemable on demand without penalty. At November 30, 2012, the Company had cash equivalents of $100,000 (November 30, 2011 - $1,060,000) which were held in redeemable guaranteed investment certificates which mature on December 28, 2012 and bear interest at prime less 2.05%.

6. SHORT-TERM INVESTMENTS

a) Pursuant to a property option agreement described in Note 7(b) below, the Company participated in a $400,000 financing of Adventure Gold Inc. ("AGE") and subscribed for 1,000,000 units at a price of $0.20 per unit for gross investment of $200,000. Each unit consists of one common share of AGE and one-half warrant, each whole warrant entitling the Company to purchase an additional share of AGE for $0.27 per share for a two year period – Nil value was assigned to these warrants. During the 2010 fiscal year, the Company sold 1,000,000 common shares of AGE. The Company exercised the warrants in March 2012 and purchased 500,000 common shares for $135,000.

b) Pursuant to the same property option agreement, the Company was issued 500,000 compensation warrants entitling the Company to purchase 500,000 common shares of AGE at a price of $0.20 per share until May 27, 2011. The fair value of these warrants was determined to be $45,000 at acquisition; $144,000 on December 1, 2010; and $230,000 upon exercise, using the Black-Scholes pricing model. The Company exercised the warrants in March 2011 and purchased 500,000 common shares for $100,000.

c) During the year, the Company sold 1,000,000 common shares of AGE.

		Compensation warrants
Balance at December 1, 2010	$	144,000
Realized gain on short-term investments		86,000
Warrants exercised during period		(230,000)
Balance at November 30, 2011 and 2012	$	-

		Common shares
Balance at December 1, 2010	$	-
Warrants exercised		230,000
Cash payment		100,000
Unrealized loss on Short-term investments		(105,000)
Balance at November 30, 2011		225,000
Cash payment		135,000
Disposal of Short-term investments		(390,950)
Realized gain on Short-term investments		30,950
Balance at November 30, 2012	$	-

7. EXPLORATION AND EVALUATION ASSETS

	Bazooka	McWatters	Meunier	Golden	Total
Balance at December 1, 2010	$ 26,886	$ 5,696	$ 1,492,331	$ 2,037,873	$ 3,562,786
Exploration costs					
Administration	9,426	3,649	59,795	250	73,120
Assaying & development	68,749	-	-	607	69,356
Core logging, sampling	67,637	-	-	-	67,637
Data, drafting, reporting	51,466	3,105	660	5,136	60,367
Drilling	632,229	-	1,367,254	-	1,999,483
Facility rental	15,135	-	-	1,300	16,435
Field crew expenses	4,601	9	5,402	-	10,012
General geology	9,552	8,993	-	-	18,545
Geophysics	32,615	9,320	-	-	41,935
Mineral claims	-	506	-	-	506
Permitting	6,808	2,067	-	-	8,875
Project management	145,902	59,530	86,420	6,200	298,052
Property taxes	-	-	1,659	-	1,659
Site meals, lodging, travel	21,144	3,890	428	-	25,462
Surface sampling recon	11,098	61,249	-	-	72,347
	1,076,362	152,318	1,521,618	13,493	2,763,791
Acquisition of property	1,485,380	22,620	-	-	1,508,000
Sale of property	-	-	(1,257,644)	(2,045,957)	(3,303,601)
Impairment	-	-	(1,756,305)	(5,409)	(1,761,714)
Balance at November 30, 2011	$ 2,588,628	$ 180,634	$ -	$ -	$ 2,769,262

	Bazooka	McWatters	Meunier	Golden	Total
Balance at November 30, 2011	$ 2,588,628	$ 180,634	$ -	$ -	$ 2,769,262
Exploration costs					
Administration	5,100	1,569	1,748	-	8,417
Assaying & development	24,370	-	-	-	24,370
Core logging, sampling	16,429	-	-	-	16,429
Data, drafting, reporting	9,751	1,895	-	-	11,646
Drilling	74,329	-	227,049	-	301,378
Facility rental	15,600	-	-	-	15,600
Field crew expenses	187	-	824	-	1,011
General geology	432	216	-	-	648
Mineral Claims	270	-	-	-	270
Permitting	64	64	-	-	128
Project management	60,446	37,043	14,512	-	112,001
Site meals, lodging, travel	2,861	589	-	-	3,450
Surface sampling recon	-	1,000	-	-	1,000
	209,839	42,376	244,133	-	496,348
Acquisition of property	-	-	5,098	-	5,098
Impairment	-	-	(249,231)	-	(249,231)
Balance at November 30, 2012	$ 2,798,467	$ 223,010	$ -	$ -	$ 3,021,477

7. EXPLORATION AND EVALUATION ASSETS – (cont'd)

a) Bazooka and McWatters Properties (Rouyn Noranda, Quebec)

By an agreement dated December 10, 2010, the Company acquired a 100% interest in the Bazooka and McWatters gold properties in Quebec from Lake Shore Gold Corp. ("LSG"), the Company's largest shareholder. Pursuant to the transaction, which was approved by the shareholders of the Company at a meeting held on December 30, 2010, the Company issued to LSG 10,000,000 common shares, and transferred its interest in the Golden Property near Timmins, Ontario and up to 50% of the Company's earned interest in the Meunier JV property to LSG in consideration for the transfer to the Company by LSG of a 100% interest in the advanced stage Bazooka gold property in Quebec and the McWatters gold property in Quebec, as well as a $500,000 cash payment (paid) to the Company by LSG upon the Company's exercise of the first option to earn an initial 25% interest on the Meunier JV property adjacent to LSG's Timmins Mine property, Ontario. The properties are measured based on the fair value of the 10,000,000 common shares of the Company valued at $0.1508 per share, based on the closing stock price of $0.25 per share, less a Black-Scholes calculated put value of $0.0992 to reflect the functional hold period of the shares (see Note 12(a)).

b) Meunier-144 Property (Timmins, Ontario)

By an option agreement dated May 5, 2010, further subject to an agreement with LSG dated December 10, 2010 described in Note 7(a) above, the Company has acquired a 25% interest in a gold property ("the Meunier-144 Property") located in the district of Timmins, Ontario from Adventure Gold Inc. ("AGE"), and has formed a joint venture partnership that consists of AGE (50%), LSG (25%) and the Company (25%).

The Company exercised the First Option and acquired its initial 25% interest (of which 12.5% was assigned to LSG) in the property during the year ended November 30, 2011 by paying to AGE $300,000 in cash; issuing 2,500,000 common shares; incurring a minimum of $1,500,000 in work expenditures on the property on or before October 31, 2011; participating in a $400,000 financing of AGE and subscribing for 1,000,000 units at a price of $0.20 per unit for gross investment of $200,000; completing a private placement of units at $0.20 per unit so as to raise $350,000; and completing a further private placement of flow-through shares at $0.20 per share so as to raise a minimum of $800,000. As consideration for the firm payments and commitments as outlined, AGE issued to the Company 500,000 compensation warrants, each warrant entitling the Company to purchase one common share of AGE at a price of $0.20 per share for a period of one year. Upon exercise of the first option for the initial interest in the property, LSG paid $500,000 cash to the Company as consideration for the assignment of 12.5% interest in the property, and the parties formed a 50/50 joint venture to share the Company's obligations to earn an additional 25% interest in the property under the Second Option period of the Meunier JV with AGE.

The Company exercised the second option and acquired its additional 25% interest (of which 12.5% was assigned to LSG) in the property during the year ended November 30, 2012 by issuing 250,000 common shares to AGE and incurring a further $1,500,000 in work expenditures on the property jointly with LSG.

7. EXPLORATION AND EVALUATION ASSETS – (cont'd)

Following the exercise of the second option, LSG shall have the right to acquire from the Company and AGE a 10% undivided interest in the property by completing a preliminary resource assessment at LSG's cost, within a period of 10 years from the effective date, for the purpose of advancing the property to commercial production.

AGE has agreed to pay the optionors the sum of $2,000,000 in the event that a pre-feasibility study conducted on the property indicates the potential for commercial production of at least one million ounces of gold; and a net smelter return royalty of 2.5%, of which 40% can be purchased at any time at the sole discretion of AGE for a price of $2,000,000.

In February 2012, the Joint Venture made the decision to discontinue its current drilling program on the Meunier JV property due to technical difficulties encountered at depth; lack of significant gold mineralization; and budget analysis outlining drilling costs that in the opinion of the Joint Venture participants are too high to warrant further drilling at this time. Accordingly, $1,756,304 in acquisition costs and exploration expenditures relating to the property was written off at November 30, 2011 and $249,231 was written off during the year ended November 30, 2012.

c) Golden Property (Timmins, Ontario)

By an option agreement dated July 31, 2009, the Company acquired a 100% interest in a gold property ("the Golden Property") located in the district of Timmins, Ontario, in consideration for the payment of $1,030,000, the issuance of 500,000 common shares of the Company, and expenditure of $2,100,000 in exploration expenditures over four years. The Company's interest in the Timmins Property was subject to a 3% net smelter return royalty, one half of which may be repurchased at any time for $1,000,000.

By an agreement dated December 10, 2010, the Company sold its interest in the Golden Property to LSG in a transaction that closed on December 30, 2010 (Note 7(a)) and recorded a loss on disposal of the property of $2,045,957. A further $4,802 in expenditures was incurred on the property subsequent to the sale and was written off during the year ended November 30, 2011.

8. EQUIPMENT

		Furniture and fixtures
Cost		
Balance at December 1, 2010	$	-
Additions		11,481
Disposals		-
Balance at November 30, 2011		11,481
Additions		-
Disposals		-
Balance at November 30, 2012	$	11,481
Depreciation		
Balance at December 1, 2010	$	-
Depreciation for the year		1,339
Impairment loss		-
Disposals		-
Balance at November 30, 2011		1,339
Depreciation for the year		2,296
Impairment loss		-
Disposals		-
Balance at November 30, 2012	$	3,635
Carrying amounts		
At December 1, 2010	$	-
At November 30, 2011	$	10,142
At November 30, 2012	$	7,846

9. DUE TO RELATED PARTIES

Due to related parties represents amounts owing to directors, companies with common directors, and officers for unpaid project management services, expenses and salaries. The amounts are unsecured, non-interest bearing and payable on demand. Due to related parties also includes amounts owing to a shareholder who holds greater than a 10% interest in the Company.

10. OTHER LIABILITIES

Other liabilities include the liability portion of the flow-through shares issued (Note 12(a)). The following is a continuity schedule of the liability portion of the flow-through share issuances.

	Issued on May 25, 2010	Issued on December 30, 2010	Issued on December 30, 2010
Balance at December 1, 2010	$ 5,062	$ -	$ -
Liability incurred on flow-through shares issued	-	375,600	596,250
Settlement of flow-through share liability on incurring expenditures	(5,062)	(362,294)	(366,814)
Balance at November 30, 2011	-	13,306	229,436
Settlement of flow-through share liability on incurring expenditures	-	(13,306)	(108,015)
Balance at November 30, 2012	$ -	$ -	$ 121,421

Flow-through common shares require the Company to spend an amount equivalent to the proceeds of the issued flow-through common shares on Canadian qualifying exploration expenditures. The Company has indemnified the holders of such shares for any tax and other costs payable by them in the event the Company has not made the required exploration expenditures.

On May 25, 2010, the Company raised proceeds of $800,000 from the sale of flow-through common shares. The Company is committed to spending the flow-through proceeds on exploration activities and to renouncing $800,000 of eligible Canadian Exploration Expenditures to the subscribers of the flow-through shares. This amount will not be available to the Company for future deduction from taxable income. The Company completed its renunciation commitment at December 31, 2011.

On December 30, 2010, the Company raised proceeds of $1,878,000 from the sale of flow-through common shares. The Company renounced $1,877,061 of eligible Canadian Exploration Expenditures to the subscribers of the flow-through units, and is required to incur that amount in qualifying exploration expenses before December 31, 2011 under the look-back rule. As at December 31, 2011, the Company had incurred $1,841,428 in qualifying exploration expenses. The Company paid $8,681 in Part XII.6 tax with respect to the renunciation. The Company completed its renunciation commitment during the year ended November 30, 2012.

10. OTHER LIABILITIES – (cont'd)

On December 30, 2010, the Company raised proceeds of $1,391,250 from the sale of flow-through common shares. The Company renounced $1,390,753 of eligible Canadian Exploration Expenditures to the subscribers of the flow-through units, and is required to incur that amount in qualifying exploration expenses before December 31, 2011 under the look-back rule. As at December 31, 2011, the Company had incurred $966,682 in qualifying exploration expenses. The Company paid $51,115 in Part XII.6 tax with respect to the renunciation. As at November 30, 2012, the Company had incurred $1,107,538 in qualifying exploration expenses. A provision of $180,266 has been recorded for the financial obligation to indemnified flow-through share investors, for the $283,215 remainder of qualifying exploration expenditures that was not incurred. Subsequent to year-end, a further $2,750 in qualifying exploration expenses was incurred to December 31, 2012 and the flow-through share investor liability was decreased to $178,516.

11. INCOME TAXES

There is no current or deferred income tax expense in the period due to the losses incurred. At November 30, 2012, the Company had non-capital losses of approximately $2,745,000 to reduce future taxable income expiring between 2027 to 2032.

No deferred tax asset has been recognized in respect of the losses due to the uncertainty of future profits. A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2012	2011
Combined statutory tax rate	25%	27%
Income tax recovery at statutory rates	$ 249,000	$ 1,263,700
Non-deductible items for tax purposes and other items	6,500	(733,900)
Reduction in tax rates	(1,300)	(33,200)
Change in unrecognized deferred tax assets	(254,200)	(496,600)
Deferred income tax recovery	$ -	$ -

The significant components of the Company's deferred income tax assets and liabilities are as follows:

	2012 $	2011 $
Deferred income tax assets (liabilities)		
Mineral properties	7,000	(62,100)
Non-capital losses available for future periods	686,100	470,700
Share issue costs and other	57,700	88,000
Deferred income tax assets	750,800	496,600
Unrecognized deferred tax assets	(750,800)	(496,600)
Net deferred income tax assets	-	-

12. SHARE CAPITAL AND RESERVES

a) Common Shares

The Company is authorized to issue an unlimited number of common shares without par value.

The holders of common shares are entitled to receive dividends and are entitled to one vote per share at meetings of the Company. All shares are ranked equally with regards to the Company's residual assets.

The following is a summary of changes in common share capital from December 1, 2010 to November 30, 2012:

	Number of Shares	Issue Price	Amount
Balance at December 1, 2010	40,475,000		$ 4,718,777
Shares issued via unit private placement	4,607,000	$0.16	737,120
Shares issued via flow-through unit private placement	9,390,000	$0.20	1,502,400
Shares issued via flow-through unit private placement	4,968,750	$0.28	795,000
Issue of shares on exercise of warrants	375,000	$0.20	180,000
Less share issue costs	-		(406,953)
For Bazooka and McWatters property acquisition	10,000,000	$0.1508	1,508,000
Balance at November 30, 2011	69,815,750		9,034,344
For Meunier property acquisition	250,000	$0.04	10,000
Balance at November 30, 2012	70,065,750		$ 9,044,344

In December 2010, the Company raised gross proceeds of $4,006,370 pursuant to three separate unit private placements (the "Private Placements") in connection with a property agreement described in Note 7(a). On closing of the Private Placements, the Company issued a total of 4,607,000 units at $0.16 per unit (the "$0.16 Units"), a further 9,390,000 flow-through units at $0.20 per unit (the "$0.20 Units") and 4,968,750 structured flow-through units at $0.28 per unit (the "$0.28 Units").

Each $0.16 Unit was comprised of one common share and one half of a warrant, with each whole warrant (a "Warrant") entitling the holder to acquire a further common share of the Company at a price of $0.20 for a term of two years, expiring December 30, 2012.

The $0.20 Units and the $0.28 Units were each comprised of one flow-through share and one half of a Warrant, with each whole warrant (a "Warrant") entitling the holder to acquire a further common share of the Company at a price of $0.20 for a term of two years, expiring December 30, 2012. The premium paid by investors for the flow-through component of the $0.20 shares was determined to be $0.04 per share and was recorded as other liability of $375,600. The premium paid by investors for the flow-through component of the $0.28 shares was determined to be $0.12 per share and was recorded as other liability of $596,250 (Note 10).

12. SHARE CAPITAL AND RESERVES – (cont'd)

The Company paid finders' fees and share issue costs totalling $298,431 and issued 854,445 finders' warrants valued at $196,522 in connection with the Private Placements less $88,000 relating to the associated deferred income tax liability. Each finders' warrant entitles the holder to acquire one common share of the Company at a price of $0.20 for a term of two years expiring December 30, 2012.

On December 30, 2010, the Company issued 10,000,000 common shares in connection with the Bazooka and McWatters property agreement described in Note 7(a). These shares were valued at a price of $0.1508 per share, based on the closing stock price of $0.25 per share less a Black-Scholes calculated put value of $0.0992 per share to reflect the functional hold period of the shares. The Black-Scholes pricing model used the following assumptions:

	November 30, 2011
Stock price volatility	107.5%
Risk-free interest rate	1.71%
Dividend yield	-
Expected life	1.0 year
Fair value of put	$0.10

In March 2012, the Company issued 250,000 common shares valued at a price of $0.04 per share in connection with the Meunier property agreement described in Note 7(b).

b) Preferred Shares

The Company is authorized to issue an unlimited number of preference shares. No preference shares have been issued since the Company's inception.

c) Contributed Surplus

The following is a summary of changes in contributed surplus from December 1, 2010 to November 30, 2012:

	November 30, 2012	November 30, 2011	December 1, 2010
Warrants	$ 284,725	$ 284,725	$ 193,203
Share options	925,837	799,200	499,200
Contributed surplus	$ 1,210,562	$ 1,083,925	$ 692,403

12. SHARE CAPITAL AND RESERVES – (cont'd)

d) Share Purchase Warrants

The following is a summary of changes in warrants from December 1, 2010 to November 30, 2012:

	Number of Warrants	Weighted Average Exercise Price
Balance at December 1, 2010	9,931,000	$0.20
Issue of warrants	10,337,320	$0.20
Exercise of warrants	(375,000)	$0.20
Expiry of warrants	(1,331,000)	$0.23
Balance at November 30, 2011	18,562,320	$0.20
Expiry of warrants	(8,225,000)	$0.20
Balance at November 30, 2012	10,337,320	$0.20

As at November 30, 2012, the Company had outstanding warrants as follows:

Number of warrants	Exercise price	Expiry
10,337,320	$0.20	December 30, 2012

In December 2011, 6,000,000 warrants at $0.20 exercise price expired unexercised. In January 2012, 1,500,000 warrants at $0.20 exercise price expired unexercised. In March 2012, 725,000 warrants at $0.10 exercise price expired unexercised. Subsequent to year-end, 10,337,320 warrants expired unexercised.

e) Escrow Shares

On March 9, 2007, the Company issued 5,100,000 seed capital common shares at $0.05 per share to investors and directors of the Company for gross proceeds of $255,000. Of these shares, 4,600,000, which are owned by officers and directors of the Company, were held in escrow, subject to National Policy 46-201 and pursuant to an escrow agreement dated January 10, 2008. The escrow shares were released pro rata to the escrow shareholders as to 10% upon the date the Company's securities are listed on a Canadian exchange (released August 26, 2008); and 15% every six months thereafter, with the final release on August 26, 2011.

13. SHARE-BASED PAYMENTS

a) Option Plan Details

The Company has an incentive Stock Option Plan ("the Plan") under which non-transferable options to purchase common shares of the Company may be granted to directors, officers, employees or service providers of the Company. The Plan replaces an Existing Plan and was approved by the Board on March 21, 2011; was approved by the Company's shareholders on

13. SHARE-BASED PAYMENTS – (cont'd)

April 29, 2011; and came into effect on August 5, 2011 upon acceptance by the TSXV of the Company's listing application and commencement of trading on the TSXV. The Plan provides for the issuance of options to acquire shares of the Company equal to 10% of the then issued and outstanding shares of the Company. It incorporates the new TSXV option plan policies effective December 15, 2008, as well as provisions concerning the new requirements of the Canada Revenue Agency concerning withholding tax payments on exercised options, and provisions to accommodate electronic trading and the issuance of uncertificated shares.

A summary of the Company's share options at November 30, 2012 and 2011 and the changes for the year ended on those dates is presented below:

	November 30, 2012		November 30, 2011	
	Options Outstanding	Weighted Average Exercise Price	Options Outstanding	Weighted Average Exercise Price
Opening balance	4,025,000	$0.23	2,300,000	$0.25
Granted	5,525,000	$0.10	1,875,000	$0.20
Repriced	1,275,000	$0.10	-	-
Forfeited or Expired	(4,025,000)	$0.23	(150,000)	$0.25
Ending balance	6,800,000	$0.10	4,025,000	$0.23

In June 2012, the Company granted 975,000 stock options with an exercise price of $0.10 per share expiring June 22, 2014 to directors and employees. The options vest immediately. A total of 75,000 outstanding stock options with an exercise price of $0.20 were cancelled and re-granted at the new price of $0.10 expiring June 22, 2014, and 600,000 stock options with an exercise price of $0.20 were cancelled.

In July 2012, the Company granted 4,550,000 stock options with an exercise price of $0.10 per share expiring July 27, 2014 to directors and officers. The options vest immediately. A total of 1,200,000 outstanding stock options with an exercise price of $0.20 were cancelled and re-granted at the new price of $0.10 expiring July 27, 2014.

Details of stock options outstanding as at November 30, 2012 are:

		Stock Options Outstanding and Exercisable		
Expiry Date	Exercise Price	November 30, 2012	November 30, 2011	December 1, 2010
March 1, 2012	$0.25	-	2,150,000	2,300,000
March 3, 2013	$0.20	-	1,875,000	-
June 22, 2014	$0.10	1,050,000	-	-
July 27, 2014	$0.10	5,750,000	-	-
		6,800,000	4,025,000	2,300,000

13. SHARE-BASED PAYMENTS – (cont'd)

The weighted average remaining life of vested share purchase options at November 30, 2012 was 1.64 years (December 1, 2010: 1.25 years, November 30, 2011: 0.72 years).

b) Fair Value of Options Issued During the Period

The weighted average fair value at grant date of options granted during the year ended November 30, 2012 was $0.02 per option (year ended November 30, 2011: $0.16). The fair value was determined using the Black-Scholes option-pricing model using the following assumptions:

	2012	2011
Stock price volatility	212%	185%
Risk-free interest rate	1.07%	1.62%
Dividend yield	-	-
Expected life of options	2 years	2 years
Exercise price	$0.10	$0.10

c) Options Issued to Employees

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

14. NATURE OF INCOME AND EXPENSES

		2012		2011
Interest and other income (expense) include:				
Unrealized loss on short-term investments	$	-	$	(105,000)
Flow-through share premium		121,321		734,170
Gain on disposal of investments		30,950		86,000
Interest income		4,354		21,569
	$	156,625	$	736,739
Employee costs include:				
Administrative and consulting fees	$	253,632	$	119,000
Management salaries		73,714		101,356
Share-based payments		126,637		300,000
	$	453,983	$	520,356
Finance expense includes:				
Flow-through commitment to investors	$	180,266	$	-
Part XII.6 tax		47,448		12,268
	$	227,714	$	12,268

		2012		2011
General and administrative expense include:				
Accounting and audit fees	$	56,014	$	83,486
Filing fees		9,678		47,799
Investor communications		2,898		44,670
Legal fees		10,759		66,744
Office expenses		86,422		74,935
Transfer agent		5,581		10,007
Travel and automobile		42,870		48,069
	$	214,222	$	375,710

15. RELATED PARTY TRANSACTIONS

The following is a summary of the Company's related party transactions during the year:

a) Exploration Expenditures

Exploration expenditures of $242,731 (2011: $1,536,181) were incurred on the Meunier-144 and Bazooka properties on the Company's behalf by Lake Shore Gold and are included in resource property costs. Lake Shore Gold holds a 27.1% interest in the Company. At November 30, 2012, $246,831 (December 1, 2010: $320,264, November 30, 2011: $322,612) owing to Lake Shore Gold was included in due to related parties.

During the year, the Company incurred $5,000 in acquisition expenditures on the Meunier-144 property on behalf of Lake Shore Gold. At November 30, 2012, $5,600 receivable from Lake Shore Gold was included in amounts receivable.

15. RELATED PARTY TRANSACTIONS – (cont'd)

b) Office Expenses

Office expenses of $3,857 (2011: $4,828) were paid to a company with common directors that is co-tenant to the Company's office premises lease. At November 30, 2012, $109 (December 1, 2010: $nil, November 30, 2011: $1,467) owing was included in due to related parties.

c) Key Management Compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include directors and officers including the chief executive officer and chief financial officer. Key management personnel compensation comprised:

		2012		2011
Short-term employee benefits and director fees	$	400,898	$	478,972
Share-based payments		120,439		288,000
	$	521,337	$	766,972

Prepaid expenses at November 30, 2012 include $nil (December 1, 2010: $8,960, November 30, 2011: $13,440) in consulting fees paid to a company with a common director, and $500 (2011: $nil) in expense advances paid to a director.

Due to related parties at November 30, 2012 include $14,895 (December 1, 2010: $19,354, November 30, 2011: $35,080) in amounts owing to directors and companies with common directors for unpaid project management services and expenses.

16. SUPPLEMENTAL CASH FLOW DISCLOSURE

		2012		2011
Interest paid	$	-	$	-
Income taxes paid	$	-	$	-
Non-cash financing and investing activities				
Shares issued for mineral properties	$	10,000	$	1,508,000
Agents' warrants issued for finder's fees	$	-	$	196,522

17. FINANCIAL INSTRUMENTS

The fair values of the Company's cash and cash equivalents, amounts receivable, trade and other payables and due to related parties approximate their carrying values because of the short-term nature of these instruments. The short-term investments are based on quoted market prices.

The Company's financial instruments are exposed to certain financial risks, credit risk, liquidity risk and market risk.

17. FINANCIAL INSTRUMENTS – (cont'd)

(a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash is exposed to credit risk. The Company is not exposed to significant credit risk on amounts receivable.

The Company manages credit risk, in respect of cash, by maintaining the majority of cash at high credit rated Canadian financial institutions.

Concentration of credit risk exists with respect to the Company's cash as the majority of the amounts are held with a single Canadian financial institution.

(b) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipated investing and financing activities. The Company has cash at November 30, 2012 in the amount of $109,447 (December 1, 2010: $134,778, November 30, 2011: $1,071,151) in order to meet short-term business requirements. At November 30, 2012, the Company had current liabilities of $622,645 (December 1, 2010: $455,865, November 30, 2011: $864,993). Accounts payable have contractual maturities of approximately 90 days or are due on demand and are subject to normal trade terms. Amounts due to related parties are without stated terms of interest or repayment.

(c) Market Risk

Market risk consists of interest rate risk, foreign currency risk and other price risk. These are discussed further below.

Interest Rate Risk

Interest rate risk consists of two components:

(i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
(ii) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

In management's opinion, the Company is not exposed to significant interest rate risk as the Company has no interest bearing debt.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is not significantly exposed to foreign currency risk.

17. FINANCIAL INSTRUMENTS – (cont'd)

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is exposed to other price risk with respect to its short-term investments as they are carried at fair value based on quoted market prices.

The Company's ability to raise capital to fund mineral resource exploration is subject to risks associated with fluctuations in mineral resource prices. Management closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

(c) Classification of Financial instruments

IFRS 7 'Financial Instruments: Disclosures' establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy as at November 30, 2012:

	Level 1	**Level 2**	**Level 3**
Cash and cash equivalents	$109,447	-	-

The fair values of other financial instruments, which include amounts receivable, trade payable and due to related parties approximate their carrying values due to the short-term maturity of these instruments.

18. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its properties and to maintain flexible capital structure for its projects for the benefit of its stakeholders. In the management of capital, the Company includes the components of shareholders' equity as well as cash and cash equivalents. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or adjust the amount of cash and cash equivalents. Management reviews the capital structure on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements.

19. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Company's financial statements for the year ended November 30, 2012 are the first annual financial statements prepared in accordance with IFRS. IFRS 1, First Time Adoption of International Financial Reporting Standards ("IFRS 1"), requires that comparative financial information be provided. As a result, the first date at which the Company has applied IFRS was December 1, 2010 (the "Transition Date"). IFRS 1 requires first-time adopters to retrospectively apply all effective IFRS standards as of the reporting date, which for the Company will be November 30, 2012. Therefore, the financial statements for the year ended November 30, 2012, the comparative information presented in these statements for the year ended November 30, 2011 and the opening IFRS statement of financial position at December 1, 2010 are prepared in accordance with IFRS standards effective at the reporting date. However, IFRS 1 also provides for certain optional exemptions and certain mandatory exceptions for first time IFRS adopters. Prior to transition to IFRS, the Company prepared its financial statements in accordance with pre-changeover Canadian GAAP.

In preparing the Company's opening IFRS financial statements, the Company has adjusted amounts reported previously in the financial statements prepared in accordance with pre-changeover Canadian GAAP.

An explanation of how the transition from pre-changeover Canadian GAAP to IFRS has affected the Company's financial position, financial performance and cash flows is set out in the following notes and tables:

OPTIONAL EXEMPTIONS

Share-based Payment Transactions

The Company has elected not to retrospectively apply IFRS 2 to equity instruments that were granted and had vested before the Transition Date. As a result of applying this exemption, the Company will apply the provisions of IFRS 2 only to all outstanding equity instruments that are unvested as at the Transition Date to IFRS.

MANDATORY EXCEPTIONS

Derecognition of Financial Assets and Liabilities

The Company has applied the derecognition requirements in IAS 39 Financial Instruments: Recognition and Measurement prospectively from the Transition Date. As a result any non-derivative financial assets or non-derivative financial liabilities derecognized prior to the Transition Date in accordance with pre-changeover Canadian GAAP have not been reviewed for compliance with IAS 39.

19. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS – (cont'd)

Estimates

The estimates previously made by the Company under pre-changeover Canadian GAAP were not revised for the application of IFRS except where necessary to reflect any difference in accounting policy or where there was objective evidence that those estimates were in error. As a result the Company has not used hindsight to revise estimates.

RECONCILIATIONS OF PRE-CHANGEOVER CANADIAN GAAP EQUITY AND COMPREHENSIVE LOSS TO IFRS

IFRS 1 requires an entity to reconcile equity, comprehensive loss and cash flows for prior periods. The changes made to the statements of financial position and statements of comprehensive loss as shown below have resulted in reclassifications of various amounts on the statements of cash flows; however, as there have been no material adjustments to the net cash flows, no reconciliation of the statement of cash flows has been prepared.

19. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS – (cont'd)

RECONCILIATION OF STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 1, 2010 – TRANSITION DATE

	Sub note	Canadian GAAP	Effect of transition to IFRS	IFRS
Assets				
Current assets				
Cash and cash equivalents		$ 134,778		$ 134,778
Short-term investments		144,000		144,000
Amounts receivable		133,939		133,939
Prepaid expenses		17,295		17,295
Total current assets		430,012	-	430,012
Non-current assets				
Exploration and evaluation assets		3,562,786		3,562,786
Equipment		-		-
Total non-current assets		3,562,786	-	3,562,786
Total assets		$ 3,992,798	-	$ 3,992,798
Liabilities and shareholders' equity				
Current liabilities				
Trade and other payables		$ 111,186		$ 111,186
Due to related parties		339,617		339,617
Other liabilities	(i)	-	5,062	5,062
Total current liabilities		450,803	5,062	455,865
Non-current liabilities				
Deferred tax liability	(i)	48,000	-	48,000
Total non-current liabilities		48,000	-	48,000
Total liabilities		498,803	5,062	503,865
Shareholders' equity				
Share capital	(i)	4,291,027	427,750	4,718,777
Contributed surplus		692,403		692,403
Accumulated deficit	(i)	(1,489,435)	(432,812)	(1,922,247)
Total shareholders' equity		3,493,995	(5,062)	3,488,933
Total liabilities and shareholders' equity		$ 3,992,798	-	$ 3,992,798

19. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS – (cont'd)

RECONCILIATION OF STATEMENT OF FINANCIAL POSITION AS AT NOVEMBER 30, 2011

	Sub note	Canadian GAAP	Effect of transition to IFRS	IFRS
Assets				
Current assets				
Cash and cash equivalents		$ 1,071,151		$ 1,071,151
Short-term investments		225,000		225,000
Amounts receivable		182,055		182,055
Prepaid expenses		25,156		25,156
Total current assets		1,503,362	-	1,503,362
Non-current assets				
Exploration and evaluation assets	(iii)	2,233,262	536,000	2,769,262
Equipment		10,142		10,142
Total non-current assets		2,243,404	536,000	2,779,404
Total assets		$ 3,746,766	536,000	$ 4,282,766
Liabilities and shareholders' equity				
Current liabilities				
Trade and other payables		$ 263,092		$ 263,092
Due to related parties		359,159		359,159
Other liabilities	(i)	-	242,742	242,742
Total current liabilities		622,251	242,742	864,993
Non-current liabilities				
Deferred tax liability	(i)	5,000	(5,000)	-
Total non-current liabilities		5,000	(5,000)	-
Total liabilities		627,251	237,742	864,993
Shareholders' equity				
Share capital	(i)	8,561,444	472,900	9,034,344
Contributed surplus		1,083,925		1,083,925
Accumulated deficit	(i)(iii)	(6,525,854)	(174,642)	(6,700,496)
Total shareholders' equity		3,119,515	298,258	3,417,773
Total liabilities and shareholders' equity		$ 3,746,766	$ 536,000	$ 4,282,766

19. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS – (cont'd)

RECONCILIATION OF THE STATEMENT OF COMPREHENSIVE LOSS FOR THE YEAR ENDED NOVEMBER 30, 2011

	Sub note	Canadian GAAP	Effect of transition to IFRS	IFRS
Expenses				
Depreciation		$ 1,339		$ 1,339
Employee costs		520,356		520,356
Finance expense		12,268		12,268
General and administrative expense		375,710		375,710
Loss on disposal of exploration and evaluation assets	(iii)	-	2,803,601	2,803,601
Impairment of exploration and evaluation assets		1,761,714		1,761,714
Total expenses		(2,671,387)	(2,803,601)	(5,474,988)
Interest and other income	(i)	2,569	734,170	736,739
Loss before income tax		(2,668,818)	(2,069,431)	(4,738,249)
Deferred tax recovery (expense)	(i)(ii)	972,000	(1,012,000)	(40,000)
Comprehensive loss for the year		$ (1,696,818)	$ (3,081,431)	$ (4,778,249)
Loss per common share, basic and diluted		$ (0.03)		$ (0.07)

EXPLANATIONS FOR THE ADJUSTMENTS ARE AS FOLLOWS:

i) Flow-through Shares

Under pre-changeover Canadian GAAP, the entire proceeds from the issuance of flow-through shares were recognized in equity less the tax effects of renunciation. Under IFRS, on issuance of flow-through shares, the Company bifurcates the flow-through shares into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability and; ii) share capital. Upon exploration expenses being incurred, the Company derecognizes the liability. The premium is recognized as other income on the statement of comprehensive income.

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

19. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS – (cont'd)

As a result, for issuances of flow-through shares for which expenditures have been incurred, share capital was increased by $427,750 at the date of transition (November 30, 2011: $472,900) and retained earnings were decreased by $432,812 (November 30, 2011: $174,642). The impact on net loss for the year ended November 30, 2012 was to recognize finance income of $121,321 (November 30, 2011: deferred tax expense of $1,012,000 and finance income of $734,170).

Where flow-through shares were issued but expenditures not incurred by the end of the reporting period, a liability is shown in 'other liabilities'. This resulted in a liability of $5,062 at the Transition (November 30, 2011: $242,742).

ii) Deferred Income Taxes

As a result of the transition to IFRS the carrying amounts of various assets have been adjusted (see (iii) below). There has not been a corresponding change to the tax basis of these assets and liabilities. This will not impact the deferred taxes recognized. However, this will impact the disclosure of individual temporary differences. Deferred tax liability was not impacted at the date of transition (November 30, 2011: decrease of $5,000). The impact on net loss for the year ended November 30, 2012 was nil (November 30, 2011: deferred tax expense of $40,000).

iii) Exploration and Evaluation Assets

Under pre-changeover Canadian GAAP, the related party transactions with Lake Shore Gold described in Notes 7(a), 7(b) and 7(c) were measured at the carrying amount as recorded by the related party. Prior to the sale, the total mineral interests recorded in the properties by Lake Shore Gold was $957,000 for Bazooka and $15,000 for McWatters at December 30, 2010. The Golden property had a book value of $2,045,957 at December 30, 2010 and the 10,000,000 common shares of the Company were valued at $0.1508 per share, based on the closing stock price of $0.25 per share, less a Black-Scholes calculated put value of $0.0992 to reflect the functional hold period of the shares (see Note 12(a)). The acquisition cost of the properties was recorded at their carrying amounts with the difference in consideration paid of $2,581,957 debited to accumulated deficit.

Under IFRS, the property transactions are measured based on the fair value of consideration of the 10,000,000 common shares valued at $1,508,000. As a result, exploration and evaluation assets were increased by $nil at the date of transition (November 30, 2011: $536,000) and retained earnings were increased by $nil (November 30, 2011: $536,000). The loss on disposal of the mineral properties was debited to the statement of loss instead of to accumulated deficit. The impact on net loss for the year ended November 30, 2012 was $nil (November 30, 2011: increase loss by $2,803,601).

20. COMMITMENTS

The Company is co-tenant to an Office Lease for a three year term commencing May 1, 2011 and expiring April 30, 2014. Under the terms of the Office Lease, the Company is also responsible for its portion of tax costs and operating costs. The operating costs will be adjusted annually. The Company and its Co-Tenant have agreed to each pay 50% of the rent due and owing. The Company is committed to following gross rental amounts per financial year:

2013 - $32,729;
2014 - $14,020.