

**WPC RESOURCES INC.**  
(An Exploration Stage Company)

**Condensed Interim Consolidated Financial Statements**  
**May 31, 2012 and 2011**

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

These condensed interim consolidated financial statements are the responsibility of the Board of Directors and management. These condensed interim consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards. Management maintains the necessary systems of internal controls, policies and procedures to provide assurance that assets are safeguarded and that the financial records are reliable and form a proper basis for the preparation of financial statements.

The Board of Directors ensures that management fulfills its responsibilities for financial reporting and internal control through an Audit Committee. This committee, which reports to the Board of Directors, meets with the independent auditors and reviews the annual financial statements.

The condensed interim consolidated financial statements for the six-month period ended May 31, 2012 and 2011 are unaudited and prepared by Management.

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

*"Crichy Clarke" (signed)*

.....

Crichy Clarke  
CEO and Director

Vancouver, British Columbia  
July 23, 2012

*"Al Fabbro" (signed)*

.....

Al Fabbro  
President and Director

**WPC RESOURCES INC.**  
**(An Exploration Stage Company)**  
**Condensed Interim Consolidated Statement of Financial Position**

	May 31, 2012	November 30, 2011	December 1, 2010
<b>Assets</b>			
<b>Current</b>			
Cash and cash equivalents	\$ 26,028	\$ 254,784	\$ 61,140
Loan receivable	-	-	618,164
HST receivable	10,826	21,005	20,250
Prepaid expenses	-	616	2,375
	36,854	276,405	701,929
<b>Reclamation Deposits</b> (Note 7)	42,620	42,620	-
<b>Exploration and evaluation assets</b> (Note 8)	2,763,318	2,393,157	833,136
	\$ 2,842,792	\$ 2,712,182	\$ 1,535,065
<b>Liabilities</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	495,628	285,725	77,825
Flow-through share tax payable	2,990	2,990	-
	498,618	288,715	77,825
<b>Shareholders' Equity</b>			
<b>Capital Stock</b> (note 10)	2,879,678	2,804,678	1,780,532
<b>Share subscriptions received</b>	20,000	-	-
<b>Contributed Surplus</b> (note 11)	492,932	492,932	343,170
<b>Deficit</b>	(1,048,436)	(874,143)	(666,462)
	2,344,174	2,423,467	1,457,240
	\$ 2,842,792	\$ 2,712,182	\$ 1,535,065

Approved by the Board:

*"Crichy Clarke"*

..... Director  
Crichy Clarke

*"Al Fabbro"*

..... Director  
Al Fabbro

**WPC RESOURCES INC.**

(An Exploration Stage Company)

**Condensed Interim Statement of Comprehensive Income****For the Three- and Six-Month Periods Ended May 31, 2012 and 2011**

	<b>Three-Month Period</b>		<b>Six-Month Period</b>	
	<b>Ended May 31,</b>		<b>Ended May 31,</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
<b>Expenses</b>				
Professional fees	\$ 4,919	\$ 2,389	\$ 19,807	\$ 30,765
Regulatory and filing fees	3,102	12,838	9,861	26,374
Consulting fees	8,364	-	8,364	16,402
Investor and shareholder relations	19,691	5,122	38,993	11,118
Management fees	30,000	15,000	47,000	30,000
Director fees	-	12,000	14,000	22,000
Office expenses	2,988	9,271	26,080	15,869
Travel & entertainment	873	8,823	4,188	14,507
Rent	3,000	3,000	6,000	6,000
<b>Loss Before Other Item</b>	<b>72,937</b>	<b>68,443</b>	<b>174,293</b>	<b>173,035</b>
<b>Other Item</b>				
Interest revenue	-	-	-	(6,835)
<b>Net Loss for Period</b>	<b>72,937</b>	<b>68,443</b>	<b>174,293</b>	<b>166,200</b>
<b>Deficit, Beginning of Period</b>	<b>975,499</b>	<b>764,219</b>	<b>874,143</b>	<b>666,462</b>
<b>Deficit, End of Period</b>	<b>\$ 1,048,436</b>	<b>\$ 832,662</b>	<b>\$ 1,048,436</b>	<b>\$ 832,662</b>
<b>Loss Per Share</b>	<b>\$ 0.003</b>	<b>\$ 0.003</b>	<b>\$ 0.01</b>	<b>\$ 0.01</b>
<b>Weighted Average Number of Common Shares Outstanding</b>	<b>28,110,864</b>	<b>21,151,842</b>	<b>28,070,551</b>	<b>20,317,776</b>

See notes to financial statements.

**WPC RESOURCES INC.****(An Exploration Stage Company)****Condensed Interim Consolidated Statement of Changes in Equity  
For the Six-Month Periods Ended May 31, 2012 and 2011**

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	<b>Issued Capital Shares</b>	<b>Capital Amount \$</b>	<b>Contributed Surplus \$</b>	<b>Deficit \$</b>	<b>Equity \$</b>
<b>Balance, December 1, 2010</b>	17,251,842	1,780,532	343,170	(666,462)	1,457,240
Shares issued for private placement	3,000,000	465,000	-	-	465,000
Financing costs		(39,013)	-	-	(39,013)
Shares issued for property	900,000	94,500	-	-	94,500
Comprehensive loss	-	-	-	(166,200)	(166,200)
<b>Balance, May 31, 2011</b>	21,151,842	2,340,032	343,170	(832,662)	1,811,527

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	<b>Issued Capital Shares</b>	<b>Capital Amount \$</b>	<b>Contributed Surplus \$</b>	<b>Deficit \$</b>	<b>Equity \$</b>
<b>Balance, December 1, 2011</b>	28,029,342	2,804,678	492,932	(874,143)	2,423,467
Shares issued for property	750,000	75,000	-	-	75,000
Share subscriptions received	-	20,000	-	-	20,000
Comprehensive loss	-	-	-	(174,293)	(174,293)
<b>Balance, May 31, 2012</b>	28,779,342	2,899,678	492,932	(1,048,436)	2,344,174

**WPC RESOURCES INC.**  
**(An Exploration Stage Company)**  
**Condensed Interim Consolidated Statement of Cash Flows**  
**For the Three- and Six-Month Periods Ended May 31, 2012 and 2011**

	<b>Three-Month Period Ended August 31,</b>		<b>Six-Month Period Ended May 31,</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
<b>Operating Activities</b>				
Net loss	\$ (72,937)	\$ (68,443)	\$ (174,293)	\$ (166,200)
Changes in non-cash working capital				
Accounts receivable	(2,071)	985	10,179	631,779
Prepaid expenses	-	4,260	616	(5,633)
Accounts payable and accrued liabilities	48,744	(35,020)	209,903	(75,368)
	46,673	(29,775)	220,698	550,778
<b>Cash Used in Operating Activities</b>	<b>(26,264)</b>	<b>(98,218)</b>	<b>46,405</b>	<b>384,578</b>
<b>Investing Activities</b>				
Expenditures on resource properties	(2,438)	(45,914)	(325,104)	(315,975)
Nevada State filing fees refund	29,943		29,943	
<b>Cash Used in Investing Activities</b>	<b>27,505</b>	<b>(45,914)</b>	<b>(295,161)</b>	<b>(315,975)</b>
<b>Financing Activities</b>				
Shares issued for cash (net)	-	-	-	425,987
Share subscriptions received	20,000	-	20,000	-
<b>Cash Provided by Financing Activities</b>	<b>20,000</b>	<b>-</b>	<b>20,000</b>	<b>425,987</b>
<b>Change in Cash</b>	<b>21,241</b>	<b>(144,132)</b>	<b>(228,756)</b>	<b>494,590</b>
<b>Cash, Beginning of Period</b>	<b>4,787</b>	<b>699,862</b>	<b>254,784</b>	<b>61,140</b>
<b>Cash, End of Period</b>	<b>26,028</b>	<b>555,730</b>	<b>26,028</b>	<b>555,730</b>
<b>Supplemental Cash Flow Information</b>				
Shares issued for services	\$ -	\$ -	\$ -	\$ -
Shares issued for property	\$ 75,000	\$ -	\$ 75,000	\$ 94,500

## **WPC RESOURCES INC.**

**(An Exploration Stage Company)**

**Notes to Condensed Interim Consolidated Financial Statements  
For the Six-Month Periods Ended May 31, 2012 and 2011**

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### **1. NATURE OF OPERATIONS AND GOING CONCERN**

WPC Resources Inc. (the "Company") was incorporated under the laws of British Columbia on April 13, 2007. The Company's principal business is the acquisition, exploration and development of resource property interests. The Company trades on the TSX Venture Exchange ("TSX-V") under the symbol "WPQ".

These condensed interim consolidated financial statements have been prepared on a going concern basis meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company's ability to continue as a going concern is dependent on the Company being able to satisfy its liabilities as they become due and to obtain the necessary financing to complete the exploration for and development of its resource property interests, the attainment of profitable mining operations or the receipt of proceeds from the disposition of its resource property interests.

The Company reported a net loss of \$174,293 for the six-month period ended May 31, 2012 (2011 - \$166,200) and has an accumulated deficit of \$1,048,436 (2011 - \$832,662). At May 31, 2012, the Company had \$26,028 in cash available to meet its liabilities as they become due and continue exploring its resource property interests in the next year. The Company relies on financing through the issuance of additional shares of its common stock until such time as it achieves sustained profitability through profitable mining operations, or the receipt of proceeds from the disposition of its resource property interests. There are no assurances that the Company will be able to raise sufficient funds to continue exploration of its resource property interests.

These condensed interim consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

Management is pursuing all possible sources of financing. While the Company has been successful in raising funds in the past, it is uncertain whether it will be able to raise sufficient funds in the future. If the Company is unable to secure additional financing, repay liabilities as they come due, negotiate suitable joint venture agreements and/or continue as a going concern, then material adjustments would be required to the carrying value of assets and liabilities and the balance sheet classifications used. These condensed interim consolidated financial statements do not include any adjustments relating to the recovery of assets and classification of assets and liabilities that may arise should the Company be unable to continue as a going concern.

**WPC RESOURCES INC.**  
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**Notes to Condensed Interim Consolidated Financial Statements**  
**For the Six-Month Periods Ended May 31, 2012 and 2011**

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**2. BASIS OF PREPARATION**

These condensed interim financial statements, including comparatives, have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) and in accordance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting*. These interim financial statements do not include all of the information required for full annual financial statements. The disclosures concerning the transition from Canadian GAAP to IFRS are included in Note 16.

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Judgments made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed below and in Notes 4(l), (m), and (n) and 10(c).



## **WPC RESOURCES INC.**

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**Notes to Condensed Interim Consolidated Financial Statements  
For the Six-Month Periods Ended May 31, 2012 and 2011**

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### **3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS**

Effective December 1, 2010, the Company adopted new and revised International Financial Reporting Standards ("IFRS") that were issued by the International Accounting Standards Board ("IASB"). The application of these new and revised IFRS has not had any material impact on the amounts reported from the current and prior years but may affect the accounting for future transactions or arrangements.

a) Amendments to IAS 27 and Separate Financial Statements

The amendments are clarification about the impacts from the amendments to IAS 21 – The Effects of Changes in Foreign Exchange Rates, IAS 28 – Investments in Associates, and IAS 31 – Interests in Joint Ventures. The amendments resulting from IAS 27 should be applied prospectively, except for amendments resulting from renumbering.

b) Amendments to IAS 7 Financial Instruments: Disclosures

Amendment to disclosure requirements, specifically, ensuring qualitative disclosures are made in close proximity to quantitative disclosures in order to better enable financial statement users to evaluate an entity's exposure to risks arising from financial instruments.

c) Amendments to IAS 1 Presentation of Financial Statements

Clarification that the breakdown of changes in equity resulting from transactions recognized in other comprehensive income is required to be presented in the statement of changes in equity or in the notes to the financial statements.

d) Amendments to IAS 24 Related Party Disclosures

Amendment to definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for government-related entities.

e) Amendments to IAS 34 Interim Financial Reporting

Addition of further examples of events or transactions that require disclosure and removal of references to materiality when discussing other minimum disclosures.

## WPC RESOURCES INC.

(An Exploration Stage Company)

Notes to Condensed Interim Consolidated Financial Statements  
For the Six-Month Periods Ended May 31, 2012 and 2011

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### 4. SIGNIFICANT ACCOUNTING POLICIES

(a) Cash and cash equivalents

Cash and cash equivalents includes cash and term deposits with original maturities of less than three months that can be redeemed for known amounts of cash on demand.

(b) Exploration and evaluation assets

Exploration and evaluation activities involve the search for minerals, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Exploration and evaluation costs incurred prior to obtaining licenses are expensed in the period in which they are incurred. Once a license to explore an area has been secured, expenditures on exploration and evaluation activities are capitalized to exploration and classified as a component of mineral properties. Such expenditures include, but are not limited to, exploration license expenditures, leasehold property acquisition costs, evaluation costs including drilling costs directly attributable to a property, and directly attributable to general and administrative costs. From time to time the Company may acquire or dispose of a mineral property pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as property costs or recoveries when the payments are made or received.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets are tested for impairment and transferred to "Mines under construction". No amortization is taken during the exploration and evaluation phase.

*i) Impairment*

Exploration and evaluation assets are assessed for impairment by management when facts and circumstances suggest that the carrying amount exceeds the recoverable amount. When there is little prospect of further work on a property being carried out by the Company or its partners, when a property is abandoned or when the capitalized costs are no longer considered recoverable, the related property costs are written down to management's estimate of their net recoverable amount.

The recoverability of the carrying amount of mineral properties is dependent on successful development and commercial exploitation or alternatively the sale of the respective areas of interest.

*ii) Decommissioning liabilities*

An obligation to incur decommissioning and site rehabilitation costs occurs when environmental disturbance is caused by exploration, evaluation, development or on-going production.

Decommissioning and site rehabilitation costs arising from the installation of plant and other site preparation work, discounted to their net present value, are provided when the obligation to incur such costs arises and are capitalized into the cost of the related asset. These costs are charged against operations through depreciation of the asset and unwinding of the discount on the provision.

## WPC RESOURCES INC.

(An Exploration Stage Company)

Notes to Condensed Interim Consolidated Financial Statements  
For the Six-Month Periods Ended May 31, 2012 and 2011

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### 4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Depreciation is included in operating costs while the unwinding of the discount is included as a financing cost. Changes in the measurement of a liability relating to the decommissioning or site rehabilitation of plant and other site preparation work are added to, or deducted from, the cost of the related asset.

The costs for the restoration of site damage, which arises during production, are provided at their net present values and charged against operations as extraction progresses.

Changes in the measurement of a liability, which arises during production, are charged against operating profit. The discount rate used to measure the net present value of the obligations is the pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. To date the Company does not have any decommissioning liabilities.

#### (c) Amortization

Amortization is calculated at the following annual rates:

Vehicles	- 30% declining-balance
Computer equipment	- 45% declining-balance
Furniture and equipment	- 20% declining-balance
Leasehold improvements	- Straight-line over term of lease

Amortization on additions during the year is calculated at one-half of the annual rate.

#### (d) Future income taxes

The Company follows the asset and liability method of accounting for future income taxes. Under this method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis, and losses carried forward. Future tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in operations in the period in which the change is enacted or substantially assured. The amount of future income tax assets is limited to the amount of the benefit that is more likely than not to be realized.

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**(An Exploration Stage Company)**  
**Notes to Condensed Interim Consolidated Financial Statements**  
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**4. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(e) Loss per share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the year. The Company uses the treasury stock method for calculating diluted loss per share. Under this method, the dilutive effect on loss per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to purchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

(f) Share-based payment transactions

The Company grants share options to acquire common shares of the Company to directors, officers, employees and consultants. The fair value of share-based payments to employees is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period for employees using the graded method. Fair value of share-based payments for non-employees is recognized and measured at the date the goods or services are received based on the fair value of the goods or services received. If it is determined that the fair value of goods and services received cannot be reliably measured, the share-based payment is measured at the fair value of the equity instruments issued using the Black-Scholes option pricing model.

For both employees and non-employees, the fair value of share-based payments is recognized as either an expense or as mineral property interests with a corresponding increase in option reserves. The amount recognized as expense is adjusted to reflect the number of share options expected to vest. Consideration received on the exercise of stock options is recorded in capital stock and the related share-based payment in option reserves is transferred to capital stock. For those options that expire or are forfeited after vesting, the recorded value is transferred to deficit.

(g) Interest income

Interest income derived from cash and cash equivalents and short-term investments is recognized on an accrual basis as earned at the stated rate of interest.

## WPC RESOURCES INC.

(An Exploration Stage Company)

Notes to Condensed Interim Consolidated Financial Statements  
For the Six-Month Periods Ended May 31, 2012 and 2011

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### 4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Asset retirement obligation

The Company recognizes an estimate of the liability associated with an ARO in the financial statements at the time the liability is incurred. The estimated fair value of the ARO is recorded as a long-term liability, with a corresponding increase in the carrying amount of the related asset. The liability amount is increased each reporting period due to the passage of time and the amount of accretion is charged to earnings in the period. The ARO can also increase or decrease due to changes in the estimates of timing of cash flows or changes in the original estimated undiscounted cost. Actual costs incurred upon settlement of the ARO are charged against the ARO to the extent of the liability recorded. The Company has determined that it has no material AROs as at May 31, 2012.

(i) Flow-through shares

Resource expenditures for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. A liability is recognized for the premium on the flow-through shares and is subsequently reversed as the Company incurs qualifying Canadian exploration expenses.

In circumstances where the Company has issued flow-through shares by way of a unit offering, the proceeds are allocated first to capital stock based on the fair value of the common shares at the time the units are priced and any residual value is allocated to the warrants reserve first based on the fair value of the warrant component on grant date using the Black-Scholes option pricing model. Any remaining residual value is then recognized as a liability for the premium on the flow-through shares.

(j) Financial instruments

All financial assets and liabilities are recognized when the Company becomes a party to the contract creating the item. The Company classifies its financial instruments into one of these five categories: held-to-maturity, loans and receivables, held-for-trading, available-for-sale or other financial liabilities. Financial assets and liabilities classified as held-for-trading are measured at fair value with gains and losses recognized in net income. Financial assets classified as held-to-maturity, loans and receivables, and other financial liabilities are measured at amortized cost. Financial instruments classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) and reported in shareholders' equity. Any financial instrument may be designated as held-for-trading upon initial recognition. When a decline in the fair value of an available-for-sale financial asset has been recognized in comprehensive income and there is objective evidence that the impairment is other than temporary, the cumulative loss that had been previously recognized in accumulated other comprehensive income is removed from accumulated other comprehensive income and recognized in net income even though the financial asset has not been de-recognized.

Transaction costs that are directly attributable to the acquisition or issue of financial instruments that are classified as other than held-for-trading, which are expensed as incurred, are included in the initial carrying value of such instruments.

## **WPC RESOURCES INC.**

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**Notes to Condensed Interim Consolidated Financial Statements  
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### **4. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(k) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

(l) Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial year.

- (i) Impairment of mineral properties and equipment as described in Note 4(b).
- (ii) Stock-based payment transactions as described in Note 4(f).

(m) Critical accounting judgments

Critical accounting judgements are accounting policies that have been identified as being complex or involving subjective judgments or assessments.

(i) Going concern

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgement. The Directors monitor future cash requirements to assess the Company's ability to meet these future funding requirements. Further information regarding going concern is outlined in Note 1.

(ii) Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure 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 information becomes available after expenditure is capitalized suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

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**Notes to Condensed Interim Consolidated Financial Statements  
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### **4. SIGNIFICANT ACCOUNTING POLICIES (continued)**

- (n) Accounting standards issued but not yet effective

Amendments to IFRS 7 Financial Instruments: Disclosures

Increase in disclosure with regards to the transfer of financial assets, especially if there is a disproportionate amount of transfer transactions that take place around the end of a reporting period. This is effective for annual periods beginning on or after December 1, 2011.

New standard IFRS 9 Financial Instruments

Partial replacement of IAS 39 Financial Instruments: Recognition and Measurement. This is effective for annual periods beginning on or after January 1, 2013.

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the financial statements.

## WPC RESOURCES INC.

(An Exploration Stage Company)

Notes to Condensed Interim Consolidated Financial Statements  
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### 5. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company classifies its cash and cash equivalents as held-for-trading; reclamation bonds as loans and receivables; and accounts payable and accrued liabilities other financial liabilities.

The carrying values of accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these financial instruments. The carrying value of reclamation deposits approximates its fair value as the amounts are represented by cash deposits.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations.

Concentration of credit risk exists with respect to the Company's cash and cash equivalents and reclamation deposits as all are placed with two major financial institutions. The Company is not exposed to significant credit risk on its cash and cash equivalents and reclamation deposits as all have been placed with major financial institutions.

The Company's concentration of credit risk and maximum exposure thereto is as follows:

	2012	2011
Cash and cash equivalents	\$ 26,028	\$ 555,729
Accounts receivable	10,826	6,635
Reclamation deposits	42,620	-
	\$ 79,474	\$ 562,364

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate, foreign currency and other price risk.

(i) Interest rate risk

The Company is not exposed to significant interest rate risk.

(ii) Foreign currency risk

The Company is exposed to currency risk to the extent that expenditures incurred or funds received and balances maintained by the Company are denominated in US dollars. The Company does not manage currency risk through hedging or other currency management tools. As at May 31, 2012, the Company's net exposure to foreign risk is \$nil.

(iii) 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 not exposed to significant other price risk.



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### **5. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (cont'd)**

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. At May 31, 2012, the cash and cash equivalents balance of \$26,028 (2011 - \$555,729) are insufficient to meet the business requirements for the coming year. Therefore, the Company will be required to raise additional capital to fund its operations in 2012. At May 31, 2012, the Company had accounts payable of \$498,618 (2011 - \$2,457), which are due in fiscal 2012.

### **6. CAPITAL MANAGEMENT**

The Company defines its capital as shareholders' equity. Capital requirements are driven by the Company's exploration activities on its resource properties. To effectively manage the Company's capital requirements, the Company has a planning and budgeting process in place to ensure that adequate funds are available to meet its strategic goals. The Company monitors actual expenses to budget on all exploration projects and overhead in order to manage costs, commitments and exploration activities.

The Company's primary source of funds comes from the issuance of capital stock. Although the Company has been successful at raising funds in the past through the issuance of capital stock, it is uncertain whether it will continue this financing due to uncertain economic conditions. The Company does not usually use other sources of financing that require fixed payments of interest and principal due to lack of cash flow from current operations. The Company is not subject to any externally imposed capital requirements.

There have been no changes to the Company's approach to capital management during the six-month period ended May 31, 2012.

### **7. RECLAMATION DEPOSITS**

The Company has placed guaranteed investment certificates (GICs) in trust as reclamation deposits pursuant to a condition of receiving consent from a government agency to explore its resource property interests. The GICs have principal of \$16,160 and \$26,460 with nominal interest rates. The GICs mature between June 29, 2013 and October 12, 2013 and will be renewed indefinitely until the Company has ceased exploration on the related resource property interest and inspections reveal no environmental disturbance.

**WPC RESOURCES INC.****(An Exploration Stage Company)****Notes to Condensed Interim Consolidated Financial Statements  
For the Six-Month Periods Ended May 31, 2012 and 2011****8. EXPLORATION AND EVALUATION ASSETS**

	Quest Lake		Nevada		Total
		SCH	Toiyabe	ZPG	
Balance, November 30, 2011	\$ 919,392	\$ 340,420	352,553	780,792	\$ 2,393,157
Acquisition	\$	\$ -	25,000	50,000	\$ 75,000
Exploration costs					
Assaying	248	-	-	19,148	19,396
Camp and supplies	114	-	-	7,605	7,719
Claim maintenance	1,094	(29,943)	-	-	(28,849)
Consulting	(155)	-	-	11,594	11,439
Drilling	-	-	-	241,862	241,862
Equipment rental	-	-	-	16,050	16,050
Geological	13,500	-	3,000	6,610	23,110
Surveying	-	-	-	3,030	3,030
Travel	-	-	-	1,404	1,404
Total additions during the period	14,801	-	28,000	357,303	370,161
Balance, May 31, 2012	\$ 934,193	\$ 310,477	383,553	1,138,095	\$ 2,763,318

## WPC RESOURCES INC.

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Notes to Condensed Interim Consolidated Financial Statements  
For the Six-Month Periods Ended May 31, 2012 and 2011

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### 8. EXPLORATION AND EVALUATION ASSETS (Continued)

- (a) On October 15, 2009, the Company entered into a purchase agreement to acquire a 100% interest in Quest Lake in exchange for 800,000 common shares of the Company valued at \$80,000. The Quest Lake Property ("Quest Lake") consists of 16 contiguous mineral claims and is located in the Northwest Territories. The value is based on a price of \$0.10 per share, which was the price of shares issued by the Company around that time and also approximates the carrying value of Quest Lake. The vendors retain a 2% net smelter returns royalty ("NSR"), of which the Company may purchase 1% for \$1,000,000.
- (b) During the year ended November 30, 2010, the Company entered into an acquisition agreement to acquire a 100% interest in 350 mineral claims located in Lander County and Eureka County, Nevada (Wenban Springs), when the Company has:
- (i) Paid \$50,000 upon signing of the agreement (paid); and
  - (ii) Paid staking registration fees to the Nevada state office of the Bureau of Land Management and the Lander and Eureka County Recorders on or before June 29, 2010 (paid).
- (c) On January 25, 2011, the Company entered into an option agreement with Genesis Gold Corp. ("GGC") to grant an exclusive option to the Company to acquire a 100% undivided interest in 119 mineral claims known as the Toiyabe claims located in Ladner County, Nevada. The claims are subject to a 3% NSR upon commencement of commercial production. In order to fulfil the terms of the option agreement, the Company is required to make payments, issue shares and incur exploration expenditures as follows (all amounts in US dollars):
- Cash payment to the vendors of \$80,000 on final acceptance of the option agreement by the TSX-V (approval received January 31, 2011);
  - Issue 300,000 shares after January 31, 2011 (issued);
  - Issue 250,000 shares on or before January 31, 2012;
  - Issue 250,000 shares on or before January 31, 2013; and
  - Incur exploration expenditures of \$1,500,000 on or before January 25, 2015.
- (d) On January 25, 2011, the Company entered into an option agreement with GGC to grant an exclusive option to the Company to acquire a 100% undivided interest in 96 mineral claims known as the ZPG claims located in Ladner County, Nevada. The claims are subject to a 3% NSR upon commencement of commercial production. In order to fulfil the terms of the option Agreement, the Company is required to make payments, issue shares and incur exploration expenditures as follows (all amounts in US dollars):
- Cash payment to the vendors of \$160,000 on final acceptance of the Agreement by the TSX-V (approval received January 31, 2011);
  - Issue 600,000 shares after January 31, 2011 (issued);
  - Issue 500,000 shares on or before January 31, 2012;
  - Issue 500,000 shares on or before January 31, 2013; and
  - Incur exploration expenditures of \$1,500,000 on or before January 25, 2015.

**WPC RESOURCES INC.**  
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**Notes to Condensed Interim Consolidated Financial Statements**  
**For the Six-Month Periods Ended May 31, 2012 and 2011**

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**8. EXPLORATION AND EVALUATION ASSETS (Continued)**

*Realization of assets*

The investment in and expenditures on resource property interests comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal.

Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore.

The amounts shown for acquisition costs and deferred exploration expenditures represent costs incurred to date and do not necessarily reflect present or future values. These costs will be depleted over the useful lives of the properties upon commencement of commercial production or written off if the properties are abandoned or the claims allowed to lapse.

*Environmental*

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions.

If the restrictions adversely affect the scope of exploration and development on the resource property interests, the potential for production on the property may be diminished or negated.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its property interests and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former property interests that may result in material liability to the Company.

*Title to resource property interests*

Although the Company has taken steps to verify the title to resource properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

## WPC RESOURCES INC.

(An Exploration Stage Company)

Notes to Condensed Interim Consolidated Financial Statements  
For the Six-Month Periods Ended May 31, 2012 and 2011

### 9. ASSET RETIREMENT OBLIGATION

The Company is subject to various regulatory and statutory requirements relating to the protection of the environment. At May 31, 2012, the Company estimates that costs relating to future site restoration and abandonment based on work done to that date will be immaterial. The Company has currently made no provision for site restoration costs or potential environmental liabilities as all properties are still in the exploration stage. Factors such as further exploration, inflation and changes in technology may materially change the cost estimate.

The operations of the Company are complex, and regulations and legislation affecting the Company are continually changing. Although the ultimate impact of these matters on net loss cannot be determined at this time, it could be material for any one quarter or year.

### 10. CAPITAL STOCK

(a) Authorized  
Unlimited number of common shares without par value

(b) Issued and outstanding

	Shares	Amount
Balance, November 30, 2008	2	\$ 2
Shares issued for subscriptions previously received	10,650,240	635,004
Balance, November 30, 2009	10,650,242	635,006
Shares cancelled	(1,498,000)	(14,980)
Shares issued	299,600	14,980
Initial public offering, net of financing costs	7,000,000	1,065,526
Shares issued for property payment	800,000	80,000
Balance, November 30, 2010	17,251,842	\$ 1,780,532
Flow-through Private Placement, Shares issued for property	3,000,000	465,000
Shares issued for cash	900,000	94,500
Shares issued for cash	6,877,500	825,300
Financing costs	-	(139,404)
Residual value of warrants issued		(105,000)
Income tax effect on flow-through share renouncement		(116,250)
Balance, November 30, 2011	28,029,342	2,804,678
Shares issued for property – Nevada	750,000	75,000
<b>Balance, May 31, 2012</b>	<b>28,779,342</b>	<b>\$ 2,879,678</b>

## WPC RESOURCES INC.

(An Exploration Stage Company)

Notes to Condensed Interim Consolidated Financial Statements  
For the Six-Month Periods Ended May 31, 2012 and 2011

### 10. CAPITAL STOCK (Continued)

- (b) Issued and outstanding (continued)

During the year ended November 30, 2011:

- (i) On November 23, 2011, the Company completed the second tranche (tranche one closed on September 30, 2011) of a non-brokered private placement. The Company issued an aggregate of 6,877,500 units at a price of \$0.12 per unit for gross proceeds of \$825,300 through both tranches (3,875,000 issued on September 30, 2011 and 3,002,500 on November 30, 2011). Each unit consists of one common share and one share purchase warrant, which entitles the holder to purchase an additional common share of the Company at a price of \$0.20 until September 30, 2013 (first tranche) and November 23, 2013 (second tranche). The Company paid finder's fees in the amount of \$53,688, legal fees of \$8,254 and issued 246,000 broker warrants, which entitle the holder to purchase one additional common share of the Company at an exercise price of \$0.20 until September 30, 2012 and 290,250 broker warrants at an exercise price of \$0.20 until November 23, 2012 in connection with the private placement.

The broker warrants were valued at \$25,660 using the Black-Scholes option pricing model using the following weighted average assumptions:

	2011	2010
Expected life (years)	2	N/A
Interest rate	0.91%	N/A
Volatility	79.00%	N/A
Dividend yield	0.00%	N/A

- (ii) On February 11, 2011, the Company issued 300,000 shares at a price of \$0.105 per share as per the option agreement with GGC for the Toiyabe claims located in Lander County, Nevada, as well as 600,000 shares at a price of \$0.105 per share as per the option agreement with GGC for the ZPG claims also located in Lander County, Nevada.

On December 30, 2010, the Company completed a private placement of 3,000,000 flow-through units at a price of \$0.155 per unit for gross proceeds of \$465,000. Each unit consists of one flow-through common share and one share purchase warrant. One warrant entitles the holder to purchase one non-flow-through common share at a price of \$0.25 until December 30, 2011 and \$0.30 until December 30, 2012. A finder's fee of \$23,250 and a due diligence fee of \$13,950 were incurred on the private placement. The Company also issued 300,000 agent options, which entitle the holder to purchase one unit of the Company at an exercise price of \$0.155 until December 30, 2011. Each unit consists of one common share and one share purchase warrant, which entitle the holder to purchase one non-flow-through common share at a price of \$0.25 until December 30, 2011 and \$0.30 until December 30, 2012.

## WPC RESOURCES INC.

(An Exploration Stage Company)

Notes to Condensed Interim Consolidated Financial Statements  
For the Six-Month Periods Ended May 31, 2012 and 2011

### 10. CAPITAL STOCK (Continued)

(b) Issued and outstanding (Continued)

(iii) The agent options were valued at \$14,602 using an option pricing model using the following weighted average assumptions:

	2011	2010
Expected life (years)	2	N/A
Interest rate	1.70%	N/A
Volatility	70.54%	N/A
Dividend yield	0.00%	N/A

During the year ended November 30, 2010:

- (iv) On April 16, 2010, the Company closed its initial public offering. The offering consisted of 7,000,000 units at a price of \$0.20 per unit for gross proceeds of \$1,400,000. Each unit is comprised of one common share of the Company and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one additional common share at a price of \$0.35 until April 16, 2011. The Company paid finder's fees and share issue costs of \$236,166 in connection with the private placement including \$43,908 reclassified from deferred costs (Note 5). The Company also issued 700,000 non-transferable agent warrants to acquire shares in the Company. The fair value of the agent warrants of \$98,308 was recorded as share issue costs (Note 7(e)). Each warrant, entitling the holder to purchase one common share, is exercisable at \$0.20 up to April 19, 2011.
- (v) On January 25, 2010, the Company cancelled 1,498,000 shares originally valued at \$0.01 per share for a total of \$14,980 and replaced those shares with 299,600 shares valued at \$0.05 for a total of \$14,980. The 299,600 shares were issued to the same parties who held the 1,498,000 shares in proportion to their shareholdings of the 1,498,000 cancelled shares.
- (vi) The Company issued 800,000 shares for acquisition of the Quest Lake property in conjunction with their initial public offering valued at \$80,000.

(c) Stock options

During the year ended November 30, 2011, the Company approved a stock option plan under which the aggregate number of common shares to be reserved for exercise of all options granted under the plan and any other share compensation arrangement shall not exceed 10% of the issued shares of the corporation at the time of granting of options. The stock option plan provides for the granting of stock options to regular employees and persons providing investor relations or consulting services up to a limit of 5% and 2%, respectively, of the Company's total number of issued and outstanding shares per year. Options granted to consultants providing investor relations services shall vest at a minimum over a period of 12 months with no more than one-quarter of such options vesting in any three-month period; options, other than options granted to consultants providing investor relations services, shall vest immediately.

**WPC RESOURCES INC.****(An Exploration Stage Company)****Notes to Condensed Interim Consolidated Financial Statements  
For the Six-Month Periods Ended May 31, 2012 and 2011****10. CAPITAL STOCK (Continued)****(c) Stock options (Continued)**

Details of the status of the Company's stock options as at May 31, 2012 and 2011 are as follows:

Exercise Price	Expiry Date	2012		2011	
		Outstanding	Exercisable	Outstanding	Exercisable
\$ 0.20	February 12, 2015	1,400,000	1,400,000	1,400,000	1,400,000
\$ 0.20	September 1, 2015	50,000	50,000	50,000	-
		1,450,000	1,450,000	1,450,000	1,400,000
				Number of Options	Weighted Average Exercise Price
				1,450,000	\$ 0.20

The Company applies the fair value method using the Black-Scholes option pricing model in accounting for stock options. During the year ended November 30, 2011, the Company recognized stock-based compensation of \$4,500, which pertains to prior period option grants. No stock options were granted during the six-month period ended May 31, 2012.

During the year ended November 30, 2010, 1,450,000 stock options were granted with a grant date fair value of \$249,878. Of the options granted, 1,400,000 vested immediately while the remaining 50,000 will vest in tranches of 12,500 options every three months from the grant date. Stock-based compensation of \$244,862 was recognized in the year ended November 30, 2010.

**(d) Share purchase warrants**

Details of the status of the Company's warrants as at May 31, 2012 and 2011 are as follows:

	2012		2011	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance, beginning of period	9,877,500	\$ 0.23	7,000,000	\$ 0.35
Issued	-	-	3,000,000	\$ 0.25 / \$0.30
Expired	-	-	-	-
Balance, end of period	9,877,500	\$ 0.23	10,000,000	\$0.32



**WPC RESOURCES INC.****(An Exploration Stage Company)****Notes to Condensed Interim Consolidated Financial Statements  
For the Six-Month Periods Ended May 31, 2012 and 2011****10. CAPITAL STOCK (Continued)****(d) Share purchase warrants (Continued)**

As at May 31, 2012 and 2011, the following share purchase warrants were outstanding:

Expiry Date	Exercise Price	Number of Warrants	
		2012	2011
April 16, 2011	\$ 0.35	-	7,000,000
December 30, 2012	\$ 0.25/\$ 0.30	3,000,000	3,000,000
September 30, 2013	\$ 0.20	3,675,000	-
October 25, 2013	\$ 0.20	200,000	-
November 23, 2013	\$ 0.20	3,002,500	-
		9,877,500	10,000,000

**(e) Agent warrants**

The following summarizes the agent warrants outstanding for the period ended May 31, 2012 and 2011:

	2012		2011	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of year	300,000	\$ 0.25 / \$0.30	700,000	\$0.25 / \$0.30
Granted	246,000	\$ 0.20	300,000	\$ 0.20
Expired	(300,000)	\$ 0.20	-	-
Outstanding and exercisable, end of period	246,000	\$ 0.25	1,000,000	\$ 0.20

**WPC RESOURCES INC.****(An Exploration Stage Company)****Notes to Condensed Interim Consolidated Financial Statements  
For the Six-Month Periods Ended May 31, 2012 and 2011****11. SHARE-BASED PAYMENTS**

	2012		2011
Contributed surplus, beginning of the period	\$ 492,932	\$	343,170
Stock-based compensation	-		-
Contributed surplus, end of period	\$ 492,932	\$	343,170

**12. RELATED PARTY TRANSACTIONS**

The aggregate amount of expenditures paid to a company related by common directors, to the President of the Company and to directors of the Company includes:

- (a) Accounting fees: \$6,000 (2011 - \$6,000);
- (b) Office expenses: \$6,000 (2011 - \$6,000);
- (c) Rent: \$6,000 (2011 - \$6,000);
- (d) Consulting fees: \$8,364 (2011 - \$16,402);
- (e) Management fees: \$47,000 (2011 - \$30,000); and
- (f) Directors' fees: \$14,000 (2011 - \$22,000).

All of the above transactions and balances are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

**WPC RESOURCES INC.****(An Exploration Stage Company)****Notes to Condensed Interim Consolidated Financial Statements  
For the Six-Month Periods Ended May 31, 2012 and 2011****13. INCOME TAXES**

The reconciliation of income tax provision computed at the statutory tax rate of 26.67% (2010 - 28.63%) to the reported income tax provision is as follows:

	<b>2011</b>	<b>2010</b>
Income tax recovery computed at Canadian statutory rates		
Loss before income tax	\$ 86,382	\$ 143,646
Stock-based compensation and other permanent differences	(6,054)	(59,358)
Other temporary differences	25,106	81,661
Effect of change in tax rate	(6,088)	(10,674)
Change in valuation allowance	16,904	(155,275)
Future income tax recovery	\$ 116,250	\$ -

The Company has non-capital losses of \$824,000 available for carry-forward to reduce future years' income for income tax purposes. These losses expire as follows:

2027	\$ 11,000
2028	21,000
2029	133,000
2030	294,000
2031	365,000
	\$ 824,000

The components of the future income tax assets are as follows:

	<b>2011</b>	<b>2010</b>
Future income tax assets		
Non-capital loss carry-forwards	\$ 206,099	\$ 114,774
Non-refundable mining tax credit	55,254	46,138
Tax value of share issue costs	46,138	47,233
	307,491	208,145
Valuation allowance for future income tax assets	(191,241)	(208,145)
	116,250	-
Future income tax liabilities		
Book value in excess of tax value of resource property interests	(116,250)	-
Total	\$ -	\$ -

The valuation allowance reflects the Company's estimate that the tax assets more likely than not will not be realized.

**WPC RESOURCES INC.****(An Exploration Stage Company)****Notes to Condensed Interim Consolidated Financial Statements  
For the Six-Month Periods Ended May 31, 2012 and 2011****14. SEGMENTED DISCLOSURES**

The Company operates in one business segment, the acquisition and development of resource properties.

<b>2012</b>			
	Canada	United States	Total
Cash	\$ 26,028	\$ -	\$ 26,028
Receivables	10,826	-	10,826
Resource property interests	934,193	1,829,125	2,763,318
Reclamation deposits	-	42,620	42,620
<b>Total assets</b>	<b>\$ 971,047</b>	<b>\$ 1,871,745</b>	<b>\$ 2,842,792</b>

  

<b>2011</b>			
	Canada	United States	Total
Cash	\$ 555,729	\$ -	\$ 555,729
Prepaid expenses	8,008	-	8,008
Resource property interests	574,830	668,781	1,243,611
Other assets	6,636	-	6,636
<b>Total assets</b>	<b>\$ 1,145,203</b>	<b>\$ 668,781</b>	<b>\$ 1,813,984</b>

**15. SUBSEQUENT EVENTS**

On June 12, 2012, the Company announced that its shareholders approved all matters presented at the Annual General Meeting held on June 8, 2012.

The Company's shareholders re-elected Crichy Clarke, Allan Fabbro, Richard Jordens, Ernest Peters, Glen MacDonald, Bruce Hamilton, Don Merrick and John Zimmerman to the Board of Directors. Each shall serve as a Director of the Company until the 2013 Annual General Meeting.

Shareholders of the Company also re-appointed Smythe Ratcliffe, Chartered Accountants, as auditors for the ensuing year and approved the 2012 10% Rolling Stock Option Plan, the particulars of which are set out in more detail in the Company's Management Information Circular dated May 4, 2012.

On June 25, 2012 the Company announced that further to its news release of April 13, 2012, and due to current market conditions, the Company has amended its Private Placement and plans to place up to 5,000,000 Units at a price of \$0.075 per Unit. This will now provide gross proceeds of up to \$375,000. The Warrants will be exercisable at a price of \$0.12 for 24 months following the Closing. The Company may pay finder's fees on a portion of the private placement of 8% of gross proceeds and may issue non-transferable options which will now be priced at \$0.12 per share for a period of one year. All other terms and use of funds are unchanged as per the April 13, 2012 news release.

**WPC RESOURCES INC.**  
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**Notes to Condensed Interim Consolidated Financial Statements**  
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**16. IFRS**

For all periods up to and including the year ended November 30, 2011, the Company prepared its financial statements in accordance with Canadian generally accepted accounting principles (GAAP). The Company has prepared financial statements which comply with IFRS applicable for periods beginning on or after December 1, 2011 as described in the accounting policies. In preparing these financial statements, the Company's opening statement of financial position was prepared as at December 1, 2010, the Company's date of transition to IFRS.

This note explains the principal adjustments made by the Company in restating its Canadian GAAP statement of financial position as at December 1, 2010 and the GAAP financial statements for the six-month period ended May 31, 2011 and the year ended November 30, 2010.

IFRS 1 *First-time Adoption of International Financial Reporting Standards* sets forth guidance for the initial adoption of IFRS. Under IFRS 1 the standards are applied retrospectively at the transitional statement of financial position date with all adjustment to assets and liabilities taken to retained earnings unless certain exemptions are applied.

The Company has applied the following exemptions to its opening statement of financial position dated December 1, 2010:

(a) Share-based payment transactions

IFRS 1 encourages, but does not require, first-time adopters to apply IFRS 2 *Share based Payment* to equity instruments that were granted on or before November 7, 2002, or equity instruments that were granted subsequent to November 7, 2002 and vested before the later of the date of transition to IFRS and January 1, 2005. The Company has elected not to apply IFRS 2 to awards that vested prior to December 1, 2010.

IFRS 1 also outlines specific guidelines that a first-time adopter must adhere to under certain circumstances. The Company has applied the following guidelines to its opening statement of financial position dated December 1, 2010:

(b) Estimates

In accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under previous GAAP, unless there is objective evidence that those estimates were in error. The Company's IFRS estimates as of December 1, 2010 are consistent with its Canadian GAAP estimates for the same date.

IFRS employs a conceptual framework that is similar to Canadian GAAP. However, significant differences exist in certain matters of recognition, measurement and disclosure. While adoption of IFRS has not changed the Company's actual cash flows, it has resulted in changes to the Company's reported financial position and results of operations. In order to allow the users of the financial statements to better understand these changes, the Company's Canadian GAAP statement of operations, statement of comprehensive profit, statement of financial position and statement of cash flows for the six months ended May 31, 2011 and the year ended November 30, 2010 have been reconciled to IFRS, with the resulting differences explained.

**WPC RESOURCES INC.**  
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**Notes to Condensed Interim Consolidated Financial Statements**  
**For the Six-Month Periods Ended May 31, 2012 and 2011**

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**16. IFRS** (continued)

(c) Stock-based Compensation

*IFRS*

- Each tranche of an award with different vesting dates is considered a separate grant for the calculation of fair value, and the resulting fair value is amortized over the vesting period of the respective tranches.
- Forfeiture estimates are recognized in the period they are estimated, and are revised for actual forfeitures in subsequent periods.

*Canadian GAAP*

- The Company had elected to recognize the fair value of stock-based awards with graded vesting method during 2010, which is the same requirement under IFRS.
- Forfeitures of awards are recognized as they occur.

(d) Accounts payable, accrued liabilities and provisions

*IFRS* – a provision is a liability of uncertain timing or amount. Provisions are disclosed separately from liabilities and accrued liabilities and require additional disclosure.

*Canadian GAAP* – Accounts payable, accrued liabilities and provisions are disclosed on the statement of financial position as a single line item.

(e) Impairment

*IFRS* – If indication of impairment is identified, the asset's carrying value is compared to the asset's discounted cash flows. If the discounted cash flows are less than the carrying value, the asset is impaired by an amount equal to the difference between the discounted cash flows and the carrying value.

*Canadian GAAP* – If indication of impairment is identified, the asset's carrying value is compared to the asset's undiscounted cash flows. If the undiscounted cash flows are less than the carrying value, the asset is impaired by an amount equal to the difference between the discounted cash flows and the carrying value. The Company completed an impairment review of its assets at December 1, 2010 and at November 30, 2010 and May 31, 2012, and concluded that the assets were not impaired in accordance with IFRS.

(f) Presentation

The presentation of the cash flow statement in accordance with IFRS differs from the presentation of the cash flow statement in accordance with Canadian GAAP. The transition from previous GAAP to IFRS has had no effect upon the reported cash flows generated by the Company. The reconciling items between the previous GAAP presentation and the IFRS presentation have no net impact on the cash flows generated.

**WPC RESOURCES INC.**  
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**Notes to Condensed Interim Consolidated Financial Statements**  
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**16. IFRS** (continued)

The December 1, 2010 Canadian GAAP balance sheet has been reconciled to IFRS as follows:

	<b>December 1, 2010</b>		
	Canadian GAAP	Effect of transition to IFRS	IFRS
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>	\$	\$	\$
Cash and cash equivalents	61,140	–	61,140
Accounts receivable	20,250	–	20,250
Loan receivable	618,164	–	618,164
Prepaid expenses	2,375	–	2,375
	701,929	–	701,929
Reclamation bonds	-	–	-
Resource property interests	833,136	–	833,136
	1,535,065	–	1,535,065
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued liabilities	77,825	–	77,825
	77,825	–	77,825
<b>SHAREHOLDERS' EQUITY</b>			
Share Capital	1,780,532	–	1,780,532
Contributed Surplus	343,170	–	343,170
Deficit	(666,462)	–	(666,462)
	1,457,240	–	1,457,240
	1,535,065	–	1,535,065

**WPC RESOURCES INC.**  
**(An Exploration Stage Company)**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**For the Six-Month Periods Ended May 31, 2012 and 2011**

**16. IFRS** (continued)

The Canadian GAAP balance sheet at November 30, 2011 has been reconciled to IFRS as follows:

	<b>November 30, 2011</b>		
	Canadian GAAP	Effect of transition to IFRS	IFRS
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>	\$	\$	\$
Cash and cash equivalents	254,784	–	254,784
Accounts receivable	21,005	–	21,005
Prepaid expenses	616	–	616
	276,405	–	276,405
Reclamation bonds	42,620	–	42,620
Resource property interests	2,393,157	–	2,393,157
	2,712,182	–	2,712,182
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued liabilities	285,725	–	285,725
Flow-through share tax payable	2,990	–	2,990
	288,715	–	288,715
<b>SHAREHOLDERS' EQUITY</b>			
Share Capital	2,804,678	–	2,804,678
Contributed Surplus	492,932	–	492,932
Deficit	(874,143)	–	(874,143)
	2,423,467	–	2,423,467
	2,712,182	–	2,712,182



**WPC RESOURCES INC.****(An Exploration Stage Company)****Notes to Condensed Interim Consolidated Financial Statements  
For the Six-Month Periods Ended May 31, 2012 and 2011****16. IFRS (continued)**

The Canadian GAAP statement of operation and comprehensive loss for the twelve months ended November 30, 2011 has been reconciled to IFRS as follows:

	<b>12 months ended November 30, 2011</b>		
	Canadian GAAP	Effect of transition to IFRS	IFRS
ADMINISTRATIVE EXPENSES	\$	\$	\$
Management fees	90,000	—	90,000
Professional fees	54,156	—	54,156
Travel and entertainment	36,407	—	36,407
Regulatory and filing fees	32,505	—	32,505
Investor and shareholder relations	30,040	—	30,040
Directors' fees	22,000	—	22,000
Consulting fees	16,084	—	16,084
Office expense	15,917	—	15,917
Insurance	14,168	—	14,168
Rent	12,000	—	12,000
Stock-based compensation	4,500	—	4,500
Net operating loss before other items	327,777		327,777
OTHER ITEMS			
Flow-through share tax expense	2,990	—	2,990
Interest income	(6,836)	—	(6,836)
	(3,846)	—	(3,846)
Loss Before Future Income Tax Recovery	323,931	—	323,931
Future Income Tax Recovery	(116,250)	—	(116,250)
Net Loss and Comprehensive Loss for the Year	207,681		207,681
Net Loss Per Share – Basic and Diluted	(0.04)	—	(0.04)
Weighted Average Shares Outstanding	21,417,712	—	21,417,712

**WPC RESOURCES INC.**  
**(An Exploration Stage Company)**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**For the Six-Month Periods Ended May 31, 2012 and 2011**

**16. IFRS** (continued)

The Canadian GAAP balance sheet at May 31, 2011 has been reconciled to IFRS as follows:

	<b>May 31, 2011</b>		
	Canadian GAAP	Effect of transition to IFRS	IFRS
<b>ASSETS</b>			
CURRENT ASSETS	\$	\$	\$
Cash and cash equivalents	555,729	–	555,729
Accounts receivable	6,635	–	6,635
Prepaid expenses	8,008	–	8,008
	570,372	–	570,372
Investment in subsidiary	1	–	1
Resource property interests	1,243,611	–	1,243,611
	1,813,984	–	1,813,984
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	2,457	–	2,457
<b>SHAREHOLDERS' EQUITY</b>			
Share Capital	2,301,019	–	2,301,019
Contributed Surplus	343,170	–	343,170
Deficit	(832,662)	–	(832,662)
	1,811,527	–	1,811,527
	1,813,984	–	1,813,984

**WPC RESOURCES INC.****(An Exploration Stage Company)****Notes to Condensed Interim Consolidated Financial Statements  
For the Six-Month Periods Ended May 31, 2012 and 2011****16. IFRS (continued)**

The Canadian GAAP statement of operations and comprehensive loss for the six months ended May 31, 2011 has been reconciled to IFRS as follows:

	<b>6 months ended May 31, 2011</b>		
	Canadian GAAP	Effect of transition to IFRS	IFRS
ADMINISTRATIVE EXPENSES	\$	\$	\$
Professional fees	30,765	—	30,765
Consulting fees	16,402	—	16,402
Management fees	30,000	—	30,000
Regulatory fees	26,374	—	26,374
Travel and entertainment	14,507	—	14,507
Directors' fees	22,000	—	22,000
Investor and shareholder relations	11,118	—	11,118
Office and communications	15,869	—	15,869
Rent	6,000	—	6,000
	(173,035)		(173,035)
Other Items			
Interest income	6,835		6,835
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	(166,200)	—	(166,200)
Net Loss Per Share – Basic and Diluted	(0.01)	—	(0.01)
Weighted Average Shares Outstanding	20,317,776	—	20,317,776