WPC RESOURCES INC.
(An Exploration Stage Company)

Consolidated Financial Statements
November 30, 2012 and 2011

Index	**Page**
Independent Auditors' Report to the Shareholders	2
Consolidated Financial Statements	
Consolidated Statements of Financial Position	3
Consolidated Statements of Comprehensive Loss	4
Consolidated Statements of Changes in Equity	5
Consolidated Statements of Cash Flows	6
Notes to Consolidated Financial Statements	7-32

SmytheRatcliffe
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF WPC RESOURCES INC.

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

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated financial statements.

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

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of WPC Resources Inc. 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.

Emphasis of Matter
Without qualifying our opinion, we draw attention to note 1 in the consolidated financial statements, which describes matters and conditions that indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

Smythe Ratcliffe LLP
Chartered Accountants

Vancouver, British Columbia
March 20, 2013

Smythe Ratcliffe LLP is a member firm of both the PKF International Limited network and PKF North America, which are, respectively, a network and an association of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

7th Floor 355 Burrard St
Vancouver, BC V6C 2G8

Tel: 604 687 1231
Fax: 604 688 4675
smytheratcliffe.com

WPC RESOURCES INC.
(An Exploration Stage Company)
Consolidated Statements of Financial Position
As at

	November 30, 2012	November 30, 2011 (Note 12)	December 1, 2010 (Note 12)
Assets			
Current			
Cash and cash equivalents	$ 1,386	$ 254,784	$ 61,140
Loan receivable	-	-	618,164
HST and other receivables	7,630	21,005	20,250
Prepaid expenses and advances	-	616	2,375
	9,016	276,405	701,929
Reclamation Deposits (Note 6)	42,620	42,620	-
Mineral Property Interests (Note 7)	1,533,107	2,393,157	833,136
	$ 1,584,743	$ 2,712,182	$ 1,535,065
Liabilities			
Current			
Accounts payable and accrued liabilities	$ 190,988	$ 285,725	$ 77,825
Flow-through share tax payable	16,735	2,990	-
	207,723	288,715	77,825
Shareholders' Equity			
Capital Stock (Note 8)	3,458,623	2,920,928	1,780,532
Reserves (Note 8(c))	478,330	492,932	343,170
Deficit	(2,559,933)	(990,393)	(666,462)
	1,377,020	2,423,467	1,457,240
	$ 1,584,743	$ 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)
Consolidated Statements of Comprehensive Loss
Years ended November 30

		2012		2011
				(Note 12)
Expenses				
Management fees (Note 10)	$	107,000	$	90,000
Investor and shareholder relations		56,696		30,040
Professional fees (Note 10)		46,065		54,156
Consulting fees		25,093		16,084
Regulatory and filing fees		20,138		32,505
Insurance		19,096		14,168
Office (Note 10)		15,004		15,917
Directors' fees (Note 10)		14,000		22,000
Rent (Note 10)		12,000		12,000
Travel and entertainment		10,634		36,407
Share-based payments (Note 10)		-		4,500
		325,726		327,777
Other Items				
Impairment of mineral property interests (Note 7)		1,244,671		-
Flow-through share tax expense		13,745		2,990
Interest income		-		(6,836)
Net Loss and Comprehensive Loss for Year	$	1,584,142	$	323,931
Basic and Diluted Loss Per Share	$	0.05	$	0.02
Weighted Average Number of Common Shares Outstanding		29,603,106		21,417,712

See notes to consolidated financial statements.

WPC RESOURCES INC.
(An Exploration Stage Company)
Consolidated Statements of Changes in Equity
Years ended November 30

	Capital stock		Reserves			
	Number of shares	Amount	Share-based payments	Warrants	Deficit	Total
Balance, December 1, 2010	17,251,842	$1,780,532	$343,170	$ -	$ (666,462)	$ 1,457,240
Private placement – flow-through	3,000,000	465,000	-	-	-	465,000
Shares issued for property	900,000	94,500	-	-	-	94,500
Shares issued for cash	6,877,500	825,300	-	-	-	825,300
Residual value of warrants	-	(105,000)	-	105,000	-	-
Share-based payments	-	-	4,500	-	-	4,500
Share issue costs	-	(139,404)	40,262	-	-	(99,142)
Loss for the year	-	-	-	-	(323,931)	(323,931)
Balance, November 30, 2011 (Note 12)	28,029,342	2,920,928	387,932	105,000	(990,393)	2,423,467
Shares issued for property	750,000	75,000	-	-	-	75,000
Shares issued for cash	7,540,768	490,150	-	-	-	490,150
Share issue costs	-	(27,455)	-	-	-	(27,455)
Expiration of agent options	-	-	(14,602)	-	14,602	-
Loss for the year	-	-	-	-	(1,584,142)	(1,584,142)
Balance, November 30, 2012	36,320,110	$3,458,623	$373,330	$105,000	$(2,559,933)	$ 1,377,020

See notes to consolidated financial statements.

WPC RESOURCES INC.
(An Exploration Stage Company)
Consolidated Statements of Cash Flows
Years ended November 30

	2012	2011
Operating Activities		
Net loss for year	$ (1,584,142)	$ (323,931)
Items not involving cash		
Impairment of mineral property interests	1,244,671	-
Share-based payments	-	4,500
Flow-through share tax expense	13,745	2,990
Interest accrued on loan receivable	-	-
	(325,726)	(316,441)
Changes in non-cash working capital		
HST and other receivables	13,375	(755)
Prepaid expenses	616	1,759
Accounts payable and accrued liabilities	128,992	33,762
	142,983	34,766
Cash Used in Operating Activities	(182,743)	(281,675)
Investing Activities		
Loan advanced to related party	-	618,164
Expenditures on resource property interests	(533,350)	(1,291,383)
Reclamation deposits	-	(42,620)
Cash Used in Investing Activities	(533,350)	(715,839)
Financing Activity		
Shares issued for cash, net of share issue costs	462,695	1,191,158
Change in Cash	(253,398)	193,644
Cash, Beginning of Year	254,784	61,140
Cash, End of Year	$ 1,386	$ 254,784
Supplemental Cash Flow Information		
Non-cash share issue costs	$ -	$ 40,262
Resource property expenditures included in accounts payable	$ 9,571	$ 233,300
Shares issued for property	$ 75,000	$ 94,500

See notes to consolidated financial statements.

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".

The business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in future profitable mining operations. The Company has no source of revenue, and has significant cash requirements to meet its administrative overhead and maintain its mineral property interests. The recoverability of amounts shown for mineral property interests is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete their development and future profitable operations, or the sale or optioning of the properties.

The Company has sustained recurring losses and negative cash flows from operations. As at November 30, 2012, the Company had cash of $1,386 (November 30, 2011 - $254,784; December 1, 2010 - $61,140); working capital deficiency of $198,707 (November 30, 2011 - $12,310; December 1, 2010 - $624,104 working capital) and an accumulated deficit of $2,559,933 (November 30, 2011 - $990,393; December 1, 2010 - $666,462).

The Company has sustained losses from operations, and has ongoing requirements for capital investment for its mineral property interests. 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 and development of its resource property interests, the attainment of profitable mining operations and/or the receipt of proceeds from the disposition of its resource property interests. Many factors influence the Company's ability to raise funds, including the climate for exploration investment.

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 may be required to the carrying value of assets and liabilities and the statement of financial position classifications used. These 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.

2. BASIS OF PREPARATION

(a) Statement of compliance

The Canadian Accounting Standards Board announced that January 1, 2011 is the changeover date for publicly listed companies to use International Financial Reporting Standards ("IFRS") replacing pre-changeover Canadian generally accepted accounting principles ("GAAP").

2. BASIS OF PREPARATION (Continued)

(a) Statement of compliance (Continued)

These consolidated financial statements have been prepared and presented in Canadian dollars, the Company's reporting and functional currency, in accordance with IFRS and IFRS 1 *First-time Adoption of International Financial Reporting Standards*, as issued by the International Accounting Standards Board ("IASB"), and interpretations of the IFRS Interpretations Committee ("IFRIC"), and has applied International Accounting Standard ("IAS") 1 *Presentation of Financial Statements*.

These are the Company's first IFRS annual consolidated financial statements for the year ended November 30, 2012. Previously, the Company prepared its annual consolidated financial statements in accordance with Canadian GAAP, which differs in some areas from IFRS. In preparing these consolidated financial statements, management has amended certain accounting and measurement methods previously applied in the Canadian GAAP consolidated financial statements to comply with IFRS. The impact of the transition from Canadian GAAP to IFRS is explained in note 12.

The significant accounting policies set out in note 3 have been applied consistently to all periods presented and in the preparation of the opening statement of financial position at December 1, 2010 (note 12) for purposes of transition to IFRS.

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss ("FVTPL"), which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(b) Approval of the financial statements

The consolidated financial statements of WPC Resources Inc. for the year ended November 30, 2012 were approved and authorized for issue by the Board of Directors on March 20, 2013.

(c) Significant accounting estimates and judgments

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and may affect both the period of revision and future periods.

2. BASIS OF PREPARATION (Continued)

(c) Significant accounting estimates and judgments (Continued)

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the consolidated statement of financial position date that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

(i) the recoverable amount of mineral property interests;
(ii) the recoverability of deferred tax assets and liabilities;
(iii) the provisions for estimated site restoration obligations;
(iv) the inputs used in calculating share-based payments; and
(v) the allocation of proceeds for units between capital stock, warrants and flow-through liability.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its integrated wholly-owned subsidiary, WPC Resources (USA) Inc., a Nevada, USA, corporation, hereinafter, collectively, referred to as the Company.

All material intercompany transactions and balances, including unrealized income and expenses arising from intercompany transactions, have been eliminated on consolidation.

(b) Interest income

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

(c) Income taxes

Income tax expense, consisting of current and deferred tax expense, is recognized in the statement of comprehensive loss. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year-end, adjusted for amendments to tax payable with regard to previous years.

Deferred tax assets and liabilities and the related deferred income tax expense or recovery are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that substantive enactment occurs.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Income taxes (Continued)

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a future tax asset will be recovered, it provides a valuation allowance against that excess. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(d) Mineral property interests

The Company capitalizes all expenditures on exploration and evaluation activities as mineral property interests once they have title. 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 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. After costs are recovered, the balance of the payments received is recorded as a gain on option or disposition of mineral property.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets.

(e) Impairment of non-current assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Provision for asset retirement obligation

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, or as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or straight-line method. The related liability is adjusted for each period for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage, which is created on an ongoing basis during production, are provided for at their net present values and charged against profits as extraction progresses.

(g) Capital stock

Proceeds from the exercise of stock options and warrants are recorded as capital stock in the amount for which the option or warrant enabled the holder to purchase a share in the Company. Capital stock issued for non-monetary consideration is valued at the closing market price at the date of issuance. The proceeds from the issuance of units are allocated between common shares and warrants based on the residual value method. Under this method, 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. Consideration received for the exercise of warrants is recorded in capital stock and the related residual value is transferred to capital stock.

(h) 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. Any difference between the liability set up for the premium on the flow-through share and the tax effect on the renounced expenditures is recognized in net income (loss).

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 using the Black-Scholes option pricing model on grant date. Any remaining residual value is then recognized as a liability for the premium on the flow-through shares.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the net loss attributable to common shareholders of the Company by the weighted average number of shares outstanding during the year. Diluted loss per share is determined by adjusting the net loss attributable to common shareholders and the weighted average number of shares outstanding for the effects of all dilutive potential common shares; the effect of any anti-dilutive potential common shares are not taken into account in this calculation.

(j) Share-based compensation

The Company sometimes grants share-based awards to directors, officers, employees consultants and agents. The fair value of options and warrants granted are recognized as a share-based compensation expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value of employee options (and agent warrants) is measured at the option's grant date, and the fair value of non-employee options is measured at the date or over the period during which goods or services are received. Options granted to non-employees are recorded at the fair value of goods or services received in the consolidated statement of comprehensive loss. The fair value of the options granted (and agent warrants) to employees is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. The fair value of each tranche of options granted, which do not vest immediately on grant, is recognized using the graded vesting method over the period during which the options vest. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. If those options (or agent warrants) expire or are forfeited after vesting, the recorded value is transferred to deficit.

Share-based compensation expense is credited to the equity settled share-based payment reserve. Their fair value is transferred from the reserve to capital stock when the options (or agent warrants) are later exercised.

(k) Financial instruments

(i) Financial assets

The Company classifies its financial assets in the following categories: held-to-maturity, fair value through profit or loss ("FVTPL"), loans and receivables, and available-for-sale ("AFS"). The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Financial instruments (Continued)

(i) Financial assets (Continued)

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 FVTPL when 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 if it is a derivative that is not designated and effective as a hedging instrument. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at FVTPL are measured at fair value, and changes therein are recognized in profit or loss. Cash is included in this category of financial assets.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are initially recognized at the transaction value and subsequently carried at amortized cost, less impairment losses. The impairment loss on receivables is based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified. Interest income is recognized by applying the effective interest rate method. Reclamations bonds are included in this category of financial assets.

Held-to-maturity

Held-to-maturity financial assets are recognized on a trade-date basis and are initially measured at fair value using the effective interest rate method. The Company has no assets classified as held-to-maturity.

Available-for-sale

AFS financial assets are non-derivatives that are either designated as available-for-sale or not classified in any of the other financial assets categories. Changes in the fair value of AFS financial assets, other than impairment losses, are recognized as other comprehensive income and classified as a component of equity. The Company has no assets classified as AFS.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Financial instruments (Continued)

(ii) Financial liabilities

The Company classifies its financial liabilities in the following categories:

Borrowings and other financial liabilities

Borrowings and other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in the income statement over the period to maturity using the effective interest method.

Borrowings and other financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include accounts payable and accrued liabilities.

(iii) Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Inputs for assets or liabilities that are not based on observable market data.

(l) New standards, amendments and interpretations not yet effective

At the date of authorization of these consolidated financial statements, the IASB has issued a number of new and revised standards and interpretations, which are not yet effective for the relevant reporting periods.

IFRS 9 Financial Instruments
In November 2009, the IASB issued, and subsequently revised in October 2010, IFRS 9 as a first phase in its ongoing project to replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9, which is to be applied retrospectively, is effective for annual periods beginning on or after January 1, 2015, with earlier application permitted.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) New standards, amendments and interpretations not yet effective (Continued)

IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. The standard also adds guidance on the classification and measurement of financial liabilities. Management has not yet determined the potential impact the adoption of IFRS 9 will have on the Company's consolidated financial statements.

IFRS 10 Consolidated Financial Statements
In May 2011, the IASB issued IFRS 10, which is to be applied retrospectively, and is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

IFRS 10 replaces Standing Interpretations Committee ("SIC") 12 *Consolidation – Special Purpose Entities* and IAS 27 *Consolidated and Separate Financial Statements*. IFRS 10 eliminates the current risk and rewards approach and establishes control as the single basis for determining the consolidation of an entity. The standard provides guidance on how to apply the control principles in a number of situations, including agency relationships and holding potential voting rights. Management has not yet determined the potential impact that the adoption of IFRS 10 will have on the Company's consolidated financial statements.

IFRS 12 Disclosure of Interests in Other Entities
In May 2011, the IASB issued IFRS 12, which is to be applied retrospectively, and is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

IFRS 12 outlines the required disclosures for interests in subsidiaries and joint arrangements. The new disclosures require information that will assist financial statement users to evaluate the nature, risks and financial effects associated with an entity's interests in subsidiaries and joint arrangements. Management has not yet determined the potential impact that the adoption of IFRS 12 will have on the Company's consolidated financial statements.

IFRS 13 Fair Value Measurement
In May 2011, the IASB issued IFRS 13, which is to be applied prospectively, and is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

IFRS 13 defines fair value, provides a framework for measuring fair value and includes disclosure requirements for fair value measurements. IFRS 13 will be applied in most cases when another IFRS requires (or permits) fair value measurement. Management has not yet determined the potential impact that the adoption of IFRS 13 will have on the Company's consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) New standards, amendments and interpretations not yet effective (Continued)

Other
In June 2011, the IASB issued amendments to IAS 1 to revise the way in which other comprehensive income is presented. The Company does not believe the changes resulting from the amended standard will have an impact on its consolidated financial statements. The amended standard is effective for annual periods beginning on or after July 1, 2012.

In June 2011, the IASB issued amendments to IAS 19 *Employee Benefits* with revised requirements for pensions and other post-retirement benefits, termination benefits and other changes. The Company does not believe the changes resulting from these amendments are relevant to its consolidated financial statements. The amended standard is effective for annual periods beginning on or after January 1, 2013.

In June 2011, the IASB issued amendments to IFRS 7 *Financial Instruments: Disclosures*. The Company does not believe the changes resulting from these amendments are relevant to its consolidated financial statements. The amended standard is effective for annual periods beginning on or after July 1, 2011.

In May 2011, the IASB issued IFRS 11 *Joint Arrangements*, in addition to IFRS 10 and IFRS 12 discussed above. The Company does not believe the changes resulting from this new standard are relevant to its consolidated financial statements. IFRS 11 is effective for annual periods beginning on or after January 1, 2013.

In October 2011, the IASB issued IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine*. The Company does not believe the changes resulting from this new standard are relevant to its consolidated financial statements. IFRIC 20 is effective for annual periods beginning on or after January 1, 2013.

4. FINANCIAL INSTRUMENTS

Financial instruments are agreements between two parties that result in promises to pay or receive cash or equity instruments. The Company classifies its cash as held-for-trading; reclamation bonds, as loans and receivables; and accounts payable and accrued liabilities, as other financial liabilities. The financial assets are carried at fair value as at November 30, 2012 and 2011. The Company classifies its only financial liability, accounts payable and accrued liabilities, as other financial liabilities and carries it at amortized cost. The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

(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. The financial instruments that potentially subject the Company to credit risk consist of cash and reclamation bonds. The risk is minimized as both have been placed with major Canadian financial institutions.

4. FINANCIAL INSTRUMENTS (Continued)

(a) Credit risk (Continued)

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

		November 30, 2012		November 30. 2011		December 1, 2010
Cash	$	1,386	$	254,784	$	61,140
Loan receivable		-		-		618,164
Reclamation deposits		42,620		42,620		-
	$	44,006	$	297,404	$	679,304

(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 risks consist of interest rate risk, foreign currency risk and other price risk. As at November 30, 2012, the Company is not exposed to significant market risk.

(c) Liquidity risk

Liquidity risk is the risk that an entity will not be able to meet its financial obligations as they fall due. The Company manages its liquidity risk by forecasting cash flows required for operations and anticipated investing and financing activities. The Company's cash at November 30, 2012 totalled $1,386 (November 30, 2011 - $254,784; December 1, 2010 - $61,140). At November 30, 2012, the Company had accounts payable (excluding accrued liabilities) of $170,988 (November 30, 2011 - $260,726; December 1, 2010 - $57,825) that have contractual maturities of 30 days or less and are subject to normal trade terms. The Company's current assets 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 2013.

5. CAPITAL MANAGEMENT

The Company defines its capital as shareholders' equity. 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 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.

5. CAPITAL MANAGEMENT (Continued)

There have been no changes to the Company's approach to capital management during the year ended November 30, 2012.

6. 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.

7. RESOURCE PROPERTY INTERESTS

	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	-	294	13,745	14,153
Claim maintenance and filing fees	1,094	(29,942)	8,552	9,774	(10,522)
Consulting	-	-	1,825	11,594	13,419
Drilling	-	-	-	220,881	220,881
Equipment rental	-	-	-	16,049	16,049
Geological	13,500	-	3,000	8,220	24,720
Legal fees	-	-	632	975	1,607
Site personnel	(155)	-	700	1,500	2,045
Surveying	-	-	-	3,030	3,030
Travel	-	-	1,883	2,960	4,843
Total additions (recoveries) during the year	14,801	(29,942)	41,886	357,876	384,621
Less: Mineral property impairment	(934,193)	(310,478)	-	-	(1,244,671)
Balance, November 30, 2012	$ -	$ -	$ 394,439	$ 1,138,668	$ 1,533,107

7. RESOURCE PROPERTY INTERESTS (Continued)

	Quest Lake	Nevada			Total
		SCH	Toiyabe	ZPG	
Balance, December 1, 2010	$ 565,573	$ 267,563	$ -	$ -	$ 833,136
Acquisition	-	-	110,820	221,640	332,460
Exploration costs					
Assaying	2,383	21,380	-	704	24,467
Camp and supplies	39,297	-	-	39,375	78,672
Claim maintenance and filing fees	-	49,873	62,967	52,127	164,967
Consulting	-	-	2,418	20,532	22,950
Drilling	65,678	-	-	380,046	445,724
Equipment rental	32,615	-	-	-	32,615
Expediting	11,498	-	-	-	11,498
Fixed wing aircraft costs	42,210	-	-	-	42,210
Fuel costs	-	-	-	14,790	14,790
Geological	54,850	-	20,073	38,956	113,879
Geophysical	-	-	136,010	-	136,010
Helicopter rental	38,481	-	-	-	38,481
Legal fees	-	1,604	1,116	1,116	3,836
Mapping	700	-	-	-	700
Site personnel	62,027	-	725	2,167	64,919
Surveying	-	-	14,527	4,743	19,270
Travel	4,080	-	3,897	4,596	12,573
Total additions during the year	353,819	72,857	352,553	780,792	1,560,021
Balance, November 30, 2011	$ 919,392	$ 340,420	$ 352,553	$ 780,792	$ 2,393,157

(a) On January 25, 2011, the Company entered into an option agreement with Genesis Gold Corp. (“GGC”) to obtain an exclusive option to the Company to acquire a 100% undivided interest in 119 mineral claims known as the Toiyabe claims located in Lander County, Nevada. The claims are subject to a 3% net smelter returns royalty (“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:

- Cash payment to the vendors of $79,320 on final acceptance of the option agreement by the TSX-V (approval received January 31, 2011) (paid);
- Issue 300,000 shares after January 31, 2011 (issued – valued at $31,500);
- Issue 250,000 shares on or before January 31, 2012 (issued – valued at $25,000);
- Issue 250,000 shares on or before January 31, 2013; and
- Incur exploration expenditures of $1,500,000 on or before January 25, 2015.

7. RESOURCE PROPERTY INTERESTS (Continued)

(b) On January 25, 2011, the Company entered into an option agreement with GGC to obtain an exclusive option to acquire a 100% undivided interest in 96 mineral claims known as the ZPG claims located in Lander 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:

- Cash payment to the vendors of $158,640 on final acceptance of the option agreement by the TSX-V (approval received January 31, 2011) (paid);
- Issue 600,000 shares after January 31, 2011 (issued – valued at $63,000);
- Issue 500,000 shares on or before January 31, 2012 (issued – valued at $50,000);
- Issue 500,000 shares on or before January 31, 2013; and
- Incur exploration expenditures of $1,500,000 on or before January 25, 2015.

(c) In 2012, the Company decided to no longer pursue the Quest Lake and Nevada - SCH properties moving forward, and consequently the property values have been written down to $nil.

Realization of assets

The investment in and expenditures on its 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 life of the property upon commencement of commercial production or written off if the property is abandoned or the claims allowed to lapse.

Title to resource property interest

Although the Company has taken steps to verify the title to the 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.

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.

7. RESOURCE PROPERTY INTERESTS (Continued)

Environmental (Continued)

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.

8. CAPITAL STOCK

(a) Authorized
100,000,000 common shares without par value.

(b) Issued and outstanding

During the year ended November 30, 2012:

(i) On May 22, 2012, the Company issued 250,000 shares at a price of $0.10 per share as per the option agreement with GGC for the Toiyabe claims located in Lander County, Nevada, as well as 500,000 shares at a price of $0.10 per share as per the option agreement with GGC for the ZPG claims also located in Lander County, Nevada.

(ii) On October 5, 2012, the Company completed a non-brokered private placement and issued an aggregate of 7,540,768 units at a price of $0.065 per unit for gross proceeds of $490,150. 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 $0.12 until October 5, 2014. The Company paid finder's fees in the amount of $27,455 in connection with the private placement.

During the year ended November 30, 2011:

(iii) On November 23, 2011, the Company completed the second tranche (tranche one closed September 30, 2011) of a non-brokered private placement. The Company issued an aggregate 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 September 30, 2011 and 3,002,500 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.

8. CAPITAL STOCK (Continued)

(b) Issued and outstanding (Continued)

(iii) (Continued)

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

	2012	2011
Expected life (years)	N/A	2
Interest rate	N/A	0.91%
Volatility	N/A	79.00%
Dividend yield	N/A	0.00%

(iv) 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.

(v) 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.

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

	2012	2011
Expected life (years)	N/A	2
Interest rate	N/A	1.70%
Volatility	N/A	70.54%
Dividend yield	N/A	0.00%

8. CAPITAL STOCK (Continued)

(c) Stock options

During the year ended November 30, 2012, 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 Company 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 twelve 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.

Options to purchase common shares have been granted to directors, employees and consultants as follows:

		2012		2011	
Exercise Price	Expiry Date	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	50,000
		1,450,000	1,450,000	1,450,000	1,450,000

	Number of Options	Weighted Average Exercise Price
Outstanding, November 30, 2011 and 2012	1,450,000	$ 0.20

The weighted average grant date fair value of stock options granted during the year ended November 30, 2012 is $nil (2011 - $nil). The weighted average remaining contractual life of stock options outstanding at November 30, 2012 is 2.22 years.

Share-based payments

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, 2012, the Company recognized stock-based compensation of $nil (2011 - $4,500). No stock options were granted during the year ended November 30, 2012.

8. CAPITAL STOCK (Continued)

(c) Stock options (Continued)

The fair value of each option revalued during the year is calculated using the following weighted average assumptions:

	2012	2011
Expected life (years)	N/A	4
Interest rate	N/A	1.39%
Volatility	N/A	159%
Dividend yield	N/A	0.00%

Option pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Changes in the underlying assumptions can materially affect the fair value estimates.

(d) Share purchase warrants

As at November 30, 2012 and 2011, the Company has share purchase warrants outstanding entitling the holders to acquire common shares as follows:

	2012		2011	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance, beginning of year	9,877,500	$ 0.23	7,000,000	$ 0.35
Issued	7,540,768	$ 0.12	9,877,500	$ 0.23
Expired	-	-	(7,000,000)	$ 0.35
Balance, end of year	17,418,268	$ 0.18	9,877,500	$ 0.23

As at November 30, 2012 and 2011, the following share purchase warrants were outstanding:

		Number of Warrants	
Expiry Date	Exercise Price	**2012**	2011
December 30, 2012*	$ 0.25/$ 0.30	3,000,000	3,000,000
September 30, 2013	$ 0.20	3,675,000	3,675,000
October 25. 2013	$ 0.20	200,000	200,000
November 23, 2013	$ 0.20	3,002,500	3,002,500
October 5, 2014	$ 0.12	7,540,768	-
		17,418,268	9,877,500

* Subsequent to November 30, 2012, these warrants expired unexercised.

8. CAPITAL STOCK (Continued)

(e) Agent warrants

As at November 30, 2012 and 2011, the Company has agent warrants outstanding entitling the holders to acquire common shares as follows:

	2012		2011	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of year	536,250	$ 0.25	700,000	$ 0.20
Granted	-	-	536,250	$ 0.20
Expired	-	-	(700,000)	$ 0.20
Outstanding and exercisable, end of year	536,250	$ 0.25	536,250	$ 0.25

The Company applies the fair value method using the Black-Scholes option pricing model in accounting for its agent warrants granted. Accordingly, share issue costs of $nil (2011 - $25,660) were recognized during the year ended November 30, 2012.

As at November 30, 2012 and 2011, the following share purchase warrants were outstanding:

		Number of Warrants	
Expiry Date	Exercise Price	**2012**	2011
September 30, 2013	$ 0.20	246,000	246,000
November 23, 2013	$ 0.20	290,250	290,250
		536,250	536,250

(f) Agent options

As at November 30, 2012 and 2011, the Company has agent options outstanding entitling the holders to acquire common shares as follows:

		Number of Agent Options	
Expiry Date	Exercise Price	**2012**	2011
December 30, 2011	$ 0.155	-	300,000

8. CAPITAL STOCK (Continued)

(g) Income tax effect on flow-through share renunciation

Funds raised through the issuance of flow-through shares are required to be expended on qualified Canadian mineral exploration expenditures, as defined pursuant to Canadian income tax legislation. The flow-through gross proceeds less the qualified expenditures made to date represent the funds received from flow-through share issuances that have not been spent. In 2011, the Company renounced $465,000 of exploration expenditures under its flow-through share program, resulting in a future tax liability of $116,250. As at November 30, 2011, mineral property expenditures were not incurred as planned and, as a result, the amount of flow-through proceeds remaining to be expended was $111,181. During the year ended November 30, 2012, the Company amended these previously renounced flow-through proceeds of $111,181 (2011 - $nil), as these amounts were not spent within the allowable time period.

9. INCOME TAXES

As at November 30, 2012, the Company has accumulated non-capital losses for tax purposes in Canada of approximately $1,231,000 that may be carried forward to apply against future years' income for income tax purposes. The losses expire as follows:

2027	$ 11,000
2028	21,000
2029	133,000
2030	294,000
2031	365,000
2032	407,000
	$ 1,231,000

The tax effected items that give rise to significant portions of the deferred income tax assets and deferred income tax liabilities at November 30, 2012 and 2011 are presented below:

	2012	2011
Non-capital losses carried forward	$ -	$ 116,250
Excess of carrying value of mineral property interests over unused exploration expenditures for Canadian tax purposes	-	(116,250)
Unrecognized deductible temporary differences	$ -	$ -

9. INCOME TAXES (Continued)

Significant unrecognized tax benefits and unused tax losses for which no deferred tax asset is recognized as of November 30 are as follows:

		2012		2011
Non-capital losses carried forward	$	1,231,103	$	359,396
Excess of unused exploration expenditures over the carrying value of mineral property interests		890,852		-
Investment tax credits		178,700		184,552
Share issue costs		175,917		221,016
Unrecognized deductible temporary differences	$	2,476,572	$	764,964

Income tax expense differs from the amount that would be computed by applying the Canadian statutory income tax rate of 25.00% (2011 – 26.67%) to income before income taxes.

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

		2012		2011
Net loss for year	$	(1,584,142)	$	(323,931)
Statutory income tax rate		25.00%		26.67%
Income tax benefit computed at statutory tax rate		(396,036)		(86,392)
Items not deductible for income tax purposes		294,359		(11,032)
Change in timing differences		(357,273)		114,328
Unused tax losses and tax offsets not recognized		458,950		(16,904)
Deferred income tax expense (recovery)	$	-	$	-

10. RELATED PARTY TRANSACTIONS

Related party transactions not otherwise described in these consolidated financial statements are shown below. These amounts of key management compensation are included in the amounts shown on the consolidated statements of comprehensive loss:

		2012		2011
Short term compensation	$	121,000	$	112,000
Share-based payments	$	-	$	4,500

The Company shares office space with a company related by common directors and management and, as of March 2008, pays $3,000 on a month-to-month basis for shared office and administrative costs. The monthly fee is split evenly between professional fees, office expenses and rent. These transactions are in the normal course of operations.

11. SEGMENTED DISCLOSURES

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

	November 30, 2012		
	Canada	United States	Total
Cash	$ 1,386	$ -	$ 1,386
Resource property interests	-	1,533,107	1,533,107
Other assets	7,630	42,620	50,250
Total assets	$ 9,016	$ 1,575,727	$ 1,584,743

	November 30, 2011		
	Canada	United States	Total
Cash	$ 254,784	$ -	$ 254,784
Prepaid expenses	616	-	616
Resource property interests	919,392	1,473,765	2,393,157
Other assets	21,005	42,620	63,625
Total assets	$ 1,195,797	$ 1,516,385	$ 2,712,182

	December 1, 2010		
	Canada	United States	Total
Cash	$ 61,140	$ -	$ 61,140
Prepaid expenses	2,375	-	2,375
Resource property interests	565,573	267,563	833,136
Other assets	638,414	-	638,414
Total assets	$ 1,267,502	$ 267,563	$ 1,535,065

12. TRANSITION TO IFRS

An explanation of how the transition from previous GAAP to IFRS has affected the Company's financial position and comprehensive loss is set out in this note.

IFRS 1 First-time Adoption of International Financial Reporting Standards

IFRS 1 generally requires that first-time adopters retrospectively apply all effective IFRS standards and interpretations in effect as at the reporting date. IFRS 1 also provides for certain optional exemptions and certain mandatory exceptions to this general principle.

The Company has elected under IFRS 1 to not apply IFRS 2 *Share-based Payment* to options that vested before the date of transition to IFRS. In addition as part of its transition to IFRS, the Company elected not to restate business combinations that occurred prior to January 1, 2010.

12. TRANSITION TO IFRS (Continued)

Adjustments on transition to IFRS

There are important differences with regard to recognition, measurement and disclosure. While adoption of IFRS did not change the Company's actual cash flows, it resulted in changes to the Company's consolidated statements of financial position, consolidated statement of comprehensive loss and consolidated statement of changes in equity as set out below.

(a) Share-based payment transactions

Under IFRS, the fair value of the share-based awards is recognized based on a graded method as opposed to the straight-line method under Canadian GAAP. The difference arises in the recognition of the share-based expense. Each tranche of an award with different vesting dates is considered a separate tranche and the fair value of each tranche is amortized over the vesting period of the respective tranches under IFRS. Under Canadian GAAP, the fair value of share-based awards is calculated as one grant and the resulting fair value is recognized on a straight-line basis over the vesting period of the entire grant.

There was no impact on the December 1, 2010 and November 30, 2011 consolidated statements of financial position as a result of this change in accounting policy.

(b) Warrants

The Company has changed its accounting policy for the treatment of unit offerings to the residual value method, whereby proceeds exceeding the fair value of the common shares are allocated to the share purchase warrants. Previously, the Company's Canadian GAAP policy was to allocate proceeds entirely to common shares.

There was no impact on the December 1, 2010 and November 30, 2011 consolidated statements of financial position as a result of this change in accounting policy.

(c) Flow-through

The Company has changed its accounting policy for the treatment of flow-through shares issued, whereby any premium received by the Company on the issuance of flow-through shares is initially recorded as a liability ("flow-through share premium"). Upon renouncement by the Company of the tax benefits associated with the related expenditures, a deferred tax liability is recognized and the flow-through share premium will be reversed. To the extent that suitable deferred tax assets are available, the Company will reduce the deferred tax liability and record a deferred tax recovery. Previously, the Company's Canadian GAAP policy was to not record a liability for any premium recognized and to record any renouncements on the date the renunciation was filed with taxation authorities through a decrease in capital stock and the recognition of a future income tax liability.

12. TRANSITION TO IFRS (Continued)

(c) Flow-through (Continued)

The impact on the consolidated statements of financial position due to the change in accounting policy is as follows:

		December 1, 2010	November 30, 2011
Increase in value of capital stock	$	-	116,250
Increase to deficit	$	-	116,250

(d) Reconciliation to previously reported consolidated financial statements

A reconciliation of the above noted changes is included in the following consolidated statements of financial position and consolidated statement of comprehensive loss for the dates noted below. The effects of the transition from GAAP to IFRS on the cash flow are immaterial. Therefore, a reconciliation of cash flows has not been presented.

- Transitional Consolidated Statement of Financial Position reconciliation – December 1, 2010
- Consolidated Statement of Financial Position reconciliation – November 30, 2011
- Consolidated Statement of Comprehensive Loss reconciliation – November 30, 2011

12. TRANSITION TO IFRS (Continued)

Reconciliation of Assets, Liabilities and Equity

	As at December 1, 2010			As at November 30, 2011		
	GAAP	Effect of Transition to IFRS	IFRS	GAAP	Effect of Transition to IFRS (c)	IRFS
ASSETS						
Current assets						
Cash and cash equivalents	$ 61,140	$ -	$ 61,140	$ 254,784	$ -	$ 254,784
Loan receivable	618,164	-	618,164	-	-	-
HST and other receivables	20,250	-	20,250	21,005	-	21,005
Prepaid expenses and advances	2,375	-	2,375	616	-	616
	701,929	-	701,929	276,405	-	276,405
Reclamation deposits	-	-	-	42,620	-	42,620
Mineral property interests	833,136	-	833,136	2,393,157	-	2,393,157
TOTAL ASSETS	$ 1,535,065	$ -	$ 1,535,065	$ 2,712,182	$ -	$ 2,712,182
LIABILITIES						
Accounts payable and accrued liabilities	$ 77,825	$ -	$ 77,825	$ 285,725	$ -	$ 285,725
Flow-through share tax payable	-	-	-	2,990	-	2,990
	77,825	-	77,825	288,715	-	288,715
EQUITY						
Capital stock	1,780,532	-	1,780,532	2,804,678	116,250	2,920,928
Reserves	343,170	-	343,170	492,932	-	492,932
Deficit	(666,462)	-	(666,462)	(874,143)	(116,250)	(990,393)
	1,457,240	-	1,457,240	2,423,467	-	2,423,467
TOTAL EQUITY AND LIABILITIES	$ 1,535,065	$ -	$ 1,535,065	$ 2,712,182	$ -	$ 2,712,182

12. TRANSITION TO IFRS (Continued)

Reconciliation of Comprehensive Loss

	Year Ended November 30, 2011		
	GAAP	Effect of Transition to IFRS (1)	IRFS
Expenses			
Management fees	$ 90,000	$ -	$ 90,000
Investor and shareholder relations	30,040	-	30,040
Professional fees	54,156	-	54,156
Consulting fees	16,084	-	16,084
Regulatory and filing fees	32,505	-	32,505
Insurance	14,168	-	14,168
Office	15,917	-	15,917
Directors' fees	22,000	-	22,000
Rent	12,000	-	12,000
Travel and entertainment	36,407	-	36,407
Share-based payments	4,500	-	4,500
	327,777	-	327,777
Flow-through share tax expense	2,990	-	2,990
Interest income	(6,836)	-	(6,836)
Future income tax recovery	(116,250)	116,250	-
Net loss and comprehensive loss	$ 207,681	$ 116,250	$ 323,931

13. EVENTS AFTER THE REPORTING DATE

There are no subsequent events to report.