WPC RESOURCES INC.
(An Exploration Stage Company)

Consolidated Financial Statements
May 31, 2013 and 2012

<u>Index</u>	**<u>Page</u>**
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	7-28

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements and all information in the quarterly report are the responsibility of the Board of Directors and management. These 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 financial statements.

The condensed interim financial statements for the nine-month period ended May 31, 2013 and 2012 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.

"W.K. Crichy Clarke" (signed)
..................…………………….....

W.K. Crichy Clarke
CEO and Director

"Al Fabbro" (signed)
..................…………………….....

Al Fabbro
President and Director

Vancouver, British Columbia
July 29, 2013

WPC RESOURCES INC.
(An Exploration Stage Company)
Consolidated Statements of Financial Position
As at May 31, 2013 and November 30, 2012

		May 31, 2013		November 30, 2012
Assets				
Current				
Cash and cash equivalents	$	8,073	$	1,386
HST and other receivables		6,902		7,630
Prepaid expenses and advances		6,525		-
		21,500		9,016
Reclamation Deposits (Note 6)		42,620		42,620
Mineral Property Interests (Note 7)		1,539,953		1,533,107
	$	1,604,073	$	1,584,743
Liabilities				
Current				
Accounts payable and accrued liabilities	$	301,350	$	190,988
Flow-through share tax payable		16,735		16,735
		318,085		207,723
Shareholders' Equity				
Capital Stock (Note 8)		3,458,623		3,458,623
Share subscriptions received		10,000		-
Reserves (Note 8(c))		478,330		478,330
Deficit		(2,660,965)		(2,559,933)
		1,285,988		1,377,020
	$	1,604,073	$	1,584,743

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
For the Six-month period ended May 31, 2013 and 2012

	Three-Month Period Ended May 31,		Six-Month Period Ended May 31,	
	2013	2012	**2013**	2012
Expenses				
Professional fees	$ 7,458	$ 4,919	$ 10,772	$ 19,807
Regulatory and filing fees	5,510	3,102	6,802	9,861
Consulting fees	-	8,364	6,453	8,364
Investor and shareholder relations	756	19,691	845	38,993
Management fees	30,000	30,000	60,000	47,000
Director fees	-	-	-	14,000
Office expenses	4,733	2,988	8,078	26,080
Travel & entertainment	-	873	2,082	4,188
Rent	3,000	3,000	6,000	6,000
Loss Before Other Item	51,458	72,937	101,032	174,293
Other Item				
Interest revenue	-	-	-	-
Net Loss for Period	51,458	72,937	101,032	174,293
Deficit, Beginning of Period	2,609,507	975,499	2,559,933	874,143
Deficit, End of Period	$ 2,660,965	$ 1,048,436	$ 2,660,965	$ 1,048,436
Loss Per Share	$ 0.001	$ 0.003	$ 0.003	$ 0.01
Weighted Average Number of Common Shares Outstanding	36,320,110	28,110,864	36,320,110	28,070,551

WPC RESOURCES INC.
(An Exploration Stage Company)
Consolidated Statements of Changes in Equity
For the Six-month Period ended May 31, 2013 and 2012

	Capital stock		Reserves			
	Number of shares	Amount	Share-based payments	Warrants	Deficit	Total
Balance, December 1, 2011	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
Loss for the period	-	-	-	-	(174,293)	(174,293)
Balance, May 31, 2012	28,779,342	2,899,678	492,932	-	(1,048,436)	2,344,174
Balance, December 1, 2012	36,320,110	3,458,623	373,330	105,000	(2,559,933)	1,377,020
Share subscriptions received		10,000				10,000
Loss for the period	-	-	-	-	(101,032)	(101,032)
Balance, May 31, 2013	36,320,110	$3,458,623	$373,330	$105,000	$(2,660,965)	$ 1,285,988

See notes to consolidated financial statements.

WPC RESOURCES INC.
(An Exploration Stage Company)
Consolidated Statements of Cash Flows
For the Six-month periods Ended May 31, 2013 and 2012

	Three-Month Period Ended May 31,		Six-Month Period Ended May 31,	
	2013	2012	**2013**	2012
Operating Activities				
Net loss	$ (51,458)	$ (72,937)	$ (101,032)	$ (174,293)
Changes in non-cash working capital				
Accounts receivable	(828)	(2,071)	728	10,179
Prepaid expenses	2,612	-	(6,525)	616
Accounts payable and accrued liabilities	53,623	48,744	110,362	209,903
	52,795	46,673	104,565	220,698
Cash Used in Operating Activities	1,337	(26,264)	3,533	46,405
Investing Activities				
Expenditures on resource properties	(6,903)	(2,438)	(6,846)	(325,104)
Nevada State filing fees refund	-	29,943	-	29,943
Cash Used in Investing Activities	(6,903)	27,505	(6,846)	(295,161)
Financing Activities				
Shares issued for cash (net)	-	-	-	-
Share subscriptions received	10,000	20,000	10,000	20,000
Cash Provided by Financing Activities	10,000	20,000	10,000	20,000
Change in Cash	7,046	21,241	6,687	(228,756)
Cash, Beginning of Period	1,027	4,787	1,386	254,784
Cash, End of Period	8,073	26,028	8,073	26,028
Supplemental Cash Flow Information				
Shares issued for services	$ -	$ -	$ -	$ -
Shares issued for property	$ -	$ 75,000	$ -	$ 75,000

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 May 31, 2013, the Company had a cash balance of $8,073 (2012 - $26,028), a working capital deficiency of $296,585 (2012 - $461,764), and an accumulated deficit of $2,660,965 (2012 - $1,048,436).

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

These consolidated financial statements have been prepared in accordance the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These consolidated interim financial statements should be read in conjunction with the Company's 2012 annual consolidated financial statements.

These consolidated interim financial statements were reviewed by the Audit Committee and approved and authorized for issuance by the Board of Directors on July 29, 2013.

(b) Consolidation and Measurement

These consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiary, WPC Resources (USA) Inc., a Nevada, USA, corporation, hereinafter. All material inter-company balances and transactions have been eliminated upon consolidation.

These consolidated interim financial statements are prepared on an accrual basis and are based on historical costs except for certain financial instruments which are measured at fair value as explained in the accounting policies set out in Note 4. The consolidated interim financial statements are presented in Canadian dollars unless otherwise noted. The preparation of consolidated interim financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

New standards, amendments and interpretations not yet effective:

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are mandatory for future accounting periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

New accounting standards effective July 1, 2012

Amendments to IAS 1 *Presentation of Financial Statements* - The IASB has amended IAS 1 to require entities to separate items presented in other comprehensive income ("OCI") into two groups, based on whether or not items may be reclassified into profit or loss in the future. Entities that choose to present OCI items before tax will be required to show the amount of tax related to the two groups separately. The Company does not anticipate these amendments to have a significant impact on its financial statements.

New accounting standards effective January 1, 2013

IFRS 10 *Consolidated Financial Statements* - IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 *Consolidation - Special Purpose Entities* and parts of IAS 27 *Consolidated and Separate Financial Statements.*

IFRS 11 *Joint Arrangements* - IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly Controlled Entities - Non-monetary Contributions by Venturers*.

IFRS 12 *Disclosure of Interests in Other Entities* - IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special-purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

IFRS 13 *Fair Value Measurement* - IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

Amendments to other standards - In addition, there have been other amendments to existing standards, including IAS 27 *Separate Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*. IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 to IFRS 13.

IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine* - IFRIC 20 addresses the accounting for overburden waste removal (stripping) costs in the production phase of a surface mine. Stripping activity may result in two types of benefits: i) inventory produced and ii) improved access to ore that will be mined in the future. Stripping costs associated with inventory production should be accounted for as a current production cost in accordance with IAS 2 Inventories, and those associated with improved access to ore should be accounted for as an addition to, or enhancement of, an existing asset.

Each of the new standards, IFRS 10 to 13, IFRIC 20 and the amendments to other standards, is effective for the Company beginning on July 1, 2013 with early adoption permitted. The Company has not yet begun the process of assessing the impact that the new standards will have on its financial statements or whether to early adopt any of the new requirements.

New accounting standards effective January 1, 2015

IFRS 9 *Financial Instruments* - IFRS 9 was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: Amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at the fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, others gains and losses (including impairments) associated with such instruments remain in accumulated other comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, *Financial Instruments – Recognition and Measurement*, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

The IASB extended the mandatory effective date for IFRS 9 to on or after January 1, 2015 with early adoption permitted. As a result, there were amendments to IAS 32 Financial Instruments – Presentation to clarify the offsetting between financial assets and liabilities, which are mandatory effective on or after January 1, 2014. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its financial statements or whether to early adopt any of the new requirements.

4. SIGNIFICANT ACCOUNTING POLICIES

a) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, balances with banks and highly liquid market investments with original terms of maturity of less than ninety days at time of acquisition, or which are redeemable at the option of the Company.

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.

All exploration and evaluation expenditures incurred after the legal title and rights in mineral claims are secured are capitalized as exploration and evaluation assets and are classified as intangible assets. Such expenditures include, but are not limited to, mineral title maintenance expenditures, acquisition costs per option agreements, evaluation costs including drilling costs directly attributable to a property, and directly attributable general and administrative costs including share-based payments to geologists. General exploration costs not related to specific exploration and evaluation property are expensed as incurred. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

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.

Recorded costs of mineral properties and deferred exploration costs are not intended to reflect present or future values of resource properties. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that change in future conditions could require a material change in the recognized amount. Exploration and evaluation assets are tested for impairment and no amortization is taken during the exploration and evaluation phase.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, capitalized costs of the related property are reclassified as mining assets. Upon commencement of commercial production, are amortized using the units of production method over estimated recoverable reserves

Exploration costs renounced due to flow-through share subscription agreements remain capitalized, however, for corporate income tax purposes, the Company has no right to claim these costs as tax deductible expenses.

The Company’s entitlement to mineral exploration tax credits are accounted for on an accrual basis to reduce the exploration costs.

i) Impairment

Mineral properties are regularly reviewed for impairment or whenever events or changes in circumstances indicate that the carrying amount of mineral properties may exceed its 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Exploration and Evaluation Assets (continued)

The factors to consider include and not limited to on-going status of the rights to explore and evaluate, existence of further budget or plan, management intention and probability of development and recovery. When an impairment review is undertaken, the recoverable amount is assessed by reference to the higher of a value in use (being the present value of expected future cash flows of the relevant cash-generating unit) and fair value less costs to sell. If the carrying amount of an asset exceeds the recoverable amount an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

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.

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

Equipment is recorded at cost less accumulated amortization and impairment. Amortization is calculated at the following annual rates:

Vehicles	- 30% declining-balance
Exploration Equipment	- 20% declining-balance

Amortization on additions during the year is calculated at one-half of the annual rate. Useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than the estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the statement of loss.

Where an item of equipment comprises significant components with different useful lives, the components are accounted for as separate items of equipment. Subsequent costs to replace parts of an item of equipment are recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and the cost of the item can be measured reliably.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Income taxes

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

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting not taxable profit or loss.

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

(e) Basic and diluted 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Investment Income

Investment income consists of dividends and interest. 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.

(h) Government Assistance

Mining exploration tax credits for certain exploration expenditures incurred are treated as a reduction of the exploration and development costs of the respective mineral property.

(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. At the time flow-through shares are issued, there may be a potential premium paid on the flow-through shares calculated based on the share issuance price and the market price at the time of closing. A liability is recognized for the premium on the flow-through shares and is subsequently reversed and recorded as other income or deferred tax expense as the Company incurs qualifying Canadian exploration expenses.

In instances 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) Share issuance cost

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issue costs are charged to share capital when the related shares are issued. Deferred financing costs related to financing transactions that are not completed are charged to expenses.

(k) Marketable Securities

Investments in publicly traded companies listed on an active stock exchange are recorded at fair value based upon the closing bid price at the balance sheet date. If an active market does not exist, the investments are recorded at fair value using a valuation techniques based upon management’s estimates which consider reliable and observable market inputs. The amounts at which investments in publicly traded companies could be disposed of may differ from fair value as a result of a number of factors including, but not limited to, premiums paid for large blocks of shares or discounts due to a lack of liquidity.

l) Financial instruments

All financial assets are initially recorded at fair value and classified into one of four categories: held to maturity, available for sale, loans and receivable or at fair value through profit or loss (“FVTPL”). All financial liabilities are initially recorded at fair value and classified as either FVTPL or other financial liabilities. Financial instruments comprise cash and cash equivalents, marketable securities, amounts receivable, and accounts payable. The Company does not use any derivative or hedging instruments. Transaction costs related to financial instruments other than at FVTPL are capitalized as part of the cost of the financial instrument.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

At initial recognition management has classified financial assets and liabilities as follows:

i) Financial assets

The Company has classified its cash and cash equivalents and marketable securities at FVTPL. A financial instrument is classified at FVTPL if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. 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 income.

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

Loans and receivables and other financial liabilities are measured at amortized cost, using the effective interest rate method less any impairment loss.

ii) Financial liabilities

The Company has classified its accounts payable as other financial liabilities. 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 using the effective interest rate method. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit and loss over the period to maturity using the effective interest rate method. Other financial liabilities are classified as current or non-current based on their maturity date.

The Company derecognizes a financial liability when it its contractual obligations are discharged, cancelled or expire.

iii) Impairment of financial assets

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

(m) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

(n) Foreign Currency Translation

The functional currency of both the Company and its subsidiary, being the currency of the primary economic environment in which the Company operates, is the Canadian dollar. Foreign denominated monetary assets and liabilities are translated at the year-end rates of exchange. Non-monetary items are translated using the exchange rates prevailing at the date of the transaction. Revenues and expenses are translated using average rates of exchange during the year. Exchange gains or losses arising from currency translation are recognized in the consolidated statement of comprehensive loss.

o) Use of estimates

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the periods reported. 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. Significant areas requiring the use of management estimates include the determination of impairment of exploration and evaluation assets and financial instruments, decommissioning liabilities, deferred income tax assets and liabilities, and assumptions used in valuing options in share-based payment calculations. Actual results could 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.

(p) Use of judgments

Critical accounting judgements are accounting policies that have been identified as being complex or involving subjective judgments or assessments with a significant risk of material adjustment in the next year.

(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.

5. RISK MANAGEMENT AND 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 May 31, 2013 and 2012. 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.

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

		May 31, 2013		May 31. 2012
Cash	$	8,073	$	26,028
Accounts receivable		6,902		10,826
Reclamation deposits		42,620		42,620
	$	57,595	$	79,474

(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 May 31, 2013, 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 May 31, 2013 totalled $8,073 (2012 - $26,028). At May 31, 2013, the Company had accounts payable (excluding accrued liabilities) of $318,085 (2012 - $498,618) 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.

6. 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.

There have been no changes to the Company's approach to capital management during the six-month period ended May 31, 2013.

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.

8. RESOURCE PROPERTY INTERESTS

	Nevada		Total
	Toiyabe	ZPG	
Balance, November 30, 2012	$ 394,439	$ 1,138,668	$ 1,533,107
Acquisition	-	-	-
Exploration costs			
Assaying	-	-	-
Camp and supplies	-	(28)	(28)
Claim maintenance and filing fees	5,548	-	5,548
Consulting	-	-	-
Drilling	-	-	-
Equipment rental	-	-	-
Geological	-	-	-
Legal fees	662	662	1,324
Site personnel	-	-	-
Surveying	-	-	-
Travel	-	-	
Total additions (recoveries) during the year	6,210	634	6,844
Less: Mineral property impairment	-	-	
Balance, May 31, 2013	$ 400,649	$ 1,139,302	1,539,951

(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.

8. 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.

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.

9. 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.

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.

9. CAPITAL STOCK (Continued)

(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%

(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:

		2013		2012	
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, May 31, 2013	1,450,000	$ 0.20

9. CAPITAL STOCK (Continued)

The weighted average remaining contractual life of stock options outstanding at May 31, 2013 is 1.84 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 six-month period ended May 31, 2013, the Company recognized stock-based compensation of $nil (2012 - $Nil). No stock options were granted during the six-month period ended May 31, 2013.

(d) Share purchase warrants

As at May 31, 2013 and 2012, the Company had share purchase warrants outstanding entitling the holders to acquire common shares as follows:

	2013		2012	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance, beginning of period	17,418,268	$ 0.18	9,877,500	$ 0.23
Issued	-	-	-	-
Expired	(3,000,000)	($0.18)	-	-
Balance, end of year	14,418,268	$ 0.18	9,877,500	$ 0.23

As at May 31, 2013 and 2012, the following share purchase warrants were outstanding:

		Number of Warrants	
Expiry Date	Exercise Price	**2013**	2012
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	-
		14,418,268	9,877,500

(e) Agent warrants

As at May 31, 2013 and 2012, the Company has agent warrants outstanding entitling the holders to acquire common shares as follows:

	2013		2012	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of year	536,250	$ 0.25	300,000	$ 0.25 / $0.30
Granted	-	-	536,250	$ 0.20
Expired	-	-	(300,000)	$ 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 (2012 - $nil) were recognized during the three-month period ended February 28, 2013 and February 29, 2012.

As at May 31, 2013 and 2012, the following share purchase warrants were outstanding:

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

(f) 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.

10. 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	$	-	$	-

10. 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)	$	-	$	-

11. 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:

		2013		2012
Management fees - President	$	36,000	$	21,000
Management fees - CEO	$	24,000	$	26,000
Share-based payments	$	-	$	-

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.

12. SEGMENTED DISCLOSURES

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

	May 31, 2013		
	Canada	United States	Total
Cash	$ 8,073	$ -	$ 8,073
Prepaid expenses	6,525	-	6,525
Resource property interests	-	1,539,953	1,539,953
Other assets	6,902	42,620	49,522
Total assets	$ 21,500	$ 1,582,573	$ 1,604,073

	May 31, 2012		
	Canada	United States	Total
Cash	$ 26,028	$ -	$ 26,028
Resource property interests	934,193	1,829,125	2,763,318
Receivables	10,826	42,620	53,446
Total assets	$ 971,047	$ 1,871,745	$ 2,842,792

(a) 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.

(b) 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.

13. EVENTS AFTER THE REPORTING DATE

There are no subsequent events to report.