



(an exploration stage company)

Financial Statements

**Years Ended
September 30, 2012 and 2011**

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Claim Post Resources Inc.

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Claim Post Resources Inc. as at September 30, 2012, September 30, 2011 and October 1, 2011, and its financial performance and its cash flows for the years ended September 30, 2012 and September 30, 2011 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates the existence of material uncertainties that may cast significant doubt about the company's ability to continue as a going concern.

Collins Barrow Toronto LLP

Collins Barrow Toronto LLP
Licensed Public Accountants
Chartered Accountants
January 28, 2013



Statements of Financial Position
(Expressed in Canadian Dollars)

<i>As at,</i>	September 30, 2012	September 30, 2011	October 1, 2010
	\$	\$	\$
Assets		(Note 3)	(Note 3)
Current Assets			
Cash (Note 10)	1,082,886	144,323	245,765
Trade and other receivables (Note 11)	49,340	237,059	81,911
	1,132,226	381,382	327,676
Non-Current Assets			
Property, plant and equipment (Note 5)	5,611	8,017	12,170
Deferred acquisition costs (Note 6)	195,676	188,676	175,306
	1,333,513	578,075	515,152
Liabilities			
Current Liabilities			
Trade and other payables (Notes 12, 14)	672,928	306,062	274,398
Due to related party (Note 14)	75,600	-	-
Flow-through share premium liability	-	25,000	28,000
	748,528	331,062	302,398
Shareholders' Equity			
Capital stock (Note 15)	3,449,347	3,442,347	2,237,363
Shares to be issued (Note 15)	866,525	-	24,000
Warrant reserve (Note 16)	1,034,596	1,034,596	400,262
Share-based payment reserve (Note 17)	309,983	309,983	193,906
Deficit	(5,075,466)	(4,539,913)	(2,642,777)
	584,985	247,013	212,754
	1,333,513	578,075	515,152

Nature of Operations and Going Concern (Note 1)
Commitments and Contingencies (Note 19)
Subsequent Events (Note 20)

Approved by the Board of Directors

“Richard Williams”
Director

“Charles Gryba”
Director

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

Statements of Comprehensive Loss
(Expressed in Canadian Dollars)

<i>Years ended September 30,</i>	2012	2011
	\$	\$
		(Note 3)
Administrative Expenses		
Interest income	(214)	(1,247)
Amortization	2,406	4,153
Professional fees	206,420	261,791
General and administrative	82,803	104,348
Recovery of office expenses	-	(19,812)
Shareholder information	21,960	67,666
Investor relations and travel	20,856	23,387
Share-based payments (Note 15)	-	116,077
Part XII.6 Tax	-	5,287
Flow-through share premium recovery (Note 15(iii))	(25,000)	(243,000)
	(309,231)	(318,650)
Exploration and evaluation expenditures (Notes 7 and 22)	(226,322)	(1,578,486)
Net loss and comprehensive loss for the year	(535,553)	(1,897,136)
Loss per share - basic and diluted	(0.01)	(0.05)
Weighted average number of shares outstanding – basic and diluted	36,163,831	34,510,992

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

Loss per share - basic and diluted	(0.01)	(0.05)
Weighted average number of shares outstanding – basic and diluted	36,163,831	34,510,992

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

Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Capital Stock			Reserves		Retained earnings (Deficit)	Total
	Number of shares	Amount	Shares to be issued	Share-based payments	Warrants		
Balance at October 1, 2010 (Note 3)	27,757,165	\$ 2,237,363	\$ 24,000	\$ 193,906	\$ 400,262	\$ (2,642,777)	\$ 212,754
Shares issued for cash	8,206,666	2,298,000	-	-	-	-	2,298,000
Shares issued for property option payments	200,000	24,000	(24,000)	-	-	-	-
Share issuance cost – cash	-	(242,682)	-	-	-	-	(242,682)
Reserve on issuance of stock options	-	-	-	116,077	-	-	116,077
Reserve on issuance of warrants	-	(492,793)	-	-	492,793	-	-
Share issuance costs – broker warrants	-	(141,541)	-	-	141,541	-	-
Flow-through share premium	-	(240,000)	-	-	-	-	(240,000)
Net loss and comprehensive loss for the year	-	-	-	-	-	(1,897,136)	(1,897,136)
Balance at September 30, 2011 (Note 3)	36,163,831	3,442,347	-	309,983	1,034,596	(4,539,913)	247,013
Shares issued for cash	-	-	942,500	-	-	-	942,500
Shares issued for property option payments	200,000	7,000	-	-	-	-	7,000
Share issuance cost – cash	-	-	(75,975)	-	-	-	(75,975)
Net loss and comprehensive loss for the year	-	-	-	-	-	(535,553)	(535,553)
Balance at September 30, 2012	36,363,831	\$ 3,449,347	\$866,525	\$ 309,983	\$ 1,034,596	\$ (5,075,466)	\$ 584,985

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

Interim Statements of Cash Flows
(Expressed in Canadian Dollars)

<i>Years ended September 30,</i>	2012	2011
Operating activities	\$	\$
		(Note 3)
Net loss for the year	(535,553)	(1,897,136)
Items not involving cash:		
Share-based payments	-	116,077
Amortization	2,406	4,153
Flow-through share premium recovery	(25,000)	(243,000)
	(558,147)	(2,019,906)
Change in non-cash working capital:		
Trade and other receivables	187,719	(155,148)
Trade and other payables	366,866	31,664
Due to related party	75,600	-
Cash used in operating activities	72,038	(2,143,390)
Investing activities		
Additions to deferred acquisition costs	-	(13,370)
Cash used in investing activities	-	(13,370)
Financing activities		
Shares to be issued	866,525	-
Cost of share issuance	-	(242,682)
Issuance of common shares	-	2,298,000
Cash provided by financing activities	866,525	2,055,318
(Decrease) increase in cash	938,563	(101,442)
Cash at beginning of year	144,323	245,765
Cash at end of year	\$ 1,082,886	\$ 144,323

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



(an exploration stage company)

Notes to Financial Statements
(Expressed in Canadian Dollars)

Years Ended September 30, 2012 and 2011

1. NATURE OF OPERATIONS AND GOING CONCERN

Claim Post Resources Inc. (the "Company" or "Claim Post") was incorporated on September 21, 2005 under the laws of the Province of Ontario.

The Company's head office is located at 141 Adelaide St. W., Suite 903, Toronto, ON, M5H 3L5. The Company is an exploration stage company and currently has interests in exploration properties in Timmins, Ontario, Canada. Substantially all of the Company's efforts are devoted to financing and developing these properties. There has been no determination whether the Company's interests in mineral properties contain mineral reserves which are economically recoverable.

On March 31, 2010 the Company received approval of its application to list its common shares on the TSX Venture Exchange ("TSX-V"). Effective April 5, 2010, the Company's common shares began trading on the TSX-V under the trading symbol "CPS".

As at September 30, 2012, the Company had working capital of \$383,698 (September 30, 2011 - \$50,320 and October 1, 2010 - \$25,278), had not yet achieved profitable operations, has accumulated losses of \$5,075,466 (September 30, 2011 - \$4,539,913 and October 1, 2010 - \$2,642,777) and expects to incur future losses in the development of its business, all of which casts substantial doubt about the Company's ability to continue as a going concern. These financial statements have been prepared on the basis that the Company will continue as a going concern and do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of interest in mineral properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs to the carrying values. The Company stakes claims strategically and drops claims that are deemed to be of low value claims from time to time.

The Company has historically relied on equity financing to raise capital and expects to be able to continue to do so, but its ability to do so may be impacted by the current global situation and economic uncertainties. Management has considered how these conditions have impacted the Company's viability given its current capital structure and considers that until the outcome of future financing activities is known there is considerable uncertainty about the appropriateness of the use of the going concern basis of accounting.



(an exploration stage company)

Notes to Financial Statements
(Expressed in Canadian Dollars)

Years Ended September 30, 2012 and 2011

1. NATURE OF OPERATIONS AND GOING CONCERN (continued)

The Company will require substantial additional funds to further explore and, if warranted, develop its exploration properties. The Company has limited financial resources and no current source of recurring revenue, and there is no assurance that additional funding will be available to the Company to carry out the completion of its planned exploration activities. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and property development. The terms of any additional financing obtained by the Company could result in substantial dilution to the shareholders of the Company.

Management plans to secure the necessary financing through the issue of new equity or debt instruments and the entering into joint venture arrangements. Nevertheless, there is no assurance that these initiatives will be successful.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

These are the Company's first IFRS annual financial statements for the year ended September 30, 2012. Previously, the Company prepared its annual financial statements in accordance with Canadian Generally Accepted Accounting Principles ("GAAP").

These financial statements have been prepared in accordance with the accounting policies based on the IFRS standards and International Financial Reporting Interpretations Committee ("IFRIC") interpretations applicable to the preparation of financial statements, including IFRS1, First-Time Adoption of International Financial Reporting Standards ("IFRS 1"). Subject to certain transition elections disclosed in Note 3, the Company has consistently applied the same accounting policies in the opening IFRS statement of financial position as at October 1, 2010 and throughout all periods presented, as if these policies had always been in effect.

2.2 Basis of presentation and functional and presentation currency

These audited financial statements have been prepared on a going concern basis, under the historical cost convention, except fair value through profit and loss assets which are carried at fair value, and have been prepared using the accrual basis of accounting except for cash flow information, as explained in the accounting policies set out in Note 4.

The financial statements are presented in Canadian Dollars, which is the functional currency of the Company.

2. BASIS OF PREPARATION (continued)

2.3 Adoption of new and revised standards and interpretations

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods after September 30, 2012 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded from the table below.

- IFRS 7 '*Amendment to IFRS 7, Financial Instruments: Disclosure*' – multiple clarifications related to the disclosure of financial instruments. The amendments to IFRS 7 are effective for annual periods beginning on or after July 1, 2011. The Company has not yet determined the impact of the amendments to IFRS 7 on its financial statements.
- IFRS 9 '*Financial Instruments: Classification and Measurement*' – effective for annual periods beginning on or after January 1, 2015, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments.
- IFRS 10 '*Consolidated Financial Statements*' – effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.
- IFRS 11 '*Joint Arrangements*' and IAS 28 '*Amended Standard on Associates and Joint Ventures*' – effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form.
- IFRS 12 '*Disclosure of Interests in Other Entities*' - effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.
- IFRS 13 '*Fair Value Measurement*' - effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, provides the guidance on the measurement of fair value and related disclosures through a fair value hierarchy.
- IAS 1 – was amended by the IASB in June 2011 in order to align the presentation of items in other comprehensive income with US GAAP standards. Items in other comprehensive income will be required to be presented in two categories: items that will be reclassified into profit or loss and those that will not be reclassified. The flexibility to present a statement of comprehensive income as one statement or two separate statements of profit and loss and other comprehensive income remains unchanged. The amendments to IAS 1 are effective for annual periods beginning on or after July 1, 2012. The Company has not yet determined the impact of the amendments to IAS 1 on its financial statements.
- IAS 12 '*Income Taxes*' – provides amendments to introduce an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. IAS 12 is effective for annual periods beginning on or after July 1, 2012 with earlier application permitted. The Company has not yet determined the impact of the amendments to IAS 12 on its financial statements.

2. BASIS OF PREPARATION (continued)

2.3 Adoption of new and revised standards and interpretations (continued)

- IAS 28 *Investments in Associates and Joint Ventures* – revised the existing standards and prescribes the accounting for investments and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures (effective January 1, 2013). The Company has not yet determined the impact of the amendments to IAS 28 on its financial statements.

The Company has not early adopted these standards, amendments and interpretations, however the Company is currently assessing what impact the application of these standards or amendments will have on its financial statements.

3. FIRST TIME ADOPTION OF IFRS

The Company adopted IFRS on October 1, 2011 with a transition date of October 1, 2010 (“Transition Date”). Under IFRS 1 *First time Adoption of International Financial Reporting Standards*, IFRS has been applied retrospectively at the Transition Date with all adjustments to assets and liabilities as stated under GAAP taken to retained earnings unless certain exemptions are applied.

The Company elected to take the following IFRS 1 optional exemptions:

- to apply the requirements of IFRS 3, *Business Combinations*, prospectively from the Transition Date;
- to apply the requirements of IFRS 2, *Share-based payment*, only to equity instruments granted after November 7, 2002 which had not vested as of the Transition Date.

Mandatory exceptions to retrospective application

Estimates: Hindsight was not used to create or revise estimates and accordingly the estimates previously made by the Company under GAAP are consistent with their application under IFRS.

Other IFRS 1 exemptions and mandatory exceptions have not been discussed above as they are not applicable to the Company.

Changes in accounting policies

In addition to the exemptions and exceptions discussed above, the following narratives explain the significant differences between the previous historical Canadian GAAP accounting policies and the current IFRS policies applied by the Company.

3. FIRST TIME ADOPTION OF IFRS (continued)

i. Share-based payments

IFRS 2 is effective for the Company as of October 1, 2010 and is applicable to stock options and grants that are unvested at that date. The transition rules in IFRS 1 and IFRS 2 as applied by the Company result in the following:

- Stock options and share grants prior to November 7, 2002 are not taken into account for IFRS 2;
- Stock options and share grants subsequent to November 7, 2002 are only taken into account if they have not vested as at October 1, 2010; and,
- From October 1, 2010, all stock options, share grants and other share-based payments will be expensed in accordance with the Company's policy.

Recognition of Expense

Canadian GAAP - In practice, the expense is often recognized on a straight-line basis over the vesting period. Forfeitures may be recognized as they occur.

IFRS - Under IFRS 2, graded vesting awards must be accounted for as though each installment is a separate award. Forfeiture estimates are recognized in the current period and revised for actual experience in subsequent periods. IFRS does not provide for an election to treat the instruments as a pool and recognize the expense on a straight line basis.

The effects of the foregoing differences have had an immaterial impact on the Company as a substantial portion of the Company's options vest immediately and are recognized as an expense immediately at date of grant.

Forfeitures

Canadian GAAP – Forfeitures of awards are recognized as they occur.

IFRS – An estimate is required of the number of awards expected to vest, which is revised if subsequent information indicates that actual forfeitures are likely to differ from the estimate. No adjustments were required since most are vested immediately.

ii. Impairments

Recoverable Amount

Canadian GAAP - A recoverability test is performed by first comparing the undiscounted expected future cash flows to be derived from the asset to its carrying amount. If the asset does not recover its carrying value, an impairment loss is calculated as the excess of the asset's carrying amount over its fair value.

IFRS – The impairment loss is calculated as the excess of the asset's carrying amount over its recoverable amount, where recoverable amount is defined as the higher of the asset's fair value less costs to sell and its value-in-use. Under the value-in-use calculation, the expected future cash flows from the asset are discounted to their net present value. No adjustments were required.

3. FIRST TIME ADOPTION OF IFRS (continued)

ii. Impairments (continued)

Reversal of Impairment

Canadian GAAP - Reversal of impairment losses is not permitted.

IFRS - Reversal of impairment losses is required for assets other than goodwill if certain criteria are met. No adjustments were required.

Explanation of differences impacting the Company's financial statements including IFRS 1 First-Time Adoption of International financial Reporting Standards

IFRS 1 requires the Company to reconcile the statements of financial position, changes in equity, comprehensive loss and cash flows for prior periods. An explanation of how the transition from GAAP to IFRS would have affected the Company's financial position, financial performance and cash flows, if there were any differences, is set out in the following tables.

iii. Acquisition, exploration and evaluation expenditures

Canadian GAAP – Prior to 2011, the Company used the policy to defer the cost of mineral properties and their related exploration and development costs until the properties are placed into production, sold or abandoned. These costs would be amortized over the estimated useful life of the properties following the commencement of production. Cost includes both the cash consideration as well as the fair market value of any securities issued on the acquisition of mineral properties. Properties acquired under option agreements or joint ventures, whereby payments were made at the sole discretion of the Company, were recorded in the accounts at such time as the payments were made. The proceeds from property options granted reduced the cost of the related property and any excess over cost was applied to income.

IFRS – As allowed under IFRS 6 Exploration and Evaluation Assets, the Company has elected to expense exploration and evaluation expenditures for each property as incurred, unless such costs are expected to be recovered through successful development and exploration of the property or, alternatively, by its sale. Acquisition costs remain capitalized.

iv. Share-based Payments

Canadian GAAP – The fair value of share-based awards with graded vesting were calculated as one grant and the resulting fair value was recognized on a straight-line basis over the vesting period. Forfeitures of awards were recognized as they occurred.

IFRS – Each tranche of an award with different vesting dates is considered a separate grant for the calculation of fair value, and the resulting fair value is amortized over the vesting period of each of the respective tranches. Forfeiture estimates are recognized on the grant date and revised for actual experiences in subsequent periods. This resulted in no change in the statement of financial position for October 1, 2010 and September 30, 2011.

3. FIRST TIME ADOPTION OF IFRS (continued)

v. Equity Reserves

Canadian GAAP – Prior to 2011, the Company recorded the value of share-based payments and warrants issued to contributed surplus.

IFRS – The Company has elected to present, for each component of equity, a reconciliation between the carrying amount at the beginning and end of each period, separately disclosing each change. Under IFRS the Company shows a separate disclosure of the value that relates to "Reserves for warrants", "Reserves for share-based payments" and any other component of equity.

vi. Flow-through Shares

Canadian GAAP – The resource expenditure deductions for income tax purposes related to exploratory and development activities funded by flow-through share arrangements were renounced to investors in accordance with tax legislation. The deferred income taxes relating to the temporary difference that arose when the qualifying expenditures were incurred were recorded at the time of filing the renunciation with the tax authorities. The recognition of the deferred income tax liability resulted in a corresponding reduction to the carrying value of the shares issued.

IFRS –

- The obligation to renounce tax deductions at the time of issuance of flow-through shares is recorded as a liability in accordance with IAS 37, "Provisions, Contingent Liabilities and Contingent Assets" measured using a residual or a relative fair value method. This obligation is reversed into the statement of comprehensive loss as a gain when the Company incurs qualifying expenditures (i.e. fulfilling its obligation to renounce tax attributes).
- A deferred tax liability is recognized (with the debit to statement of comprehensive loss), in accordance with IAS 12, Income Taxes, in respect of the taxable temporary difference that arises from the difference between the carrying amount of eligible expenditures capitalized as an asset in the statement of financial position and its tax base, to the extent they are not offset by deferred tax assets.

3. FIRST TIME ADOPTION OF IFRS (continued)

Below is a reconciliation of the Company's Statement of Financial Position under IFRS as at the Transition Date.

	As at October 1, 2010			Notes
	CDN GAAP	Effect of transition to IFRS	IFRS	
Assets				
Current Assets				
Cash	\$ 245,765	\$ -	\$ 245,765	
Trade and other receivables	81,911	-	81,911	
	327,676	-	327,676	
Property, plant and equipment	12,170	-	12,170	
Mineral properties and deferred expenditures	2,138,275	(2,138,275)	-	(iii)
Deferred acquisition costs		175,306	175,306	(iii)
	\$ 2,478,121	(1,962,969)	\$ 515,152	
Liabilities				
Current Liabilities				
Trade and other payables	\$ 274,398	\$ -	\$ 274,398	
Flow-through share premium	-	28,000	28,000	(vi)
	274,398		302,398	
Non-Current Liabilities				
Deferred income taxes	138,700	(138,700)	-	(vi)
	413,098	(110,700)	302,398	
Equity				
Capital stock	2,123,014	114,349	2,237,363	(vi)
Shares to be issued	24,000	-	24,000	
Warrant reserves	400,262	-	400,262	(v)
Contributed surplus	193,906	(193,906)	-	(v)
Share-based payment reserves	-	193,906	193,906	(v)
Deficit	(676,159)	(1,966,618)	(2,642,777)	(iii),(vi)
	2,065,023	(1,852,269)	212,754	
	\$ 2,478,121	(1,962,969)	\$ 515,152	

3. FIRST TIME ADOPTION OF IFRS (continued)

Below is a reconciliation of the Company's Statement of Financial Position under IFRS as at September 30, 2011.

	As at September 30, 2011			Notes
	CDN GAAP	Effect of transition to IFRS	IFRS	
Assets				
Current Assets				
Cash	\$ 144,323	\$ -	\$ 144,323	
Trade and other receivables	237,059	-	237,059	
	381,382	-	381,382	
Property, plant and equipment	8,017	-	8,017	
Mineral properties and deferred expenditures	3,730,131	(3,730,131)	-	(iii)
Deferred acquisition costs		188,676	188,676	(iii)
	\$ 4,119,530	\$(3,541,455)	\$ 578,075	
Liabilities				
Current Liabilities				
Trade and other payables	\$ 306,062	\$ -	\$ 306,062	
Flow-through share premium liability	-	25,000	25,000	(vi)
	306,062	-	331,062	
Non-Current Liabilities				
Deferred income taxes	345,300	(345,300)	-	(vi)
	651,362	(320,300)	331,062	
Equity				
Capital stock	3,259,168	183,179	3,442,347	(vi)
Warrant reserves	1,034,596	-	1,034,596	(v)
Contributed surplus	309,983	(309,983)	-	(v)
Share-based payment reserves	-	309,983	309,983	(v)
Deficit	(1,135,579)	(3,404,334)	(4,539,913)	(iii),(vi)
	3,468,168	(3,221,155)	247,013	
	\$ 4,119,530	\$(3,541,455)	\$ 578,075	



(an exploration stage company)

Notes to Financial Statements
(Expressed in Canadian Dollars)

Years Ended September 30, 2012 and 2011

3. FIRST TIME ADOPTION OF IFRS (continued)

Below is a reconciliation of the Company's Statement of Comprehensive Loss under IFRS for the year ended September 30, 2011.

	Year ended September 30, 2011			Notes
	CDN GAAP	Effect of transition to IFRS	IFRS	
Revenue				
Interest Income	\$ 1,247	\$ -	\$ 1,247	
Expenses				
Depreciation	4,153	-	4,153	
Professional fees	261,791	-	261,791	
Office and general	104,348	-	104,348	
Recovery of office expenses	(19,812)	-	(19,812)	
Shareholders' information	67,666	-	67,666	
Investor relation and travel	23,387	-	23,387	
Share based payment	116,077	-	116,077	
Part XII.6 Tax	5,287	-	5,287	
Exploration and evaluation expenditures	-	1,578,486	1,578,486	(iii)
	562,897	1,578,486	2,141,383	
Net loss and comprehensive loss before deferred income taxes	\$ 561,650	1,578,486	\$2,140,136	
Deferred income tax recovery	(102,230)	102,230	-	(iii)
Flow-through share premium recovery	-	(243,000)	(243,000)	(vi)
Net loss and comprehensive loss	\$ 459,420	\$1,437,716	\$1,897,136	
Loss per share – basic and diluted	\$ (0.01)	\$ (0.04)	\$ (0.05)	
Weighted average number of shares basic and diluted	34,510,992	-	34,510,992	



(an exploration stage company)

Notes to Financial Statements
(Expressed in Canadian Dollars)

Years Ended September 30, 2012 and 2011

3. FIRST TIME ADOPTION OF IFRS (continued)

Reconciliation of Cash Flows

	Year ended September 30, 2011			Notes
	CDN GAAP	Effect of transition to IFRS	IFRS	
Operating activities				
Net loss for the period	\$ (459,420)	\$ (1,437,716)	\$ (1,897,136)	(iii),(vi)
Adjustments to reconcile net loss to cash flow from operating activities:				
Share based payments	116,077	-	116,077	
Amortization	4,153	-	4,153	
Deferred income tax recovery	(102,230)	102,230	-	
Flow-through share premium	-	(243,000)	(243,000)	(vi)
	(441,420)	(1,578,486)	(2,019,906)	
Net change in non-cash operating working capital items:				
Trade and other receivables	(155,148)	-	(155,148)	
Trade and other payables	31,664	-	31,664	
Cash used in operating activities	(564,904)	(1,578,486)	(2,143,390)	
Investing activities				
Additions to mineral properties and deferred exploration expenditures	(1,591,856)	1,578,486	(13,370)	(iii)
Cash used in investing activities	(1,591,856)	1,578,486	(13,370)	
Financing activities				
Cost of share issuance	(242,682)	-	(242,682)	
Issuance of common shares	2,298,000	-	2,298,000	
Cash provided by financing activities	2,055,318	-	2,055,318	
Net decrease in cash	(101,442)	-	(101,442)	
Cash, beginning of year	245,765	-	245,765	
Cash, end of year	\$ 144,323	\$ -	\$ 144,323	

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Deferred acquisition costs

Costs of acquiring claims are capitalized as deferred acquisition costs on an area of interest basis pending determination of the technical feasibility and the commercial viability of the project.

Amounts received from other parties to earn an interest in the Company's mining properties are applied as a reduction of the deferred acquisition costs.

All exploration and evaluation costs, net of incidental revenues, are charged to operations in the period incurred until such time as it has been determined that a property has economically recoverable reserves, in which case subsequent exploration costs and the costs incurred to develop the property are first tested for impairment and then capitalized into property, plant and equipment ("PPE"). On the commencement of commercial production, depletion of each mining property will be provided on a unit-of-production basis using estimated resources as the depletion base.

Deferred acquisition costs are assessed for impairment if facts and circumstances suggest that the carrying amount exceeds the recoverable amount (Note 4.11).

Ownership in mineral properties involves certain risks due to the difficulties in determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristics of many mining interests. The Company has investigated the ownership of its mineral properties and, to the best of its knowledge, ownership of its interests are in good standing.

4.2 Property, plant and equipment ("PPE")

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of PPE consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Depreciation is provided at rates calculated to write off the cost of PPE, less their estimated residual value, using the straight-line method over the following expected useful lives:

• Software	3 years
• Office Furniture	4 - 5 years
• Equipment	3 years
• Vehicle	4 years

An item of PPE is derecognized upon disposal, when held for sale or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the statement of comprehensive loss.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Provisions and asset retirement obligations (“ARO”)

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of mineral properties and PPE, when those obligations can be estimated reliably and result from the acquisition, construction, development or normal operation of the assets. Initially, a liability for an asset retirement obligation is recognized at its fair value in the period in which it is incurred. Upon initial recognition of the liability, the corresponding asset retirement obligation is added to the carrying amount of the related asset and the cost is amortized as an expense over the economic life of the asset using either the unit-of-production method or the straight-line method, as appropriate. Following the initial recognition of the asset retirement obligation, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

As at September 30, 2012 no provisions have been recorded and no asset retirement obligations have been incurred to date.

4.4 Share-based payments

Share-based payment transactions

Employees (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, including Directors of the Company) of the Company receive a portion of their remuneration in the form of share-based payment transactions, whereby employees receive equity instruments as consideration for services rendered (“equity-settled transactions”).

For equity settled transactions, the Company measures goods or services at their fair value, unless that fair value cannot be estimated reliably, in which case the Company measures their value by reference to the fair value of the equity instruments granted. Fair values of share-based payments (including stock options) are determined based on estimated fair values at the time of grant using the Black-Scholes option pricing model using the management assumptions disclosed in Note 15 (c) and Note 16 for stock options and warrants, respectively.

Equity settled transactions

The costs of equity-settled transactions with employees are measured by reference to the fair value at the date on which they are granted.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (“the vesting date”). The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company’s best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in share-based payment reserve.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Share-based payments (continued)

Equity settled transactions (continued)

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other performance and/or service conditions are satisfied.

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions. These transactions are measured at the fair value of goods or services received, unless that fair value cannot be estimated reliably, in which case, they are measured indirectly, by reference to the fair value of the equity instruments granted.

Where the terms of an equity-settled award are modified, an additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

4.5 Taxation

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the date of the statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Taxation (continued)

The carrying amount of deferred income tax assets is reviewed at each date of the statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each date of the statement of financial position and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of the statement of financial position.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive income.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

4.6 Valuation of equity instruments in private placements

The Company has adopted a residual method with respect to the measurement of common shares and warrants issued as private placement units. Warrants attached to units are valued based on the fair value of the warrants using the Black-Scholes option pricing model and the share price at the time of financing, and the difference between the proceeds raised and the value assigned to the warrants is the residual fair value of the shares.

The proceeds from the issue of units are allocated between share capital and reserve for warrants. If and when the warrants are exercised, the applicable amounts of reserve for warrants are transferred to capital stock. Any consideration paid on the exercise of the warrants is credited to capital stock. For those warrants that expire after vesting, the recorded value is transferred to share-based payment reserve.

4.7 Loss per share

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the year. The diluted loss per share amounts are calculated by dividing net profit attributable to common shareholders by the weighted average number of shares outstanding during the year plus the weighted average number of shares that would be issued on the conversion of all the dilutive potential ordinary shares into common shares, which comprise warrants and stock options granted. During the years ended September 30, 2012 and 2011, shares issuable on exercise of all the outstanding stock options and warrants were not included in the computation of diluted loss per share as the effect would have been anti-dilutive.



(an exploration stage company)

Notes to Financial Statements
(Expressed in Canadian Dollars)

Years Ended September 30, 2012 and 2011

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans-and-receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through the statement of comprehensive loss. The Company's cash is classified as FVTPL.

Financial assets classified as loans-and-receivables are measured at amortized cost. The Company's trade and other receivables are classified as loans-and-receivables.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

4.9 Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as either FVTPL or other-financial-liabilities.

Financial liabilities classified as other-financial-liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other-financial-liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's trade and other payables and due to related party are classified as other-financial-liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized through the statement of comprehensive loss. At September 30, 2012, September 30, 2011 and October 1, 2010 the Company has not classified any financial liabilities as FVTPL.

4.10 Impairment of financial assets

The Company assesses, at each date of the statement of financial position, whether a financial asset is impaired.

Assets carried at amortized cost

A financial asset not carried at fair value through profit or loss is assessed if there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is then reduced by the amount of the impairment. The amount of the loss is recognized in profit or loss.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Impairment of financial assets (continued)

***Assets carried at amortized cost* (continued)**

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

In relation to trade receivables, a provision for impairment is made and an impairment loss is recognized in profit and loss when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are written off against the allowance account when they are assessed as uncollectible.

4.11 Impairment of non-financial assets

At each date of the statement of financial position, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

4.12 Cash

Cash in the statement of financial position is comprised of cash held at a Canadian chartered bank.

4.13 Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.14 Significant accounting judgments and estimates

The preparation of these financial statements requires management to make judgements and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgements and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgements and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions.

The most significant estimates relate to, but are not limited to, the following:

- determination of the flow-through share premium requires the use of estimates when calculating the premium associated with the issuance of flow-through shares compared with common shares;
- the calculation of the fair value of share-based payments requires the use of estimates of inputs in the Black-Scholes option pricing valuation model;
- the Company assess the carrying value of deferred acquisition costs at each reporting date to determine whether any indication of impairment exists. When an impairment exists, the calculation of recoverable amount requires the use of estimates and assumptions such as long-term commodity prices, discount rates, recoverable metals, and operating performance; and
- assessment of the going concern presumption as detailed in Note 1 to the financial statements.

4.15 Flow-through shares

The obligation to renounce tax deductions at the time of issuance of flow-through shares is recorded as a liability in accordance with IAS 37, "Provisions, Contingent Liabilities and Contingent Assets" measured using a residual or a relative fair value method. This obligation is released into the statement of comprehensive loss as a gain as and when the Company incurs qualifying expenditures (i.e. fulfilling its obligation to renounce tax attributes).



(an exploration stage company)

Notes to Financial Statements
(Expressed in Canadian Dollars)

Years Ended September 30, 2012 and 2011

5. PROPERTY, PLANT AND EQUIPMENT

	Office Furniture	Software	Equipment	Vehicle	Total
Cost					
As at October 1, 2010	\$ 7,450	\$ 4,639	\$ 3,850	\$ 14,272	\$ 30,211
Additions	-	-	-	-	-
As at September 30, 2011	7,450	4,639	3,850	14,272	30,211
Additions	-	-	-	-	-
As at September 30, 2012	\$ 7,450	\$ 4,639	\$ 3,850	\$ 14,272	\$ 30,211
Accumulated depreciation					
As at October 1, 2010	\$ 3,254	\$ 3,334	\$ 577	\$ 10,876	\$ 18,041
Amortization expense	2,312	391	771	679	4,153
As at September 30, 2011	5,566	3,725	1,348	11,555	22,194
Amortization expense	565	392	670	679	2,406
As at September 30, 2012	\$ 6,131	\$ 4,117	\$ 2,018	\$ 12,234	\$ 24,600
Net book value					
As at October 1, 2010	\$ 4,196	\$ 1,305	\$ 3,273	\$ 3,396	\$ 12,170
As at September 30, 2011	\$ 1,884	\$ 914	\$ 2,502	\$ 2,717	\$ 8,017
As at September 30, 2012	\$ 1,319	\$ 522	\$ 1,823	\$ 1,947	\$ 5,611

6. DEFERRED ACQUISITION COSTS

	September 30, 2012	September 30, 2011
Mineral properties		
Balance, beginning of year	\$ 188,676	\$ 175,306
Acquisition costs	7,000	13,370
Balance, end of year	\$ 195,676	\$ 188,676

Kamiskotia Property

The Kamiskotia Property is comprised of 1,132 claim units located in the Godfrey, Turnbull, Jamieson, Robb, Cote, Massey and Bonar Townships. Of these claim units, 499 together with the related licenses, permits and technical data were purchased in 2005; two patented claims were purchased in 2007; 118 claim units were staked by the Company during 2007; 33 claim units were staked by the Company during 2008, 306 claim units were staked during 2009; and, 76 claim units were staked by the Company during 2010 and, during the year ended September 30, 2011 the Company staked an additional 100 claim units. The Company may stake additional ground as it becomes available. The project is generally located 20 kilometers north west of Timmins, Ontario.



(an exploration stage company)

Notes to Financial Statements
(Expressed in Canadian Dollars)

Years Ended September 30, 2012 and 2011

6. DEFERRED ACQUISITION COSTS (continued)

Kamiskotia Property (continued)

Under the terms of the agreement of purchase and sale for the 499 claim units, if the Company elects not to renew any of the claims, it shall first offer to transfer the said claims to the vendors of the claims for the nominal amount of \$1.00 at least 120 days prior to their expiry. At such time, the said claims shall be in good standing, free of encumbrances and have a minimum of six (6) months assessment work.

The vendors of these claims are entitled to receive a net smelter metals royalty (“NSMR”) from the respective claims on any minerals, metals or concentrate extracted and derived from the ore mined from such property, calculated and payable commencing within ninety (90) days following the end of each calendar quarter in which metals are extracted from the claims as follows:

- A NSMR, relating to 70 claims identified as “NSMR 1 Claim Ownership”, shall have a 3% NSMR, of which up to 2% can be acquired for \$1 Million per 1% within one (1) year of the Company making a production decision relating to the said claims.
- A NSMR, relating to 98 claims identified as “NSMR 2 Claim Ownership”, shall have a 3% NSMR, of which up to 2% can be acquired for \$1 Million per 1% within one (1) year of the Company making a production decision relating to the said claims.
- A NSMR, relating to 331 claims identified as “NSMR 3 Claim Ownership”, shall have a 1% NSMR.

Mountjoy Claims

Included in the Kamiskotia Property are 108 claims known as the Mountjoy Claims. In August, 2009 the Company entered into an Option Agreement (the “Agreement”) with Osisko Mining Corporation (“Osisko”), whereby, Osisko could earn an initial fifty percent (50%) interest in the Mountjoy Claims. Under the terms of the Agreement, a cash payment of \$50,000 and project expenditures of \$150,000 were required in order to earn a 50% interest, additional cash payments totaling \$200,000 were to be made to the Company and cumulative project exploration expenditures in the amount of \$3,850,000 were to be incurred. The payment schedule was as follows:

	Cash Payments	Expenditures
On or before August 10, 2010	\$ 50,000 (received)	\$ 150,000 (received cash payment) 350,000 (completed in 2011)
On or before August 10, 2011	50,000 (optional)	750,000 (optional)
On or before August 10, 2012	50,000 (optional)	1,000,000 (optional)
On or before August 10, 2013	100,000 (optional)	1,750,000 (optional)
	\$ 250,000	\$ 4,000,000

On August 25, 2009, pursuant to the Agreement, the Company closed a private placement with Osisko to issue 2,000,000 common shares for gross proceeds of \$200,000 at \$0.10 per common share.

6. DEFERRED ACQUISITION COSTS (continued)

Mountjoy Claims (continued)

On August 26, 2010, the Company received a \$200,000 cash payment from Osisko consisting of the required \$50,000 option payment and \$150,000 in lieu of project expenditures in the same amount. With this payment, the Company agreed to a deferral of \$350,000 exploration expenditures to the second year of the agreement.

On August 30, 2011 Osisko terminated their option to acquire an interest in the Mountjoy Property in accordance with the Option Agreement. As a result, the Company holds 100% of the interest in the 108 claims as at September 30, 2012.

Dayton Porcupine Claims

On May 10, 2010, the Company completed the acquisition of a 100% interest in 49 patented claims in Deloro and Ogden Townships, nine miles south of Timmins. These claims are considered part of the Kamiskotia Property. The acquisition includes 40 patented claims covering the historical Dayton Porcupine claims and 8 patented claims formerly owned by McLaren Porcupine Mines Inc. The final single patented claim is adjacent to the historical Faymar Mine. The purchase price was \$5,000 cash, plus one million (1,000,000) common shares of the Company at a price of \$0.25 per share for 100% ownership of both the patented surface and patented mining rights, subject to an aggregate total 3% Net Smelter Royalty ("NSR"). On acquisition of the claims, the Company has also assumed the liability of approximately \$210,000 in property taxes that are in arrears to the Township, which has been included in accounts payable and accrued liabilities and exploration and evaluation expenditures. The Company is evaluating their options with respect to the property and the tax in arrears.

Racetrack Property Option

On September 13, 2010 the Company entered into an option agreement to earn up to a 100% interest in 103 claim units and 12 patented claims (Racetrack Property Option) from Electra Gold Ltd. The claims are in Ogden Township and will add a 7 km western extension (12 km total length) to Claim Post's 100% owned Dayton Porcupine Claims, Kamiskotia Property, located 10 km south of Timmins, Ontario.

Under the option agreement, Claim Post is the operator of the Racetrack Property and has earned a 50% interest in the 115 units or claims by incurring a series of cash payments and/or share issuances plus exploration expenditures, as per the following schedule:

1. On signing: \$20,000 cash (paid) plus 200,000 Claim Post shares (issued) and \$120,000 of exploration work within 9 months (completed);
2. September 13, 2012: \$50,000 cash payment or 200,000 Claim Post shares, at Claim Post's option (200,000 Claim Post shares were issued).

Claim Post can increase its interest in the 115 units or claims to 100% by incurring a series of cash payments or share issuances plus exploration expenditures, as per the following schedule:

3. September 13, 2013: \$200,000 cash payment or issuance of 500,000 Claim Post shares, at Claim Post's option; and



(an exploration stage company)

Notes to Financial Statements
(Expressed in Canadian Dollars)

Years Ended September 30, 2012 and 2011

6. DEFERRED ACQUISITION COSTS (continued)

Racetrack Property Option (continued)

4. September 13, 2014: \$750,000 cash payment or issuance of 1,500,000 Claim Post shares, at Claim Post's option; this would complete the option to earn a 100% interest.

The Racetrack claims are subject to underlying NSR royalties with royalty buyout clauses. The 103 staked units have a 2% NSR royalty, with \$1 million dollar buyout for 1% NSR and the 12 patented claims have a 3% NSR royalty with a \$1 million dollar buyout of 2% NSR.

Manigotagan Silica Sand Project

On August 27, 2012 the Company announced that it signed a Letter of Intent with a private company, Char-Crete Ltd., to acquire nine contiguous silica sand quarry leases, encompassing approximately 428 hectares (1,050 acres). The property is located 3km from a paved highway near Seymourville, 200km North-East of Winnipeg, Manitoba (Canada).

Under the agreement, Claim Post has the right to earn 100% interest by incurring a series of cash payments as per the following schedule:

1. October 3, 2012 - \$800,000 cash payment (paid; Note 20);
2. January 24, 2013 - \$400,000 cash payment (paid; Note 20)
3. March 31, 2013 - \$300,000 cash payment (Note 20)

7. EXPLORATION AND EVALUATION EXPENDITURES

As of September 30, 2011, the Company had incurred \$3,541,455 in exploration expenditures on the Kamiskotia Property. During the year ending September 30, 2012, the Company spent an additional \$226,322 for a total of \$3,767,777.

	September 30, 2012	September 30, 2011
Balance, beginning of year	\$ 3,541,455	\$ 1,962,969
Exploration costs	226,322	1,578,486
Balance, end of year	\$ 3,767,777	\$ 3,541,455



(an exploration stage company)

Notes to Financial Statements
(Expressed in Canadian Dollars)

Years Ended September 30, 2012 and 2011

8. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties and to ensure it continues as a going concern. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

All of the properties in which the Company currently has an interest are in the exploration stage with no operating revenues; as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

There has been significant market turbulence worldwide due to the credit crisis and potential of a global recession. These market conditions have and are expected to continue to have an adverse impact on the ability of junior mining exploration companies to secure equity funding. The Company has historically relied on equity financing to raise capital and expects to be able to continue to do so, but its ability to do so may be impacted by the current global situation and economic uncertainties. Management has considered how these conditions have impacted the Company's viability given its current capital structure and until the outcome of future financing activities is known there is considerable uncertainty about the appropriateness of the use of the going concern basis of accounting.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the year ended September 30, 2012 and 2011. As at September 30, 2012, the Company is not subject to externally imposed capital requirements.

9. MANAGEMENT OF FINANCIAL AND OTHER RISK

The Company's financial instruments are exposed to financial and other risks as summarized below:

Fair value

As at September 30, 2012, the carrying and fair value amounts of the Company's cash, trade and other receivables, trade and other payables and due to related party are approximately equivalent due to the relatively short periods to maturity. Fair value represents the amount that would be exchanged in an arm's length transaction between willing parties and is best evidenced by a quoted market price if one exists.

Fair value estimates are made at a specific point in time, based on relevant market information and information about financial instruments. These estimates are subject to and involve uncertainties and matters of significant judgment, therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

9. MANAGEMENT OF FINANCIAL AND OTHER RISK (continued)

A summary of the Company's risk exposures as it relates to financial instruments are reflected below:

i) Credit risk

Credit risk is the risk of loss associated with a counter-party's inability to fulfill its payment obligations. The credit risk is attributable to various financial instruments, as noted below. The credit risk is limited to the carrying value amount carried on the statement of financial position.

The Company's credit risk is primarily attributable to cash and trade and other receivables included in current assets. The Company has no material concentration of credit risk arising from operations. Cash consists of bank deposits, which are held by a Canadian chartered bank, from which management believes the risk of loss is remote. The Company's trade and other receivables are normally collected within a 60-90 day period. The Company has not experienced any significant collection issues to September 30, 2012.

The Company's maximum exposure to credit risk as at September 30, 2012 is the carrying value of cash and trade and other receivables (excluding HST receivable) (Note 11) in the amount of \$1,110,850 (September 30, 2011 - \$318,223 and October 1, 2010 - \$256,986).

ii) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due and ensuring an adequate supply of funds to enable the Company to carry out its intended programs. As at September 30, 2012, the Company had a cash balance of \$1,082,886 (September 30, 2011 - \$144,323 and October 1, 2010 - \$245,765) to settle current liabilities of \$591,028 (September 30, 2011 - \$306,062 and October 1, 2010 - \$298,398). All of the Company's financial trade liabilities have contractual maturities of less than one year and are subject to normal trade terms. The working capital of the Company is \$383,698 (September 30, 2011 - \$75,320 and October 1, 2010 - \$29,278).

Other risk

i) Price risk

The Company is exposed to price risk with respect to commodity prices. Changes in commodity prices will impact the economics of development of the Company's mineral properties. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. Price risk is remote since the Company is not currently a revenue producing entity.

10. CASH

The balance at September 30, 2012, consists of \$1,082,886 (September 30, 2011 - \$144,323 and October 1, 2010 - \$245,765) on deposit with a major Canadian bank.



(an exploration stage company)

Notes to Financial Statements
(Expressed in Canadian Dollars)

Years Ended September 30, 2012 and 2011

11. TRADE AND OTHER RECEIVABLES

The Company's trade and other receivables arise from two main sources: 1) trade receivables; 2) harmonized sales tax ("HST") receivable from government taxation authorities. These are broken down as follows:

As at	September 30, 2012	September 30, 2011	October 1, 2010
Other receivable	\$ 27,964	\$ 173,900	\$ 11,221
HST receivable	21,376	63,159	70,690
Total Trade and Other Receivables	\$ 49,340	\$ 237,059	\$ 81,911

At September 30, 2012, the Company anticipates full recovery of these amounts and therefore no impairment has been recorded against these receivables. The credit risk on the receivables has been further discussed in Note 9(i).

The Company holds no collateral for any receivable amounts outstanding as at September 30, 2012.

12. TRADE AND OTHER PAYABLES

Trade and other payables of the Company are principally comprised of amounts outstanding for trade purchases relating to exploration activities and amounts payable for operating and financing activities. The usual credit period taken for trade purchases is between 30 to 90 days.

The following is an aged analysis of the trade and other payables:

As at	September 30, 2012	September 30, 2011	October 1, 2010
Less than 1 month	\$ 303,343	\$ 55,165	\$ 241,171
Over 3 months *	369,585	250,897	33,227
Total Trade and Other Payables	\$ 672,928	\$ 306,062	\$ 274,398

*Included in this balance is \$276,530 (September 30, 2011 - \$245,404 and October 1, 2010 - \$205,817 which is included in the less than month balance) in property taxes relating to the acquisition of the Dayton Porcupine Claims (Note 6).

13. KEY MANAGEMENT COMPENSATION

The financial statements include balances and transactions with directors and/or officers of the Company.

These expenditures are summarized as follows:

Year ended September 30,	2012	2011
Legal fees paid to an officer's firm	\$ 26,645	\$ 74,355
Management and consulting fees	\$ 63,400	\$ 62,500
Share-based payments	\$ -	\$ 58,039



(an exploration stage company)

Notes to Financial Statements
(Expressed in Canadian Dollars)

Years Ended September 30, 2012 and 2011

14. DUE TO RELATED PARTY

As at September 30, 2012, the trade and other payables balances includes related-party amounts of \$90,045 (September 30, 2011 - \$NIL and October 1, 2010 - \$33,184). The related parties relate to entities over which executive management and directors have control or significant influence.

On May 1, 2012 and revised on June 30, 2012 and September 4, 2012 the Company executed a Promissory Note providing for the repayment of \$75,600 to DPM Mining Inc., an entity controlled by a director of the Company (hereinafter called the "Holder"). Under the terms of the Promissory Note the principal owing shall become due and be paid in full on demand, which demand may be made by the Holder at any time. In addition, at any time and from time to time any portion of the principal may be prepaid without any notice being given to the Holder and without any bonus or penalty being paid to the Holder. The Promissory Note is non-interest bearing with no fixed terms of repayment.

During the year ended September 30, 2012 the Company paid consulting fees to a certain shareholder in the amount of \$NIL (September 30, 2011 - \$24,000).

15. CAPITAL STOCK

(a) Authorized

An unlimited number of common shares.

(b) Issued

	Number of Shares	Amount
Balance at October 1, 2010	27,757,165	\$2,237,363
Shares issued for property (i)	200,000	24,000
Shares issued for cash (ii)	8,206,666	2,298,000
Share issuance costs (iv)		(242,682)
Value attributed to warrants on private placement (ii)		(492,793)
Flow-through share premium liability (iii)		(240,000)
Fair value of warrants issued as finder's fees (iv)		(141,541)
Balance at September 30, 2011	36,163,831	3,442,347
Shares issued for property (v)	200,000	7,000
Balance at September 30, 2012	36,363,831	\$3,449,347
Shares to be issued (vi)	9,425,000,000	\$866,525



(an exploration stage company)

Notes to Financial Statements
(Expressed in Canadian Dollars)

Years Ended September 30, 2012 and 2011

15. CAPITAL STOCK (continued)

(b) Issued (continued)

- (i) In September 2010 the Company was committed to issue 200,000 common shares of the Company with a fair value of \$0.12 per share as per the Racetrack Property Agreement. These shares were issued during the period ending December 31, 2010.
- (ii) In December 2010, the Company completed a non-brokered private placement of 3,280,000 Common Share Units at a price of \$0.25 per Unit and 4,926,666 Flow-through Units at a price of \$0.30 per Unit for aggregate gross proceeds of \$2,298,000. Each Common Share Unit consists of one common share and one-half of one common share purchase warrant. Each Flow-through Unit consists of one Flow-through share and one-half of one common share purchase warrant. For both financings, each whole Warrant entitles the holder to purchase one common share at a price of \$0.50 per share up to 24 months after the closing date. All securities issued on closing are subject to a four month hold period from the date of closing. See Note 16 for valuation of warrants.
- (iii) The Company recognized a flow-through share premium liability of \$240,000 with respect to the issuance of the flow-through shares. The Company further recognized a flow-through share premium recovery of \$243,000 for the year ended September 30, 2011, based on the amounts spent during 2011.
- (iv) In connection with the Private Placement, the Company paid a cash finder's fee in the amount of \$183,840; paid \$58,842 in share issuance related costs and issued 820,667 finder's fee warrant units entitling the holder to purchase 820,667 Finder's Units of the Company at \$0.25 per Finder Unit. Each Finder Unit consists of one common share of the Company and one-half of one common share purchase warrant, with each whole warrant entitling the holder to purchase one common share for \$0.50 up to 24 months after the date of closing. See note 16 for valuation of Finder Units.
- (v) In September 2012 the Company issued 200,000 common shares of the Company as per the Racetrack Property Agreement with a fair value of \$0.035 per share.
- (vi) On October 1, 2012 the Company completed a non-brokered private placement of 9,425,000 Common Shares at a price of \$0.10 per common share for gross proceeds of \$942,500. All securities issued on closing are subject to a four month hold period from the date of closing. The shares were issued in connection with a Private Placement offering which closed on September 28, 2012. The Company issued the shares once they had collected all of the proceeds raised through the issuance.

In connection with the Private Placement, the Company paid a cash finder's fee in the amount of \$65,975, paid \$10,000 in share issuance related costs and issued 659,750 finder's fee warrants entitling the holder to purchase 659,750 common shares of the Company for \$0.10 per common share in the first year and \$0.15 per share in the second year, expiring 24 months from the date of closing. The warrants were issued on October 1, 2012 in conjunction with the share issuance.



(an exploration stage company)

Notes to Financial Statements
(Expressed in Canadian Dollars)

Years Ended September 30, 2012 and 2011

15. CAPITAL STOCK (continued)

(c) Stock Options

Stock Option Plan

The Company maintains a stock option plan (the "Stock Option Plan") which was originally approved by the shareholders of the Company on April 2, 2009. The Stock Option Plan is a "rolling" plan under which up to 10% of the issued and outstanding Common Shares of the Company from time to time, subject to adjustment in certain circumstances, may be issued.

In the event that no specific determination is made by the Board with respect to any of the following matters, the period during which an option shall be exercisable shall be five years from the date of grant except those options issued to persons of consultants employed in Investor Relation activities shall vest in stages over 12 months with no more than one quarter of the options vesting in any three month period.

The purpose of the Stock Option Plan is to develop the interest of bona fide officers, directors, employees, management company employees, and consultants of the Company in the growth and development of the Company by providing them with the opportunity through stock options to acquire an increased proprietary interest in the Company.

All outstanding options have been expensed as share-based payments in the period in which they vested. At September 30, 2012, 500,000 (September 30, 2011 – 2,400,000 and October 1, 2010 – 1,500,000) options were outstanding and 500,000 (September 30, 2011 – 2,325,000 and October 1, 2010 – 1,500,000) were exercisable and have a weighted average exercise price of \$0.25 (September 30, 2011 – \$0.23 and October 1, 2010 – \$0.25).

A summary of stock options issued and outstanding is as follows:

As at	September 30, 2012		September 30, 2011	
	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price	Number of Options
Outstanding at beginning of year	\$ 0.23	2,400,000	\$ 0.25	1,500,000
Transaction during the year:				
Granted	-	-	0.20	900,000
Expired	0.23	(1,900,000)	-	-
Outstanding at end of year	0.25	500,000	0.23	2,400,000
Exercisable at end of year	\$ 0.25	500,000	\$ 0.23	2,325,000



(an exploration stage company)

Notes to Financial Statements
(Expressed in Canadian Dollars)

Years Ended September 30, 2012 and 2011

15. CAPITAL STOCK (continued)

Share-based payments

The following table summarizes the assumptions used with the Black-Scholes valuation model for stock options issued and outstanding as at September 30, 2012 and for the determination of the share-based payment expense for stock options issued during the year ended September 30, 2011:

Grant date	October 4, 2010	December 16, 2010	January 8, 2011	August 18, 2011	Total
No. of options	400,000	350,000	100,000	50,000	900,000
Exercise price	\$ 0.15	\$ 0.25	\$ 0.25	\$ 0.25	
Expected life in years	3	3	3	3	
Volatility	142.00%	142.00%	142.00%	142.00%	
Risk-free interest rate	1.39%	1.67%	1.69%	0.90%	
Dividend yield	-	-	-	-	
Vesting	100%	100%	100%	100%	
Grant date share price	\$0.150	\$0.245	\$0.205	\$0.055	
Fair value of options granted	\$ 31,520	\$ 67,268	\$ 15,676	\$ 1,613	\$ 116,077
Share-based payments expense	\$ 31,520	\$ 67,268	\$ 15,676	\$ 1,613	\$ 116,077

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

Options issued to non-employees were valued using the fair value of the equity instrument granted in the absence of a reliable estimate of the fair value of the goods or services received.



(an exploration stage company)

Notes to Financial Statements
(Expressed in Canadian Dollars)

Years Ended September 30, 2012 and 2011

16. WARRANT RESERVE

A summary of the changes in the Company's reserve for warrants for the years ended September 30, 2012 and 2011 is set out below:

As at	September 30, 2012		September 30, 2011	
		Number of Warrants		Number of Warrants
Outstanding at beginning of year	\$ 1,034,596	8,253,599	\$ 400,262	3,329,599
Transaction during the year:				
Fair value of finder warrants issued	34,344	770,000	141,541	820,667
Fair value of warrants issued	-	-	492,793	4,103,333
Forfeited	-	(3,329,599)	-	-
Outstanding at end of year	\$1,068,940	5,694,000	\$1,034,569	8,253,599

The weighted average exercise price of the outstanding warrants as at September 30, 2012 was \$0.41 (September 30, 2011 – \$0.46 and October 1, 2010 - \$0.50).

The following table summarizes the assumptions used with the Black-Scholes valuation model for warrants issued and outstanding as at September 30, 2012.

Grant date	December 31, 2009	December 31, 2009	February 26, 2010	February 26, 2010	December 20, 2010	December 20, 2010
No. of warrants	1,861,666	372,333	913,000	182,600	4,103,333	820,667
Exercise price	\$ 0.50	\$ 0.30	\$ 0.50	\$ 0.25	\$ 0.50	\$ 0.25
Expected life in years	2	2	2	2	2	2
Volatility	125.00%	125.00%	125.00%	125.00%	142.00%	142.00%
Risk-free interest rate	1.43%	1.43%	1.33%	1.33%	1.66%	1.66%
Grant date share price	0.241	0.300	0.204	0.250	0.250	0.250
Dividend yield	-	-	-	-	-	-
Fair value of warrants	\$ 217,589	\$ 70,216	\$ 83,000	\$ 29,457	\$ 492,793	\$ 141,541

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

Finder warrants issued to non-employees were valued using the fair value of the equity instrument granted in the absence of a reliable estimate of the fair value of the goods or services received.



(an exploration stage company)

Notes to Financial Statements
(Expressed in Canadian Dollars)

Years Ended September 30, 2012 and 2011

17. SHARE-BASED PAYMENT RESERVE

A summary of the changes in the Company's reserve for share-based payments for the years ended September 30, 2012 and 2011 is set out below:

As at	September 30, 2012	September 30, 2011
Balance at beginning of year	\$ 309,983	\$ 193,906
Value assigned to:		
Fair value of options issued (Note 15)	-	116,077
Balance at end of year	\$ 309,983	\$ 309,983

18. INCOME TAXES

(a) Provision for Income Taxes

The major factors that cause variations from the Company's combined federal and provincial statutory Canadian income tax rates of 26.85% (2011 – 28.75%) were the following:

For the year ended September 30,	2012	2011
Loss before income taxes	\$ (535,552)	\$ (1,897,136)
Expected tax recovery at statutory rates	(143,930)	(545,427)
Increase (decrease) from:		
Non-deductible expenses:	282	33,372
Stock-based compensation	(6,719)	(69,863)
Share issue costs and other	(193,888)	(60,671)
IFRS transition adjustments	-	25,000
Deferred taxes not recognized	333,764	540,216
Effect of change in tax rates	10,491	77,373
	\$ -	\$ -

(b) Deferred Tax Balances

The deferred income tax liability is comprised of the following temporary differences:

As at September 30,	2012	2011
Exploration expenditures	\$ 145,970	\$ 89,389
Capital assets	1,894	2,042
Non-capital loss carry forwards	516,000	372,350
Share issue costs	210,111	76,435
Deferred income taxes not recognized	(873,975)	(540,216)
	\$ -	\$ -



(an exploration stage company)

Notes to Financial Statements
(Expressed in Canadian Dollars)

Years Ended September 30, 2012 and 2011

18. INCOME TAXES (continued)

(c) Tax Loss Carry-forwards

The Company has accumulated non-capital losses of \$2,063,944, which may be deducted in the calculation of taxable income in future years. The losses expire as follows:

2027	\$	151,392
2028		98,251
2029		269,268
2030		428,129
2031		542,288
2032		574,616
	\$	<u>2,063,994</u>

19. COMMITMENTS AND CONTINGENCIES

The Company's exploration activities are subject to various federal, provincial and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

The Company is committed to monthly payments under the terms of operating agreements for the office space. The aggregate annual payments are as follows:

2013	\$	49,555
2014		27,555
2015		27,555
2016		27,555
2017		13,778

20. SUBSEQUENT EVENTS

On August 27, 2012, the Company announced that it had entered into a Letter of Intent ("LOI") with Char-Crete Ltd., a private company, to acquire nine contiguous silica sand quarry leases (the "Seymourville Property"), near Winnipeg, Manitoba. Under the terms of the LOI, the Company made the initial payment of \$800,000 on October 3, 2012 and the balance of \$700,000 was to be paid by November 7, 2012. The terms of the LOI were subsequently amended. By making a further payment of \$400,000, the Company acquired a 51% undivided interest in the Seymourville Property. This payment was completed on January 24, 2013. Claim Post can acquire the remaining 49% interest upon payments of an additional \$400,000 on or before February 17, 2013 and \$300,000 on or before March 31, 2013.



(an exploration stage company)

Notes to Financial Statements
(Expressed in Canadian Dollars)

Years Ended September 30, 2012 and 2011

20. SUBSEQUENT EVENTS (continued)

In addition, by making the additional \$400,000 payment on or before February 17, 2013, the Company will acquire an option to purchase from the same vendor, the Redonda Property, a real estate property next to a rail siding in Winnipeg, Manitoba, that may be suitable for the processing and trans-loading of silica sand at some future date. The purchase price of \$2,700,000 and the additional \$400,000 payment to be made to the vendor will be applied to the purchase price of the Redonda property, in the event the Company exercises its option to purchase the property. In the event the Company does not make the additional payments to the vendor under the LOI, the Company will retain only a 51% undivided interest in the Seymourville Property

On January 16, 2013, the Company entered into a \$400,000 loan agreement with three individuals, two of whom are related parties, bearing interest at prime rate plus 5% calculated and accrued monthly in arrears maturing on July 16, 2013. The proceeds from the loan were used to make the \$400,000 payment due under the LOI described above.

Common shares and finder's warrants of the Company were issued on October 1, 2012 in relation to a Private Placement which closed on September 28, 2012 (Note 15(b)(vi)).

On January 23, 2013, The Board of Directors agreed to issue 800,000 stock options to consultants, exercisable at \$0.10 for a period of 5 years from the date of issuance.

21. AUTHORIZATION OF FINANCIAL STATEMENTS

The financial statements for the year ended September 30, 2012 (including comparatives) were approved by the board of directors on January 28, 2013.

22. EXPLORATION AND EVALUATION EXPENDITURES

Exploration and evaluation expenditures (Note 7)

Geological	\$	4,130	\$	-
Drilling		6,570		985,510
Assaying		41,100		135,466
Geophysical		-		215,114
Consulting		37,635		72,774
Other exploration and evaluations expenditures		136,887		169,622
	\$	226,322	\$	1,578,486
