Consolidated Financial Statements of

NORTHERN VERTEX MINING CORP.

(formerly Northern Vertex Capital Inc.)

For the years ended June 30, 2012 and 2011

To the Shareholders of Northern Vertex Mining Corp. (formerly Northern Vertex Capital Inc.):

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian International Financial Reporting Standards and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Board of Directors and the Audit Committee is composed primarily of Directors who are neither management nor employees of Northern Vertex Mining Corp. ("Northern Vertex"). The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Audit Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Committee is also responsible for recommending the appointment of Northern Vertex's external auditors.

MNP LLP, an independent firm of Chartered Accountants, is appointed by the shareholders to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Audit Committee and management to discuss their audit findings.

October 22, 2012

"*Kenneth Berry*"	"*Ed J. Duda*"
Chief Executive Officer	Chief Financial Officer

MNP LLP

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Northern Vertex Mining Corp.:

We have audited the accompanying consolidated financial statements of Northern Vertex Mining Corp., which comprise the statement of financial position as at June 30, 2012, June 30, 2011, and July 1, 2010, and the statements of comprehensive loss, changes in equity, and cash flows for the years ended June 30, 2012 and 2011, and a summary of significant accounting policies and other explanatory information.

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

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

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

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

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Northern Vertex Mining Corp. as at June 30, 2012, June 30, 2011, and July 1, 2010, and the results of its operations and its cash flows for the years ended June 30, 2012 and 2011, in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 1 of these consolidated financial statements, which states that Northern Vertex Mining Corp. incurred significant losses from operations, negative cash flows from operating activities and has an accumulated deficit. This, along with other matters described in Note 1, indicates the existence of a material uncertainty which may cast doubt about the ability of Northern Vertex Mining Corp. to continue as a going concern.

MNP LLP

MNP LLP

Vancouver, BC
October 22, 2012

NORTHERN VERTEX MINING CORP.
(formerly Northern Vertex Capital Inc.)

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AUDITED CONSOLIDATED FINANCIAL STATEMENTS

NORTHERN VERTEX MINING CORP.

(formerly Northern Vertex Capital Inc.)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Expressed in Canadian Dollars

(Exhibit 1)

	June 30, 2012	June 30, 2011 (Note 15)	July 1, 2010 (Note 15)
ASSETS			
Current assets:			
Cash and cash equivalents (Note 12)	**$ 2,413,515**	$ 1,029,668	$ 886,184
Accounts receivable and advances	**109,453**	9,700	-
Prepaid expenses	**74,194**	27,693	7,650
HST receivable	**161,881**	72,990	5,611
Total current assets	**2,759,043**	1,140,051	899,445
Non-current assets:			
Equipment (Note 4)	**1,456**	651	-
Investment in joint venture (Note 5, 6)	**7,719,036**	-	-
Reclamation deposits	**11,142**	6,867	-
Mineral properties (Note 6)	**5,252,446**	2,395,055	20,478
Total assets	**$ 15,743,123**	$ 3,542,624	$ 919,923
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	**$ 115,460**	$ 313,267	$ 25,330
Shares payable (Note 6)	**260,000**	-	-
Investor deposits	**-**	100,000	-
Total current liabilities	**375,460**	413,267	25,330
Future income tax (Note 8)	**-**	-	15,693
	375,460	413,267	41,023
SHAREHOLDERS' EQUITY			
Share capital (Note 7)	**11,196,258**	2,498,905	692,506
Contributed surplus (Note 7)	**6,936,538**	1,621,407	380,202
Accumulated other comprehensive income (loss) (Exhibit 4)	**101,652**	(6,160)	-
Deficit	**(2,866,785)**	(984,795)	(193,808)
Total equity	**15,367,663**	3,129,357	878,900
Total liabilities and equity	**$ 15,743,123**	$ 3,542,624	$ 919,923

Approved on Behalf of the Board:

Kenneth Berry
Director

David Farrell
Director

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

NORTHERN VERTEX MINING CORP.

(formerly Northern Vertex Capital Inc.)

CONSOLIDATED STATEMENTS OF OPERATIONS AND LOSS

Expressed in Canadian Dollars

(Exhibit 2)

	For the year ended	
	June 30, 2012	June 30, 2011 (Note 15)
General and administrative expenses		
Professional (Note 10)	**$ 239,048**	$ 103,534
Marketing expenses	**199,876**	34,493
Share-based payments (Note 7b)	**527,578**	455,543
Transfer agent and filing fees	**53,527**	28,937
Management fees (Note 10)	**83,625**	51,500
Depreciation expense	**256**	25
Property fees	**70,997**	46,462
Share of losses - investment in joint venture	**64,393**	-
Office and miscellaneous (Note 10)	**56,132**	2,846
Travel, meetings and conferences	**295,823**	14,049
Rent	**41,368**	35,059
Subcontractors	**102,938**	27,450
Loss before other items	**1,735,561**	799,898
Other expenses		
Impairment of mineral property (Note 6)	**160,578**	-
Foreign exchange (gain) loss	**6,882**	8,453
	167,460	8,453
Other income		
Administration income	**9,832**	-
Interest income	**11,199**	1,671
	21,031	1,671
Loss before income taxes	**1,881,990**	806,680
Deferred income tax recovery	**-**	(15,693)
Net loss for the year	**1,881,990**	790,987
Deficit, beginning of the year	**984,795**	193,808
Deficit, end of the year	**2,866,785**	984,795
Basic and diluted loss per share	**$ 0.048**	$ 0.040
Weighted average number of shares outstanding	**38,918,975**	19,830,956

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

NORTHERN VERTEX MINING CORP.

(formerly Northern Vertex Capital Inc.)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

Expressed in Canadian Dollars

(Exhibit 3)

		For the year ended		
		June 30, 2012		June 30, 2011
				(Note 15)
Net loss	**$**	**(1,881,990)**	$	(790,987)
Foreign currency translation differences of foreign operations		**107,812**		(6,160)
Total other comprehensive income (loss)		**107,812**		(6,160)
Comprehensive loss	**$**	**(1,774,178)**	$	(797,147)

NORTHERN VERTEX MINING CORP.

(formerly Northern Vertex Capital Inc.)

CONSOLIDATED STATEMENTS OF ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Expressed in Canadian Dollars

(Exhibit 4)

		For the year ended		
		June 30, 2012		June 30, 2011
				(Note 15)
Accumulated other comprehensive loss, beginning of period	**$**	**(6,160)**	$	-
Foreign currency translation differences of foreign operations		**107,812**		(6,160)
Accumulated other comprehensive income, end of period	**$**	**101,652**	$	(6,160)

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

NORTHERN VERTEX MINING CORP.

(formerly Northern Vertex Capital Inc.)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Expressed in Canadian Dollars

(Exhibit 5)

	Number of Shares	Capital Stock	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Deficit	Total Equity
Balance, July 1, 2010	18,250,000	$ 692,506	$ 380,202	$ -	$ (193,808)	$ 878,900
Shares issued, net of issuance costs	3,143,000	1,141,047	925,614	-	-	2,066,661
Acquisition of mineral properties	200,000	90,000	-	-	-	90,000
Exercise of stock options	12,000	10,332	(4,932)	-	-	5,400
Exercise of warrants	4,300,000	565,020	(135,020)	-	-	430,000
Share based payment	-	-	455,543	-	-	455,543
Foreign currency translation differences of foreign operations	-	-	-	(6,160)	-	(6,160)
Net loss for the year	-	-	-	-	(790,987)	(790,987)
Balance, June 30, 2011	25,905,000	$ 2,498,905	$ 1,621,407	$ (6,160)	$ (984,795)	$ 3,129,357
Exercise of stock options	30,000	25,830	(12,330)	-		13,500
Share issued, net of issuance costs	11,634,348	7,290,693	5,173,213	-		12,463,906
Exercise of warrants	7,450,000	1,380,830	(373,330)	-	-	1,007,500
Share based payment	-	-	527,578	-	-	527,578
Foreign currency translation differences of foreign operations	-	-	-	107,812	-	107,812
Net loss for the year	-	-	-	-	(1,881,990)	(1,881,990)
Balance, June 30, 2012	45,019,348	$ 11,196,258	$ 6,936,538	$ 101,652	$ (2,866,785)	$ 15,367,663

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

NORTHERN VERTEX MINING CORP.

(formerly Northern Vertex Capital Inc.)

CONSOLIDATED STATEMENTS OF CASH FLOWS

Expressed in Canadian Dollars

(Exhibit 6)

		For the year ended		
		June 30, 2012		June 30, 2011 (Note 15)
Cash Flows from Operating Activities				
Loss for the period	**$**	(1,881,990)	$	(790,987)
Items not affecting cash:				
Depreciation		256		25
Income tax recovery		-		(15,693)
Share based payment		527,578		455,543
Property impairment		160,578		-
Share of losses - investment in joint venture		64,393		-
Change in non-cash working capital balances				
Amounts receivable and advances		(188,644)		(77,079)
Prepaid expenses and deposits		(46,501)		(20,043)
Accounts payable and accrued liabilities		(197,807)		287,937
	$	(1,562,137)	$	(160,297)
Cash Flows from Financing Activities				
Issuance of share capital, net of issuance costs	**$**	13,484,906	$	2,502,061
Investor deposit		(100,000)		100,000
	$	13,384,906	$	2,602,061
Cash Flows from Investing Activities				
Investment in reclamation bond	**$**	(4,275)	$	(6,867)
Investment in equipment		(1,061)		(676)
Investment in joint venture		(7,805,555)		-
Investment in mineral properties		(2,671,465)		(2,284,577)
	$	(10,482,356)	$	(2,292,120)
Effect of foreign exchange rate changes on cash		43,434		(6,160)
Increase in cash and cash equivalents during the year		1,383,847		143,484
Cash and cash equivalents, beginning of the year		1,029,668		886,184
Cash and cash equivalents, end of the year	**$**	2,413,515	$	1,029,668
Cash and cash equivalents consist of:				
Cash		**2,413,515**		1,029,668
Total Cash	**$**	**2,413,515**	$	1,029,668

Supplemental Disclosure of Cash and Non-Cash Activities (Note 9)

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

Expressed in Canadian Dollars

1 Reporting Entity:

Northern Vertex Mining Corp. (the "Company") is a resident Canadian exploration stage company incorporated under the Business Corporations Act (British Columbia). The address of the Company's registered office is Suite 1820 – 1055 West Hastings St. Vancouver, British Columbia, Canada.

The Company's principal business is to acquire and explore mineral properties principally located in the United States and Canada with the mandate of identifying mineralized deposits that demonstrate near-term production potential and long-term sustainable growth.

Going Concern

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The Company has experienced operating losses and negative operating cash flows since inception, and has no assurances that sufficient financing will be available. On-going operations are dependent on the Company's ability to obtain public equity financing by the issuance of share capital or to generate profitable operations in the future.

		June 30, 2012		June 30, 2011
Working Capital	**$**	**2,383,583**	**$**	726,784
Deficit	**$**	**(2,866,785)**	**$**	(984,795)

2 Basis of Preparation:

Statement of Compliance

The Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The disclosures concerning the transition from Canadian Generally Accepted Accounting Principles ("GAAP") to IFRS are included in Note 15.

The consolidated financial statements have been prepared in accordance with First-Time Adoption of IFRS ("IFRS 1"). Subject to certain transition elections disclosed in Note 15, the Company has consistently applied the same accounting policies in its opening IFRS Statement of Financial Position as at July 1, 2010 and throughout all periods presented, as if these policies had always been in effect. Note 15 discloses the impact of the transition to IFRS on the Company's reported financial position, comprehensive loss, changes in equity and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Company's consolidated financial statements for the year ended June 30, 2011.

The policies applied in these consolidated financial statements are presented in Note 3 and are strictly adhered to IFRS guidelines. These consolidated financial statements were approved and authorized for issue by the Board of Directors on October 22, 2012.

2 Basis of Preparation (continued)**:**

The consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate because management believes that the actions taken or planned will mitigate the adverse conditions and events that raise doubt about the validity of the going concern assumption. If the going concern assumption were not appropriate for these consolidated financial statements, then adjustments would be necessary to the carrying values of assets and liabilities.

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the Company as per IFRS. The functional currency of the Company's subsidiaries and joint venture is the US dollar.

Assets and liabilities of the subsidiaries are translated at year-end rates of exchanges and the results of operations (revenues and expenses) of the subsidiaries and joint venture (functional currency - US dollars) are translated at average rates of exchanges for the year.

3 Significant Accounting Policies:

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

Basis of consolidation

Investments in wholly-owned subsidiaries

The consolidated financial statements include the accounts of two US incorporated subsidiaries, Golden Vertex Corp. and Golden Vertex (Idaho) Corp., which are wholly-owned by the Company. All significant inter-company transactions have been eliminated for consolidation purposes. The financial statements of the subsidiaries are prepared for the same accounting period as the Company, using consistent accounting policies.

Interest in joint venture

The consolidated financial statements also include the Company's investment in a joint venture ("JV") with Idaho State Gold Company, LLC. L the JV entity is named Lemhi Gold Trust, LLC ("JV LLC"). Under IAS 31, investments in jointly-controlled entities are accounted for using either the equity method or the proportionate consolidation method. The Company has elected to account for its investment in JV LLC using the equity method of consolidation. Under the equity method, the investment in a JV is initially recognized at cost in the Consolidated Statements of Financial Position and the carrying value, adjusted thereafter, to recognize the Company's share of post-acquisition earnings or losses and movements in the Consolidated Statements of Operations and Loss and Consolidated Statements of Accumulated Other Comprehensive Loss. If the Company's share of losses in the JV equals or exceeds its interests, the carrying amount is reduced to zero and the Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the JV. Accounting policies of the JV have been modified, if necessary, to ensure consistency with the policies adopted by the Company.

3 Significant Accounting Policies (continued)**:**

Use of estimates and judgements

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported in the consolidated financial statements and disclosures. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The areas which require management to make significant judgements, estimates and assumptions in determining carrying values include, but are not limited to:

(i) Exploration and evaluation assets

The Company makes certain estimates and assumptions regarding the recoverability of the carrying values of exploration and evaluation assets. These assumptions are changed when conditions exist that indicate the carrying value may be impaired, at which time an impairment loss is recorded.

(ii) Share-based payments

The Company has established a share-based incentive program for directors, officers, employees and consultants. Services received, and the corresponding increase in equity, are measured by reference to the fair value of the equity instruments at the date of the grant, excluding the impact of any non-market vesting conditions. The fair value of share options are estimated by using the Black-Scholes model on the date of the grant based on certain assumptions. Those assumptions are described in Note 7 and include, among others, expected volatility, expected life of the options and number of options expected to vest. Where vesting conditions exist for share options, the Board reviews progress against those vesting conditions annually and reviews the estimated date of the financial close of the project which will impact the consolidated financial statements. In the event that milestone conditions are not met, it is anticipated that certain options will lapse.

(iii) Useful lives of equipment depreciation

The Company estimates the useful lives of equipment based on the period over which the assets are expected to be available for use. The depreciation method and useful lives reflect the pattern in which management expects the asset's future economic benefits to be consumed by the Company. The amounts and timing of recorded expenses for any year would be affected by changes in assumptions and estimates used.

(iv) Taxes

Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable income realized, including the usage of tax planning strategies.

3 Significant Accounting Policies (continued)**:**

(v) Decommissioning liabilities

The Company recognizes the liability for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of mineral properties, when those obligations result from the exploration or development of its properties. The Company assesses its provision for site reclamation at each reporting date. Significant estimates and assumptions are made in determining the provision for site reclamation as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to inflation rates, and discount rates. Those uncertainties may result in future actual expenses differing from the amounts currently provided. The provision at the reporting date represents management's best estimate of the present value of the future reclamation costs required.

Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, except for share-based payments which are measured at fair value through Profit or (Loss).

Cash and cash equivalents

Cash is comprised of cash on hand. Cash equivalents are short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Foreign currency translation

Foreign currency transactions are translated into Canadian dollars (functional currency of the Company) using the exchange rates prevailing at the date of the transaction. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities not denominated in Canadian dollars at year-end exchange rates are recorded in the Consolidated Statements of Operations and Loss.

Assets and liabilities are translated at year-end exchange rates. The results of operations of the subsidiaries and joint venture with a functional currency in US dollars are translated at average exchange rates for the year. The resulting translation adjustments (named foreign currency translation differences of foreign operations) are included in Accumulated Other Comprehensive Loss that is part of Shareholders' Equity.

In addition, foreign exchange gains or losses related to certain intercompany transactions that are permanent in nature are included in Accumulated Other Comprehensive Loss.

Mineral property interests

Mining properties corresponded to acquired interests in mining exploration permits/claims which include the right to explore, mine, extract and sell all minerals from such claims.

All pre-exploration costs, i.e. costs incurred prior to obtaining the legal right to undertake exploration and evaluation activities on an area of interest, are expensed as incurred. Once the legal right to explore has been acquired, exploration and evaluation expenditures are capitalized in respect of each identifiable area of interest until the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. Exploration and evaluation assets are carried at historical cost, less any impairment losses recognized.

3 Significant Accounting Policies (continued)**:**

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable for an area of interest, the Company stops capitalizing exploration and evaluation costs for that area, tests for impairment and reclassifies any unimpaired exploration and evaluation assets either as tangible or intangible mine development assets according to the nature of the assets.

The amounts shown for mineral properties do not necessarily represent present or future values. The recoverability of mineral properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing and permits necessary to complete the development and future profitable production, or proceeds from the disposition thereof.

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

Equipment

Equipment is recorded at cost less accumulated depreciation and accumulated impairment losses. Depreciation methods, useful lives and residual values are reviewed at each reporting period and adjusted, if appropriate. Depreciation is recognized using the declining balance method at the following annual rates:

Computer equipment	30%

For the year of acquisition, the rate is one-half of the above. The Company reviews the carrying values of its property and equipment for impairment on a regular basis or whenever events or circumstances indicate that the carrying amount may not be recoverable. If the carrying value exceeds the amount recoverable, a write-down to their fair value is charged to the Consolidated Statements of Operations and Loss.

Decommissioning liabilities

The Company recognizes the present value of estimated costs of legal and constructive obligations for decommissioning liabilities in the period in which it is incurred or when there is a legal or constructive obligation. The fair value of asset retirement obligation is recorded as a liability and a corresponding increase in mineral properties. Changes in the liability for decommissioning liabilities due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in the Consolidated Statements of Operations and Loss. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset. Actual costs incurred upon settlement are charged against the decommissioning liabilities. Any difference between the actual costs and the recorded liability is recognized as a gain or loss in earnings in the period in which the settlement occurs. At present, estimated future site restoration costs for the Company's mineral property interests are considered minimal.

Impairment

Financial assets

A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

3 Significant Accounting Policies (continued)**:**

Non-financial assets

The carrying amounts of mining properties and exploration and evaluation assets are assessed for impairment only when indicators of impairment exist, typically when one of the following circumstances applies:

- Exploration rights have or will expire in the near future;
- No future substantive exploration expenditures are budgeted;
- No commercially viable quantities discovered and exploration and evaluation activities will be discontinued;
- Exploration and evaluation assets are unlikely to be fully recovered from successful development or sale.

If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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. For the purpose of impairment testing, assets that cannot be tested individually 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", or "CGU"). The level identified by the group for the purposes of testing exploration and evaluation assets for impairment corresponds to each mining property.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the Consolidated Statements of Operations and Loss. Impairment losses recognized in respect of CGUs are allocated to the assets in the unit (group of units) on a pro-rata basis.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Share capital

Common shares are classified as equity. The Company records proceeds from share issuances net of share issuance costs. Share capital issued for non-monetary consideration is recorded at the fair market value of the shares on the date the shares are issued.

Loss per share

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

3 Significant Accounting Policies (continued)**:**

Earnings per share

Basic earnings per share is calculated by dividing the profit or (loss) attributable to the common shareholders of the Company divided by the weighted average number of common shares outstanding during the year. The diluted earnings per share is calculated based on the weighted average number of common shares outstanding during the year, plus the effects of the dilutive common share equivalents. This method requires that the dilutive effect of outstanding options and warrants issued be calculated using the treasury stock method. This method assumes that all common share equivalents have been exercised at the beginning of the year (or at the time of issuance, if later), and that the funds obtained thereby were used to purchase common shares of the Company at the average trading price of common shares during the year.

Flow-through shares

Canadian Income Tax legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenses. The Company accounts for flow-through shares whereby the premium paid for the flow through shares in excess of the market value of the shares without flow-through features at the time of issue is credited to other liabilities and included in income, net of the income tax impact at the same time the qualifying expenditures are made.

Warrants

Warrants are classified as equity as they are derivatives over the Company's own equity that will be settled only by the Company exchanging a fixed amount of cash for a fixed number of the Company's own equity instruments.

When shares and warrants are issued at the same time, the proceeds are allocated first to warrants issued, according to their fair value using the Black-Scholes pricing model, the residual value being allocated to shares.

Share-based payments

The grant date fair value of share-based payment awards granted to employees and directors is recognized as an employee expense, with a corresponding increase in contributed surplus, over the period during which the employees and directors unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date.

Financial instruments

The Company classifies financial instruments as either available-for-sale, fair value through Profit or (Loss), or loans and receivables. Financial assets, loans and receivables and financial liabilities other than those designated as fair value through Profit or (Loss), are measured at amortized cost using the effective interest method. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss), unless an unrealized loss is considered to be other than temporary in which case the loss is recorded in the Consolidated Statements of Operations and Loss for the year. Instruments classified as fair value through Profit or (Loss) are measured at fair value with unrealized gains and losses recognized in the Consolidated Statements of Operations and Loss.

3 Significant Accounting Policies (continued)**:**

All financial assets except those measured at fair value through Profit or (Loss) are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence of impairment as a result of one or more events that have occurred after 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.

(i) Fair value through Profit or (Loss)

Financial assets and financial liabilities that are purchased and incurred with the intention of generating profits in the near term are classified as fair value through Profit or (Loss). Any financial instrument can be designated as fair value through Profit or (Loss) as long as its fair value can be reliably measured. These instruments are measured at fair value with subsequent changes in fair value included in Profit or (Loss).

The Company has classified cash and cash equivalents as fair value through Profit or (Loss), which accordingly are carried at their fair values. Fair value of financial assets are not subject to significant credit, foreign exchange or interest rate risk due to their short term nature.

(ii) Held-to-maturity

Financial assets that have a fixed maturity date and fixed or determinable payments, where the Company intends and has the ability to hold the financial asset to maturity are classified as held-to-maturity and measured at amortized cost using the effective interest rate method. Any gains and losses arising from the sale of held-to-maturity financial assets and any transaction costs incurred to acquire held-to-maturity financial assets are included in Profit or (Loss).

Currently, the Company has no held-to-maturity financial assets.

(iii) Loans and receivables

Items classified as loans and receivables are measured at amortized cost using the effective interest method. Any gains or losses on the realization of loans and receivables and any transaction costs incurred to acquire loans and receivables financial instruments are included in Profit or (Loss).

Currently, the Company has no loans and receivables financial assets.

(iv) Available-for-sale

Available-for-sale assets are those financial assets that are not classified as fair value through Profit or (Loss), held-to-maturity or loans or receivables, and are carried at fair value. Any unrealized gains or losses arising from the change in fair value are recorded as other comprehensive loss. Available-for-sale securities are written down to fair value through Profit or (Loss) whenever it is necessary to reflect other-than-temporary impairment. Cumulative gains and losses arising upon the sale of the instrument are included in Profit or (Loss). Any transaction costs incurred to acquire available-for-sale financial assets will be included in Profit or (Loss).

Currently, the Company has no available-for-sale financial assets.

All financial assets except those measured at fair value through Profit or (Loss) are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence of impairment as a result of one or more events that have occurred after 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.

3 Significant Accounting Policies (continued)**:**

Comprehensive income

Other comprehensive income (loss) represents the change in net equity for the period that arises from unrealized gains or losses on financial assets classified as available-for-sale and foreign exchange differences arising from translation of the financial statements of foreign operations to the functional or presentation currency. The Company currently does not have any available-for-sale financial assets. Cumulative changes in other comprehensive income are included in accumulated other comprehensive income (loss) which is also presented (if applicable) as a new category in shareholders' equity.

Finance income and finance costs

Interest received and interest paid are classified under operating activities in the Consolidated Statements of Cash Flows.

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in the Consolidated Statements of Operations and Loss except to the extent it relates to items recognized in other comprehensive income or directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Current income tax

Current income tax expense is based on the results for the year as adjusted for items that are not taxable or not deductible. Current income tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill and not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable loss, nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.
A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it provides a valuation allowance against that excess.

Deferred income tax liabilities:

- are generally recognized for all taxable temporary differences;
- are recognized for taxable temporary differences arising on investments in subsidiaries except where the reversal of the temporary difference can be controlled and it is probable that the difference will not be reversed in the foreseeable future; and
- are not recognized on temporary differences that arise from goodwill which is not deductible for tax purposes.

3 Significant Accounting Policies (continued)**:**

Deferred income tax assets:

- are recognized to the extent it is probable that taxable profits will be available against which the deductible temporary differences can be utilized; and
- are reviewed at the end of the reporting year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of an asset to be recovered.

Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are reviewed regularly by the Company's management to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The Company manages its business on the basis of one reportable segment under two geographical regions, being Canada and the United States.

Risk management

The Company's activities expose it to a variety of financial risks: market risk (foreign exchange risk), credit risk and liquidity risk. The Company's risk management program focuses on ensuring liquidity is available to the Company in to order to fund its exploration efforts. Risk management is the responsibility of the Company's management who identifies and evaluates financial risks.

Adoption of new accounting standards

Annual improvements to IFRS:

The IASB's improvements to IFRS contain seven amendments that result in accounting changes for presentation, recognition or measurement purposes. The most significant features of the IASB's annual improvements project published in May 2010, which are applicable for annual period beginning on or after January 1, 2011 with partial adoption permitted, are included under the specific revisions to standards discussed below.

(i) IFRS 7:

Amendment to IFRS 7, Financial Instruments: Disclosures:

Multiple clarifications related to the disclosure of financial instruments and in particular in regard to transfers of financial assets.

(ii) IAS 1:

Amendment to IAS 1, Presentation of Financial Statements:

Entities may present the analysis of the components of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements.

3 Significant Accounting Policies (continued)**:**

(iii) IAS 34:

Amendment to IAS 34, Financial Reporting:

The amendments place greater emphasis on the disclosure principles for financial reporting involving significant events and transactions, including changes to fair value measurements and the need to update relevant information from the most recent annual report.

Certain pronouncements were issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods after December 31, 2011. Pronouncements that are not applicable or do not have a significant impact to the Company have been excluded from the table below. The following five new Standards were issued by the IASB in May 2011, and are effective for annual periods beginning on or after January 1, 2013. Early application is permitted if all five Standards are adopted at the same time.

Consolidated Financial Statements - IFRS 10 Consolidated Financial Statements ("IFRS 10") will replace existing guidance on consolidation in IAS 27 Consolidated and Separate Financial Statements, and SIC 12 Consolidation – Special Purpose Entities. The portion of IAS 27 that deals with separate financial statements will remain. IFRS 10 changes the definition of control, such that the same consolidation criteria will apply to all entities. The revised definition focuses on the need to have both "power" and "variable returns" for control to be present. Power is the current ability to direct the activities that significantly influence returns. Variable returns can be positive, negative or both. IFRS 10 requires continuous assessment of control of an investee in line with any changes in facts and circumstances.

Joint Arrangements - IFRS 11 Joint Arrangements ("IFRS 11") will replace IAS 31 Interests in Joint Ventures, and SIC 13 Jointly Controlled Entities – Non-monetary Contributions by Venturers. IFRS 11 defines a joint arrangement as an arrangement where two or more parties contractually agree to share control. Joint control exists only when the decisions about activities that significantly affect the returns of an arrangement require the unanimous consent of the parties sharing control. The focus is not solely on the legal structure of joint arrangements, but rather on how the rights and obligations are shared by the parties to the joint arrangement. IFRS 11 eliminates the existing policy choice of proportionate consolidation for jointly controlled entities. In addition, the Standard categorizes joint arrangements as either joint operations or joint ventures.

Disclosure of Interests in Other Entities - IFRS 12 Disclosure of Interests in Other Entities ("IFRS 12") is the new Standard for disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. Matters covered include information about the significant judgments and assumptions that any entity has made in determining whether it has control, joint control or significant influence over another entity.

Separate Financial Statements - IAS 27 Separate Financial Statements ("IAS 27") has been updated to require an entity presenting separate financial statements to account for those investments at cost or in accordance with IFRS 9 Financial Instruments. The objective is to set standards to be applied in accounting for investments in subsidiary, joint ventures, and associates when an entity elects, or is required by local regulations, to present separate (non-consolidated) financial statements. The amended IAS 27 excludes the guidance on the preparation and presentation of consolidated financial statements for a group of entities under the control of a parent currently within the scope of the current IAS 27 Consolidated and Separate Financial Statements that is replaced by IFRS 10.

Investments in Associates and Joint Ventures - IAS 28 Investments in Associates and Joint ventures ("IAS 28") has been revised and it is to be applied by all entities that are investors with joint control of, or significant influence over, an investee. The scope of IAS 28 Investments in Associates does not include joint ventures.

Expressed in Canadian Dollars

3 Significant Accounting Policies (continued):

IFRS 13 Fair Value Measurement ("IFRS 13") was issued by the IASB in May 2011, and is effective for annual periods beginning on or after January 1, 2013. Early application is permitted. IFRS 13 was issued to remedy the inconsistencies in the requirements for measuring fair value and for disclosing information about fair value measurement in various current IFRSs. IFRS 13 defines fair value as 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, i.e. an exit price.

The IASB has issued an amendment to IFRS 7, Financial Instruments: Disclosures ("IFRS 7"), requiring incremental disclosures regarding transfers of financial assets. This amendment is effective for annual periods beginning on or after July 1, 2011. The Company applied the amendment as at the beginning of its 2012 financial year. The implementation did not have an impact on the Company's disclosures.

The IASB has issued a new standard, IFRS 9, Financial Instruments ("IFRS 9"), which will ultimately replace IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"). The replacement of IAS 39 is a multi-phase project with the objective of improving and simplifying the reporting for financial instruments and the issuance of IFRS 9 is part of the first phase of this project. IFRS 9 uses a single approach to determine whether a financial asset or liability is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. For financial assets, the approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. IFRS 9 requires a single impairment method to be used, replacing multiple impairment methods in IA 39. For financial liabilities measured at fair value, fair value changes due to changes in an entity's credit risk are presented in other comprehensive income. IFRS 9 is effective for annual periods beginning on or after January 1, 2015. The Company does not expect the implementation to have a significant impact on the Company's results of operations, financial position and disclosures.

The IASB has issued an amendment to IAS 1, Presentation of Financial Statements ("IAS 1"), which requires entities to group items presented in other comprehensive income ("OCI") on the basis of whether they might at some point be reclassified from OCI to Profit or (Loss)at a later date when specified conditions are met. By requiring items of OCI to be grouped on this basis, their potential effect on Profit or (Loss) in future periods will be clearer. This amendment is effective for annual periods beginning on or after July 1, 2012 and requires full retrospective application. The Company does not expect IAS 1 to have a material impact on the financial statements. More specifically, the standard:

- establishes two primary measurement categories for financial assets: amortized cost and fair value;
- prescribes that classification depends on entity's business model and the contractual cash flow characteristics of the financial asset;
- eliminates the existing categories: held to maturity, available for sale, and loans and receivables.

Certain changes were also made regarding the fair value option for financial liabilities and accounting for certain derivatives linked to unquoted equity instruments.

4 Equipment:

	Cost	Accumulated Depreciation	June 30, 2012	June 30, 2011
Computer equipment	$ 1,736	$ 280	$ 1,456	$ 651

Expressed in Canadian Dollars

5 Investment in Joint Venture – Lemhi Gold Trust

On September 21, 2011, the Company entered into a joint venture agreement with Idaho State Gold Company, LLC ("ISGC," a private Idaho investment company) to acquire up to a 75.5% interest in the Lemhi Gold Project (the "Lemhi Property") located 25 miles north of Salmon, Idaho. Under the terms of the agreement, ISGC and the Company formed the joint venture entity named Lemhi Gold Trust, LLC ("JV LLC"). JV LLC has consolidated and acquired the Lemhi Property from four underlying vendors for a total acquisition cost of US$9.5 million, of which US$5.75 million was paid on September 23, 2011 (the "closing date"), US$2.65 million is payable on the first anniversary of the closing date, US$150,000 is payable on the second and third anniversaries of the closing date and US$200,000 is payable on the fourth through seventh anniversaries of the closing date. On November 23, 2011, the Company received final approval from the Exchange. Pursuant to this agreement, the Company contributed US$500,000 on September 23, 2011 and US$7.15 million on November 30, 2011. As at June 30, 2012, the Company has contributed a total of US$7.65 million and currently holds a 51% interest in the joint venture with a right to increase interest to 75.5%.

The JV LLC has a Management Committee, with two nominees selected by each company. All significant decisions require the approval of at least 60% of the Management Committee. Under IAS 31, the Company determined that JV LLC is a jointly controlled entity and consequently, accounts for its interest using the equity method of accounting. For the year ended June 30, 2012, the investment in JV LLC is as follows:

		June 30, 2012		June 30, 2011
Balance - beginning of year	**$**	**-**	$	-
Funding		**7,788,465**		-
Share of losses		**(64,393)**		-
Foreign exchange gain		**29**		-
Other comprehensive gain		**(5,065)**		-
Balance - end of year	**$**	**7,719,036**	$	-

The following amount represents the Company's 51% share of assets, liabilities and results of operations of JV LLC:

		June 30, 2012		June 30, 2011
Cash and cash equivalents (Note 12)	**$**	**3,853,363**	$	-
Prepaids		**5,249**		-
Equipment		**15,589**		-
Mineral properties (Note 6)		**4,251,871**		-
Accounts payable and accrued liabilities		**(407,036)**		-
Net assets	**$**	**7,719,036**	$	-

		June 30, 2012		June 30, 2011
Administrative expenses	**$**	**63,577**	$	-
Depreciation		**816**		-
Total expenses	**$**	**64,393**	$	-

Expressed in Canadian Dollars

6 Mineral Properties:

		For the year ended June 30, 2012		Activity		For the year ended June 30, 2011
Moss Gold Project						
Property acquisition costs	$	**486,450**	$	-	$	486,450
Assays, surveys and analysis		**409,337**		237,022		172,315
Drafting		**34,699**		34,208		491
Drilling		**1,902,924**		1,120,081		782,843
Geological consulting services		**877,398**		635,063		242,335
Field expenses		**156,256**		136,089		20,167
Geological mapping		**66,927**		44,793		22,134
Prospecting		**17,956**		-		17,956
Geotechnical		**91,230**		37,660		53,570
Technical reports		**36,979**		30,397		6,582
Feasibility studies		**7,233**		-		7,233
Scoping studies		**111,601**		80,884		30,717
Surveying		**11,165**		9,735		1,430
Maintenance		**156,332**		50,985		105,347
Moss Gold Total		**4,366,487**		2,416,917		1,949,570
Copley Gold Project						
Property acquisition costs		**350,000**		260,000		90,000
Assays, surveys and analysis		**70,396**		33,519		36,877
Drafting		**30,965**		24,965		6,000
Mapping		**14,355**		4,355		10,000
Drilling		**317,426**		179,534		137,892
Maintenance		**31,466**		28,568		2,898
Prospecting		**3,271**		-		3,271
Copley Gold Total		**817,879**		530,941		286,938
Deer Creek Project						
Property acquisition costs		**11,505**		(11,505)		11,505
Assays, surveys and analysis		**12,314**		(12,296)		12,296
Drafting		**9,208**		(9,208)		9,208
Drilling		**109,057**		(109,057)		109,057
Mapping		**5,755**		(5,630)		5,630
Property maintenance		**7,776**		(7,214)		7,214
Prospecting		**3,963**		(2,637)		2,637
Rock Sampling		**1,000**		(1,000)		1,000
Abandoned		**(160,578)**		-		-
Deer Creek Total		**-**		(158,547)		158,547
Lemhi Gold Project *(pre-closing)*						
Property acquisition costs		**30,000**		30,000		-
Geological consulting services		**38,080**		38,080		-
Lemhi Gold Total		**68,080**		68,080		-
Cumulative Mineral Properties Total	$	**5,252,446**	$	2,857,391	$	2,395,055
Company's Portion (51% of JV LLC's Lemhi Property)						
Property acquisition costs	$	**2,985,578**		2,985,578		-
Geological consulting services		**180,957**		180,957		-
Drilling		**935,982**		935,982		-
Permitting		**55,270**		55,270		-
Scoping Studies		**85,429**		85,429		-
Maintenance		**8,655**		8,655		-
Company's Portion Lemhi Property Total	$	**4,251,871**	$	4,251,871	$	-

6 Mineral Properties (continued)**:**

Moss Property – Mohave County, Arizona

The Company entered into a letter agreement with Patriot Gold Corp. ("Patriot") on March 9, 2011, whereby the Company was granted the right to earn a 70% interest in the Moss Gold Silver project ("Moss") located in Mohave County, Arizona. To fulfil the terms of the exploration and option agreement, the Company paid Patriot US$500,000 upon execution of the agreement and must spend an aggregate total of US$8 million on exploration over five years. Financing of further work on the property will be on a proportional basis under the direction of a management committee with voting rights proportional to ownership percentage.

The Company paid a 3 percent finder's fee on the initial payment to a non-related party and will pay future exploration expenditures, in quarterly instalments. On commercial production, a fee of up to US$15 per troy ounce of gold produced and up to US$0.35 per troy ounce of silver produced is payable to BHL. The fee can be purchased by the Company for US$2.4 million.

Copley Gold Property – Fraser Lake, British Columbia

On November 10, 2010, the Company entered into an option agreement with Kootenay Silver Inc., formerly known as Kootenay Gold Inc. ("Kootenay"), whereby the Company was granted the right to earn a 60% interest in the Copley Gold project ("Copley") located in the Nechako Plateau of Central British Columbia. In order to exercise its option, the Company must issue 800,000 common shares to Kootenay with 200,000 issuable upon Exchange approval and the remaining shares issued in equal amounts on the anniversary for the following four years. An aggregate of $2,200,000 in exploration expenses must be incurred by the Company on Copley within a four-year period commencing upon regulatory approval. On January 18, 2011, the Company received final approval from the Exchange. Pursuant to this agreement, the Company issued 200,000 common shares for the initial share payment valued at $90,000 in the year ended June 30, 2012. An additional 200,000 common shares for the first anniversary share payment were valued at $260,000 and were issued subsequent to June 30, 2012.

Deer Creek Property – West Kootenays, British Columbia

On January 8, 2010, the Company entered into an option agreement with Kootenay Silver Inc. formerly known as Kootenay Gold Inc. whereby the Company was granted the right to earn a 60% interest in the Deer Creek Gold project. During the year ended June 30, 2012, the Company recorded an impairment totalling $160,578 on its carrying value of the Deer Creek property after the Company terminated the agreement.

Expressed in Canadian Dollars

7 Share Capital and Contributed Surplus:

a) Share Capital

	Number of Shares		Share Capital		Contributed Surplus
Balance, June 30, 2009	6,650,000	$	486,259	$	19,102
Issued during the year ended June 30, 2010					
Private placements, for cash (net of issue costs of $12,563)	11,500,000		201,247		361,100
Acquisition of mineral properties	100,000		5,000		-
Balance, June 30, 2010	18,250,000	$	692,506	$	380,202
Issued during the year ended June 30, 2011					
Share based payments	-		-		455,543
Acquisition of mineral properties	200,000		90,000		-
Private placements, for cash (net of issue costs of $133,439)	3,143,000		1,141,047		925,614
Exercise of warrants	4,300,000		565,020		(135,020)
Exercise of stock options	12,000		10,332		(4,932)
Balance, June 30, 2011	25,905,000	$	2,498,905	$	1,621,407
Issued during the year ended June 30, 2012					
Share based payments	-		-		527,578
Private placements, for cash (net of issue costs of $915,593)	11,634,348		7,290,693		5,173,213
Exercise of warrants	7,450,000		1,380,830		(373,330)
Exercise of stock options	30,000		25,830		(12,330)
Balance, June 30, 2012	45,019,348	$	11,196,258	$	6,936,538

On June 29, 2007, the Company entered into an escrow agreement with Computershare Investor Services Inc. and the holders of 2,200,000 common shares. These shares will be released pro-rata to the shareholders as to 10% on the date the Company completes the Qualifying Transaction (as that term is defined in TSX Venture Exchange Policy 2.4); and 15% on each six-month period thereafter. The release of escrow shares is also subject to the approval of the TSX Venture Exchange (the "Exchange"). As at June 30, 2012, 660,000 shares remain held in escrow.

Private placements completed during the year and comparable years were as follows:

On November 23, 2011, the Company issued 11,634,348 units at $1.15 per unit for total gross proceeds of $13,379,500. Each unit of consisted of one common share and one-half share purchase warrant. One whole warrant is exercisable into an additional common share for $1.55 per share expiring November 23, 2013. The Company paid a finder's fee of $865,231 and share issuance costs of $50,362.

On April 5, 2011, the Company issued 3,143,000 units at $0.70 per unit for total gross proceeds of $2,200,100. Each unit consists of one common share and one-half share purchase warrant. One whole warrant is exercisable into an additional common share for $1.15 per share expiring April 4, 2013. The Company paid a finder's fee of $119,700 and share issuance costs of $13,739.

Expressed in Canadian Dollars

7 Share Capital and Contributed Surplus (continued)**:**

b) Stock Options

As at June 30, 2012, the Company recognized share-based payment expense totalling $527,578. During the year ended June 30, 2012, the Company granted an aggregate total of 200,000 share purchase options with a weighted average fair value of $1.30 per option to a director.

During the year ended June 30, 2011, the Company granted an aggregate total of 1,440,000 share purchase options with a weighted average fair value of $0.65 per option to its directors, officers, employees and consultants. The Company recognized $455,543 for the year ended June 30, 2011.

Stock options have been granted as follows:

			June 30, 2012			June 30, 2011
	Shares		**Weighted Average Exercise Price**	Shares		Weighted Average Exercise Price
Outstanding, beginning	**1,928,000**	**$**	**0.51**	500,000	$	0.10
Granted	**200,000**		**1.3**	1,440,000		0.65
Exercised	**(30,000)**		**0.45**	(12,000)		0.45
Outstanding, ending	**2,098,000**	**$**	**0.58**	1,928,000	$	0.51

As at June 30, 2012, the Company had outstanding stock options enabling holders to acquire common shares of the Company as follows:

Number of Shares		Exercise Prices	Expiry Date
500,000	$	0.10	April 10, 2013
948,000		0.45	November 13, 2015
200,000		1.00	May 17, 2016
250,000		1.15	June 1, 2016
200,000		1.30	December 12, 2016
2,098,000			

The Company recognizes share-based payment expense when stock options are granted to directors, officers, employees and consultants based on the estimated fair value of the stock options granted as calculated using the Black-Scholes option-pricing model on the date of the grant.

Expressed in Canadian Dollars

7 Share Capital and Contributed Surplus (continued)**:**

The following weighted average assumptions were used for the Black – Scholes valuation of stock options granted during the years ended 2012 and 2011:

	June 30, 2012	June 30, 2011
Risk – free interest rate	**1.28%**	2.05-2.40%
Fair value per option granted	**$1.187**	$0.411-$1.035
Expected life of options	**5 years**	5 years
Dividend rate	**0.00%**	0.00%
Annualized volatility	**151.76%**	143.85%-150.55%

The Company has adopted an incentive stock option plan under the rules of the TSX Venture Exchange ("TSXV") pursuant to which it is authorized to grant options to executive officers, directors, employees and consultants, enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of each option is equal to the market price of the Company's shares on the date of grant. The options can be granted for a maximum term of 5 years and generally vest 25% in specified increments. No individual may hold options to purchase common shares of the Company exceeding 5% of the total number of common shares outstanding from time to time. Pursuant to the policies of the TSXV, shares issued on exercise of options are restricted from trading during the four-month period subsequent to the date of grant.

c) Warrants

Stock purchase warrant transactions are summarized in the following table:

		June 30, 2012		June 30, 2011
	Shares	**Weighted Average Exercise Price**	Shares	Weighted Average Exercise Price
Outstanding, beginning	**8,771,500**	**$ 0.29**	11,500,000	$ 0.10
Granted	**5,817,174**	**1.55**	1,571,500	1.15
Exercised	**(7,450,000)**	**0.14**	(4,300,000)	0.10
Outstanding, ending	**7,138,674**	**$ $1.48**	8,771,500	$ 0.29

As at June 30, 2012, the Company had outstanding share purchase warrants, enabling holders to acquire common shares of the Company as follows:

Number of Shares	Exercise Prices	Expiry Date
1,312,500	$ 1.15	April 4, 2013
5,817,174	1.55	November 23, 2013
7,138,674		

The fair value of warrants is estimated using the Black-Scholes option-pricing model. Warrants are included in contributed surplus until exercised, at which time they are transferred into share capital.

Expressed in Canadian Dollars

7 Share Capital and Contributed Surplus (continued):

The following weighted average assumptions were used for the Black – Scholes valuation of warrants granted during the years ended 2012 and 2011:

	June 30, 2012	June 30, 2011
Risk – free interest rate	**1.01%**	1.81%
Fair value per option granted	**$0.889**	$0.589
Expected life of options	**2 years**	2 years
Dividend rate	**0.00%**	0.00%
Annualized volatility	**148.71%**	142.91%

8 Income Taxes:

The following table reconciles the expected income taxes expense (recovery) at the Canadian statutory income tax rates to the amounts recognized in the consolidated statements of operations for the years ended June 30, 2012 and 2011:

		2012		2011
Income tax (loss) before income taxes	**$**	**(1,882,018)**	$	(806,680)
Statutory income tax rate		**25.75%**		27.50%
Expected income tax expense		**(484,620)**		(221,837)
Differences resulting from:				
Non-deductible items		**136,874**		127,204
Tax rate differences		**(4,798)**		(3,332)
Change in enacted tax rate		**16,559**		8,540
Others		**(235,744)**		(36,695)
Increase in deferred tax assets not recognized		**571,729**		126,118
Future income tax recovery	**$**	**-**	$	-

Expressed in Canadian Dollars

8 Income Taxes (continued)**:**

Deferred income taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes. Deferred tax assets (liabilities) at June 30, 2012 and 2011 and July 1, 2010 are comprised of the following:

	2012	2011	2010
Deferred income tax assets			
Canada			
Non-capital loss carryforwards	**$ 544,586**	$ 132,913	$ 58,068
Mineral properties	**(123,010)**	(73,500)	(83,790)
Investments	**17,357**	-	-
Financing costs	**203,923**	31,488	10,029
US			
Non-capital loss carryforwards	**39,298**	19,524	-
	682,154	110,425	(15,693)
Deferred tax asset not recognized	**(682,154)**	(110,425)	-
Net deferred tax	**$ -**	$ -	$ (15,693)

The Company has net operating loss carryforwards of approximately $2,178,345 which may be carried forward to apply against future year income tax for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

2027	$	2,105
2028		60,113
2029		49,735
2030		91,794
2031		432,170
2032		1,542,428
Total	$	2,178,345

The Company has net operating loss carryforwards of approximately $115,583 which may be carried forward to apply against future year income tax for US income tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

2031	$	57,424
2032		59,159
Total	$	115,583

The deferred tax assets have not been recognized because at this stage of the Company's development, it is not determinable that future taxable profit will be available against which the Company can utilize such deferred income tax assets.

Expressed in Canadian Dollars

9 Supplemental Disclosure of Non-Cash Activities:

The following transactions incurred during the period did not include cash:

		June 30, 2012		June 30, 2011
Issuance of share capital for acquisition of mineral property interests	**$**	**260,000**	$	90,000
Funds held for JV LLC	**$**	**3,853,363**	$	-

10 Related Party Transactions:

Except as disclosed in the consolidated financial statements, related party transactions are as follows:

The following related party transactions were incurred in the normal course of business and are non-interest bearing, unsecured, due on demand and were measured at their fair value as determined by management.

		June 30, 2012		June 30, 2011
Administrative and consulting fees charged by a company with officers in common	**$**	**105,000**	$	20,000
Management fees charged by companies controlled by officers	**$**	**112,500**	$	51,500
Consulting and geological fees charged by companies controlled by certain directors and an officer	**$**	**179,691**		-
Exploration costs charged by a company with officer in common	**$**	**122,909**	$	338,788
Operating expenses charged by a company with officers in common	**$**	**92,039**	$	8,421

As at June 30, 2012, $4,800 (2011: $4,800) was included in prepaid expenses and $12,191 (2011: $29,800) was due to a company with an officer in common and is included in accounts payable and accrued liabilities. $12,081 (2011: $nil) was due to a director of the Company and is included in accounts payable and accrued liabilities. $4,200 (2011: $4,200) was included in accounts receivable and advances, which was due from an officer of the Company. The Company incurred $216,230 (2011: $126,405) for share-based payments to related parties during the year ended June 30, 2012.

As at June 30, 2012, $74,419 (2011: $nil) was included in accounts receivable from Lemhi Gold Trust, which was collected subsequent to the period. For the year ended June 30, 2012, $9,832 (2011: $nil) was recognized as administration income received from Lemhi Gold Trust.

In addition to the above, the Company issued 200,000 common shares that were recorded at $90,000 during the year ended June 30, 2011 and an additional 200,000 common shares were valued on the first anniversary of this agreement at $260,000 and were issued subsequent to June 30, 2012. These shares are issuable to Kootenay Silver Inc., a company with a common director and officer, pursuant to the option agreement for the Copley Gold Project. During the year ended June 30, 2012, the Company incurred deferred expenses of $270,941 (2011: $196,938) relating to the exploration advancement of the Copley Gold Project, as described in Note 6.

Expressed in Canadian Dollars

11 Commitments:

The Company has entered into a contract for office rent that commences January 1, 2013 and expires December 31, 2015. The Company is currently paying a monthly fee until August 2012, at which point it will receive a four-month rent free period in its new office space. The following table summarizes the Company's total fiscal obligations under this agreement:

2013	$	27,996
2014		38,016
2015		38,016
2016		19,008
	$	123,036

12 Financial Instruments and Financial Risk Management:

The carrying values of cash and cash equivalents, accounts receivables and advances, accounts payable and accrued liabilities, and investor deposits approximate their fair values due to the short-term nature of these instruments.

In evaluating fair value information, considerable judgment is required to interpret the market data used to develop the estimates. The use of different market assumptions and different valuation techniques may have a material effect on the estimated fair value amounts. Accordingly, the estimates of fair value presented herein may not be indicative of the amounts that could be realized in a current market exchange.

The Company classifies its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value in the fair value hierarchy.

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities.

Cash and cash equivalents are valued using quoted market prices and have been included in Level 1 of the fair value hierarchy.

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly. Investments are included within Level 2 of the fair value hierarchy as they are valued based on indirect market quoted prices provided by market makers.

Level 3 – Inputs that are not based on observable market data.

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at June 30, 2012:

	Level 1	Level 2	Level 3	Total
Financial Assets				
Cash and cash equivalents (unrestricted)	$ 2,413,515	$ -	$ -	$ 2,413,515
Company's share of restricted cash held in JV LLC (Note 9)	3,853,363	-	-	3,853,363
	$ 6,266,878	$ -	$ -	$ 6,266,878

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities. The Company has exposure to credit risk, liquidity risk and market risk as a result of its use of financial instruments.

12 Financial Instruments and Financial Risk Management (continued)**:**

This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing these risks. Further quantitative disclosures are included throughout the consolidated financial statements. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has implemented and monitors compliance with risk management policies.

(a) Credit risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's receivable relates to receivables from Goods and Services Tax input tax credits. Accordingly, the Company views credit risk on accounts receivable as minimal, being the refund of tax credits in Canada.

(b) Liquidity risk:

Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation.

The Company prepares annual expense budgets, which are regularly monitored and updated as considered necessary. To facilitate its operations, the Company raises funds through private equity placements. The Company anticipates it will have adequate liquidity to fund its financial liabilities through future equity contributions.

As at June 30, 2012, the Company's financial liabilities were comprised of accounts payable and accrued liabilities of $375,460 (2011 - $313,267, which included $100,000 of investor deposits), and shares payable of $260,000 (2011 - $nil) which have a maturity of less than one year.

(c) Market risk:

Market risk consists of currency risk, commodity price risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits while maximizing returns

(i) Currency risk:

Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company is considered to be in the exploration stage and has not yet developed commercial mineral interests; the underlying market prices in Canada for minerals are impacted by changes in the exchange rate between the Canadian and the United States dollar. The Company has not entered into any formal arrangements to hedge currency risk but does maintain cash balances within each currency. Canadian dollars are exchanged when needed to meet foreign denominated liabilities.

At June 30, 2012, $3,875,388 of the Company's cash and cash equivalents were denominated in US dollars. A 10% variation in the US dollar would result in an impact of approximately $385,876 on net income.

Expressed in Canadian Dollars

12 Financial Instruments and Financial Risk Management (continued)**:**

(ii) Commodity price risk:

Commodity price risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for minerals are impacted by world economic events that dictate the levels of supply and demand as well as the relationship between the Canadian and United States dollar, as outlined above. The Company is exposed to the price volatilities for precious and base metals that could significantly impact its future operating cash flow. As part of its routine activities, management is closely monitoring the trend of international metal prices.

(iii) Interest rate risk:

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of cash and cash equivalents is limited because of their short-term investment nature. A variable rate of interest is earned on cash and cash equivalents, changes in market interest rates at year-end would not have a material impact on the consolidated financial statements.

13 Capital Management:

The Company includes share capital and cash and cash equivalents in the definition of capital, which totalled $13,609,773 (2011 – $3,528,573). The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. The Company does not have any debt obligation other than trade accounts payable. The availability of capital is solely through the issuance of the Company's common shares. There are no assurances that funds will be made available to the Company when required. The Company makes every effort to safeguard its capital and minimize the dilution to its shareholders. The properties in which the Company currently has an interest in are in the exploration stage, as such, the Company does not recognize revenue from its exploration properties. The Company's historical sources of capital have consisted of the sale of equity securities. In order for the Company to carry out planned exploration and development and pay for administrative costs, the Company will spend its working capital and expects to raise additional amounts externally, as needed.

The Company is not subject to any externally imposed capital requirements. There were no changes in the Company's approach to capital management during the period ended June 30, 2012.

14 Segmented Information:

The Company has one reportable operating segment, being the acquisition and exploration and future development of mineral properties.

The Company's mineral properties and deferred costs by geographic location are as follows:

		June 30, 2012		June 30, 2011		July 1, 2010
Canada	**$**	**817,879**	$	445,485	$	20,478
USA		**4,434,567**		1,949,570		-
	$	**5,252,446**	$	2,395,005	$	20,478

15 First Time Adoption of IFRS:

As stated in Note 2, the consolidated financial statements have been prepared in accordance with IFRS. The accounting policies previously disclosed in the September 30, 2011 consolidated interim financial statements have been applied in preparing the consolidated financial statements for the year ended June 30, 2012, the comparative information presented in the consolidated financial statements for the year ended June 30, 2011 and in preparation of an opening IFRS statement of financial position at July 1, 2010, the "Transition Date".

In preparing the opening IFRS Statement of Financial Position and the consolidated financial statements for the year ended June 30, 2012, the Company has adjusted amounts reported previously in the consolidated financial statements that were prepared in accordance with GAAP. An explanation of how the transition from GAAP to IFRS has affected the Company's financial position, financial performance and cash flows is set out in the following tables. The guidance for the first time adoption of IFRS is set out in IFRS 1. IFRS 1 provides for certain mandatory exceptions and optional exemptions for first time adopters of IFRS. The Company elected to take the following IFRS 1 optional exemptions:

a) 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.

b) Cumulative translation differences – IFRS 1 permits cumulative translation differences at the date of transition to be deemed zero. The Company elected to deem cumulative translation differences to be zero on July 1, 2010 and as a result, no transition adjustment was recorded.

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

Expressed in Canadian Dollars

15 First Time Adoption of IFRS (continued)**:**

		July 1, 2010			June 30, 2011		
	Note	Canadian GAAP	Effect of transition to IFRS	IFRS	Canadian GAAP	Effect of transition to IFRS	IFRS
Assets							
Current assets							
Cash and cash equivalents		$ 886,184	-	$ 886,184	$ 1,029,668	-	$ 1,029,668
Accounts receivable and advances		-	-	-	9,700	-	9,700
Prepaid expenses		7,650	-	7,650	27,693	-	27,693
HST receivable		5,611	-	5,611	72,990	-	72,990
Total current assets		899,445	-	899,445	1,140,051	-	1,140,051
Non-current assets							
Equipment		-	-	-	651	-	651
Reclamation deposits		-	-	-	6,867	-	6,867
Mineral properties	15 b)	20,478	-	20,478	2,401,215	(6,160)	2,395,055
Total non-current assets		20,478	-	20,478	2,408,733	(6,160)	2,402,573
Total assets		$ 919,923	-	$ 919,923	$ 3,548,784	(6,160)	$ 3,542,624
Liabilities and Equity							
Current liabilities							
Accounts payable and accrued liabilities		$ 25,330	-	$ 25,330	$ 313,267	-	$ 313,267
Investor deposits		-	-	-	100,000	-	100,000
Total current liabilities		25,330	-	25,330	413,267	-	413,267
Non-current liabilities							
Future income tax		15,693		15,693	-	-	-
Total non-current liabilities		15,693		15,693	-	-	-
Total liabilities		$ 41,023	-	$ 41,023	$ 413,267	-	$ 413,267
Equity							
Share capital	15 c)	608,716	83,790	692,506	2,415,115	83,790	2,498,905
Contributed surplus	15 a)	380,202	-	380,202	1,513,871	107,536	1,621,407
Accumulated other comprehensive loss	15 b)	-	-	-	-	(6,160)	(6,160)
Deficit	15 a) c)	(110,018)	(83,790)	(193,808)	(793,469)	(191,326)	(984,795)
Total equity		878,900	-	878,900	3,135,517	(6,160)	3,129,357
Total liabilities and equity		$ 919,923	-	$ 919,923	$ 3,548,784	(6,160)	$ 3,542,624

Expressed in Canadian Dollars

15 First Time Adoption of IFRS (continued)**:**

Reconciliation of comprehensive income for the year ended June 30, 2011:

		June 30, 2011		
	Note	Canadian GAAP	Effect of transition to IFRS	IFRS
Administrative Expenses				
Professional		$ 103,534	-	$ 103,534
Marketing expenses		34,493	-	34,493
Stock-based payments	15 a)	348,007	107,536	455,543
Transfer agent and filing fees		28,937	-	28,937
Management fees		51,500	-	51,500
Amortization expense		25	-	25
Property fees		46,462	-	46,462
Share of losses - investment in joint venture		-	-	-
Office and miscellaneous		2,846	-	2,846
Travel, meetings and conferences		14,049	-	14,049
Rent		35,059	-	35,059
Subcontractors		27,450	-	27,450
Loss before other items		692,362	107,536	799,898
Other items				
Future income tax recovery	15 c)	(15,693)		(15,693)
Foreign exchange gain		8,453	-	8,453
Interest income		(1,671)	-	(1,671)
Net loss for the year		683,451	107,536	790,987
Foreign currency translation differences of foreign operations - loss	15 b)	-	6,160	6,160
Net comprehensive loss for the year		683,451	113,696	797,147
Basic and fully diluted net loss per share		$ 0.035		$ 0.040

Material adjustments to the statement of cash flows for 2011

There are no material differences between the statements of cash flows presented under IFRS and the statement of cash flows presented under previous Canadian GAAP.

15 First Time Adoption of IFRS (continued)**:**

Notes to the reconciliations

a) **Share-based payments**

Under Canadian GAAP, the Company treated awards with graded vesting provisions as a single award for both measurement and recognition purposes. IFRS 2 requires that such awards be treated as a series of individual awards, with compensation measured and recognized separately for each tranche of options within a grant that has a different vesting date. In addition, IFRS requires that forfeiture estimates are recognized in the year they are estimated and are revised for actual forfeitures in subsequent years, whereas under the Company's Canadian GAAP policy, forfeitures of awards have been recognized as they occur. On application of the IFRS 1 exemption noted above, this change in accounting policy was applied only to unvested options as of the transition date.

As at June 30, 2011 and 2012, the change resulted in an increase in share-based payments of $107,536 and a decrease of $287,195 respectively, recorded in the Statements of Operations and Loss for each of the years.

b) **Functional currency and foreign exchange translation**

Canadian GAAP requires an entity to determine whether a subsidiary is an integrated or self-sustaining entity based on the functional currency of the parent company. This determination dictates the method of foreign exchange translation for the consolidated financial statements. Under IFRS, an entity is required to assess its functional currency independently for each entity within a consolidated group. As a result, the Company's two wholly-owned subsidiaries and its investment in a joint venture were determined to have a functional currency in US dollars. The results of the change in translation methods have been recorded as IFRS adjustments.

There was no change as at the transition date. As at June 30, 2011, the change resulted in a $6,160 increase in accumulated other comprehensive loss. $6,882 of foreign exchange loss and $107,812 of foreign currency translation differences of foreign operations were recorded during the year ended June 30, 2012.

c) **Flow-through shares**

Previously, Canadian GAAP policy was to adopt the recommendations of EIC 146 with respect to the accounting for flow-through shares; this resulted in the Company reducing the net proceeds of the flow-through share issuance by the future tax liability of the Company resulting from the renunciation of the exploration and development expenses in favour of the flow-through share subscribers. Under IFRS, proceeds from the issuance of flow-through shares are allocated between the offering of the common shares and the sale of tax benefits when the common shares are offered. The allocation is made based on the difference between the market value of the common shares and the amount the investor pays for the flow-through shares. A liability is recognized for the premium paid by the investors and is then recognized in operations in the period of renunciation. If flow-through shares are sold at a discount, this policy does not apply.

During the year ended June 30, 2010, the Company completed a private placement of 6,000,000 units at $0.05 per unit with each unit comprised of one common share of the Company and one common share purchase warrant. Each whole warrant entitles the holder to purchase one-half common share and one half flow-through common share at price of $0.10. On the transition date, the Company reclassified an entry under Canadian GAAP to reduce the net proceeds of the flow-through share issuance resulting from the renunciation by crediting share capital by $83,790 and debiting deficit by $83,790.

During the years ended June 30, 2011 and June 30, 2012, 11,500,000 share warrants were exercised while the Company's common share was trading at $0.85 - $1.45. As the flow-through shares were issued at discount, no premium is to be recognized. Therefore, no adjustment was made for IFRS reconciliation.