(A Development Stage Enterprise)

Financial Statements
For the years ended December 31, 2012 and 2011

(Stated in Canadian Dollars)

METALS CREEK RESOURCES CORP.
(A Development Stage Enterprise)

December 31, 2012 and 2011

Auditors' Report	1
Statements of Financial Position	2
Statements of Comprehensive Loss	3
Statement of Changes in Equity	4
Statements of Cash Flows	5
Notes to the Financial Statements	6

Wasserman Ramsay

Chartered Accountants

5140 Yonge Street, Suite 2250, Toronto, Ontario, Canada M2N 6L7
Tel. (416) 226-4631 Fax (416) 226-9562
email: wram@wassermanramsay.ca

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Metals Creek Resources Corp.:

We have audited the accompanying financial statements of Metals Creek Resources Corp., which comprise the statements of financial position as at December 31, 2012 and 2011, and the statements of loss and comprehensive loss, equity and cash flows for the years then ended, 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.

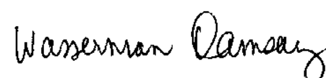
Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the 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 auditor's 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 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 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 financial statements present fairly, in all material respects, the financial position of Metals Creek Resources Corp. and its subsidiary as at December 31, 2012 and 2011, and the results of its operations and cash flows for the years then ended 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 describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.



Markham, Ontario
April 22, 2013

Chartered Accountants
Licensed Public Accountants

METALS CREEK RESOURCES CORP.
(A Development Stage Enterprise)

STATEMENTS OF FINANCIAL POSITION
For the years ended December 31

	2012 **$**	2011 $
ASSETS		
Current		
Cash	**79,813**	212,721
Short term investments (note 3)	**2,914,284**	4,831,333
Staking security deposits (note 12)	**22,281**	38,950
H.S.T. and other receivables	**69,587**	140,065
Prepaid expenses	**15,862**	21,245
	3,101,827	5,244,314
Property and equipment (note 4)	**55,510**	47,100
Long term investments (note 5)	**131,717**	68,125
Exploration and evaluation assets (note 6)	**6,566,086**	7,357,100
	9,855,140	12,716,639
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities (note 8)	**81,035**	91,410
	81,035	91,410
Deferred income taxes (note 11)	**-**	117,431
Equity		
Share Capital (note 7)	**11,728,403**	11,611,049
Reserves (note 7)	**4,957,639**	4,819,853
Deficit	**(6,911,937)**	(3,923,104)
	9,774,105	12,507,798
	9,855,140	12,716,639

Nature and Continuance of Operations – Note 1
Subsequent Events – Note 16

These financial statements are authorized for issue by the Board of Directors on April 22 2013. They are signed on the Corporation's behalf by:

"Alexander Stares" Director

"Nick Tsimidis" Director

The accompanying notes form an integral part of these financial statements

METALS CREEK RESOURCES CORP.
(A Development Stage Enterprise)

STATEMENTS OF COMPREHENSIVE LOSS
For the years ended December 31

	2012 $	2011 $
EXPENSES		
Business development	169,496	246,199
Depreciation	17,976	12,259
Office and general	122,062	162,764
Professional fees (note 8)	107,899	109,989
Salaries and benefits	354,621	287,157
Part XII.6 tax expense (recovery)	-	(8,399)
Share-based payments (note 7(iii))	137,786	485,558
Amounts earned on exploration and evaluation assets	-	(6,226)
Write-down of exploration and evaluation assets	2,238,393	-
Pre-acquisition exploration and evaluation expenses	58,945	109,502
Adjustment to fair value for fair value through profit and loss investments	(607)	78,265
	3,206,571	1,477,068
Loss before the following:	3,206,571	1,477,068
Gain on sale of exploration and evaluation assets, net	(72,500)	(67,491)
Interest and investment income	(27,807)	(137,671)
Loss before income taxes	3,106,264	1,271,906
Recovery of deferred income taxes (note 11)	(117,431)	(450,568)
Comprehensive loss for the year	2,988,833	821,338
Loss per share – basic and diluted	0.03	0.01
Weighted Average Shares Outstanding – basic and diluted	97,731,751	92,758,031

The accompanying notes form an integral part of these financial statements

METALS CREEK RESOURCES CORP.
(A Development Stage Enterprise)

STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2012 and 2011

	Share capital		Reserves			
	Number of shares #	Share Capital $	Warrants $	Equity Settled benefits $	Deficit $	Total
Balance at January 1, 2011	**69,854,175**	**7,173,725**	**708,126**	**1,468,957**	**(3,101,766)**	**6,249,042**
Issued for cash:						
Private placements	24,756,500	4,824,978	2,182,592	-	-	7,007,570
Exercise of warrants	127,503	41,446	(4,570)	-	-	36,876
Exercise of options	150,000	45,310	-	(20,810)	-	24,500
Shares issued on property acquisitions	1,549,324	114,706	-	-	-	114,706
Share issue costs	-	(589,116)	-	-	-	(589,116)
Share-based payments	-	-	-	485,558	-	485,558
Expiration of warrants	-	-	(396,676)	396,676	-	-
Comprehensive loss for the period	-	-	-	-	(821,338)	(821,338)
Balance at December 31, 2011	**95,437,502**	**11,611,049**	**2,489,472**	**2,330,381**	**(3,923,104)**	**12,507,798**
Shares issued on property acquisitions	2,133,712	117,354	-	-	-	117,354
Share-based payments	-	-	-	137,786	-	137,786
Expiration of warrants	-	-	(304,270)	304,270	-	-
Comprehensive loss for the period	-	-	-	-	(2,988,833)	(2,988,833)
Balance at December 31, 2012	**98,571,214**	**11,728,403**	**2,185,202**	**2,772,437**	**(6,911,937)**	**9,774,105**

The accompanying notes form an integral part of these financial statements

METALS CREEK RESOURCES CORP.
(A Development Stage Enterprise)

STATEMENTS CASH FLOWS
For the years ended December 31

	2012 $	2011 $
CASH FLOWS FROM (USED IN):		
OPERATING ACTIVITIES		
Comprehensive loss for the year	(2,988,833)	(821,338)
Depreciation	17,976	12,259
Share-based payments	137,786	485,558
Adjustment to fair value for fair value through profit and loss investments	(607)	78,265
Write-down of exploration and evaluation assets	2,238,393	-
Proceeds on mineral property option	(47,500)	(56,875)
Recovery of deferred income taxes	(117,431)	(450,468)
Decrease in H.S.T. and other receivables	70,478	19,569
Decrease (increase) in prepaid expenses	5,383	(7,315)
Decrease in accounts payable and accrued liabilities	(10,375)	(268,358)
Cash flows used in operating activities	(694,730)	(1,008,803)
FINANCING ACTIVITIES		
Issuance of capital stock for cash	-	7,083,320
Financing costs – cash commission expenses	-	(589,116)
Redemption (purchase) of short term investments	1,961,564	(3,914,975)
Proceeds on exercise of stock options	-	24,500
Proceeds on exercise of warrants	-	36,876
Cash flows from financing activities	1,961,564	2,640,605
INVESTING ACTIVITIES		
Cash – flow-through funds	-	276,793
Decrease (increase) in staking security deposits	16,669	(31,800)
Expenditures on exploration and evaluation assets	(1,390,025)	(1,629,997)
Acquisition of property and equipment	(26,386)	(34,077)
Cash flows used in investing activities	(1,399,742)	(1,419,081)
Increase (decrease) in cash	(132,908)	212,721
Cash - beginning of year	212,721	-
Cash - end of year	79,813	212,721

Supplemental information (see note 13)

The accompanying notes form an integral part of these financial statements

METALS CREEK RESOURCES CORP.
(A Development Stage Enterprise)

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012

1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

Metals Creek Resources Corp. (the "Company") was incorporated on June 21, 2004 under the Business Corporations Act (Ontario).

The Company is an exploration stage company, and is in the process of exploring its resource properties and has not yet determined whether these properties contain ore reserves that are economically recoverable.

The accompanying financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern. The appropriateness of using the going concern basis is dependent upon, among other things, future profitable operations, and the ability of the Company to raise additional capital. Specifically, the recovery of the Company's investment in exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to develop its properties and establish future profitable production from the properties, or from the proceeds of their disposition. The Company has working capital in the amount of $3,020,792 (December 31, 2011 - $5,152,904) and has a deficit in the amount of $6,911,937 (December 31, 2011 - $3,923,104). The Company has not earned any significant revenues to date and is considered to be in the exploration stage.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption deemed to be inappropriate. These adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and statement of compliance with IFRS

These financial statements, including comparatives, have been prepared using accounting policies in compliance with International Financial Reporting Standards ("IFRS") as issued by the IASB ("International Accounting Standards Board"). These financial statements were authorized for issue by the Board of Directors on April 22, 2013.

The financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

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

These financial statements including comparatives have been prepared on the basis of IFRS standards that were in effect on December 31, 2012.

The standards that are effective in the annual financial statements for the year ending December 31, 2012 are subject to change and may be affected by additional interpretation(s).

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The financial statements are presented in Canadian dollars (CDN), which is also the functional currency of the Company.

Investments in Joint Ventures

Entities whose economic activities are controlled jointly by the Company and other ventures independent of the Company (joint ventures) are accounted for using the proportionate consolidation method, whereby the Company's share of the assets, liabilities, income and expenses is included line by line in the financial statements.

Unrealized gains and losses on transactions between the Company and its joint ventures are eliminated to the extent of the Company’s interest in those entities. Where unrealized losses are eliminated, the underlying asset is also tested for impairment.

Amounts reported in the financial statements of jointly controlled entities have been adjusted where necessary to ensure consistency with the accounting policies of the Company.

Income Taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in joint ventures is not provided if the reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. 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 the excess.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority

Changes in deferred tax assets or liabilities are recognized as a component of taxable income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

Flow-Through Financing

The Company raises equity through the issuance of flow-through shares. Under this arrangement, shares are issued which transfer the tax deductibility of mineral property exploration expenditures to investors. The Corporation allocates the proceeds from the issuance of these shares between the offering of shares and the sale of tax benefits. The allocation is made based on the difference between the quoted price of the shares and the amount the investor pays for the shares. A deferred flow through premium liability is recognized for the difference. The liability is reversed pro-rata as expenditures are made and are recorded in the statement of loss and comprehensive loss. The

spending also gives rise to a deferred tax timing difference between the carrying value and tax value of the qualifying expenditure.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a maximum period. The Company has no flow-through obligations at December 31, 2012.

Property and Equipment

Purchased property and equipment are carried at acquisition cost less subsequent depreciation and impairment losses.

Depreciation is recognized on a declining balance basis to write down the cost or valuation less estimated residual value of property and equipment. The periods generally applicable are:

Furniture and fixtures and general equipment	20%
Computer equipment	55%
Computer software	100%
Automobile	30%
Leasehold improvements	20%

Material residual value estimates and estimates of useful life are updated as required, but at least annually, whether or not the asset is revalued.

Gains or losses arising on the disposal of property and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognized in profit or loss within “other income” or “other expenses.”

Environmental Rehabilitation

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

The Company has no material restoration, rehabilitation and environmental costs as the disturbance to date is minimal.

Impairment

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

for the period. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash generating units to which the exploration activity relates. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

When 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, but so 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. A reversal of an impairment loss is recognized immediately in profit or loss.

Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

Segment reporting

An operating segment is a component of an entity (i) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), (ii) whose operating results are regularly reviewed by the entity's management, and (iii) for which discrete financial information is available. The Company has only one single reportable operating segment.

Share capital

Share capital represents the fair value of consideration received.

Operating Expenses

Operating expenses are recognized in profit and loss upon utilization of the services or at the date of their origin.

Share-based payment transactions

The Company operates equity-settled share-based remuneration plans for its employees, directors and consultants. None of the Company's plans feature any options for a cash settlement.

All goods and services received in exchange for the grant of any share-based payments are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets and performance conditions).

All share-based remuneration is ultimately recognized as an expense in profit or loss with a corresponding credit to ‘reserves’.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior periods if share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as share premium.

Interest

Interest income and expenses are reported on an accrual basis using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term investments, highly liquid investments that are readily convertible into known amounts or cash and which are subject to an insignificant risk of changes in value.

Exploration and Evaluation Assets

Exploration and evaluation assets include the costs associated with exploration and evaluation activity (e.g. geological, geophysical studies, exploratory drilling and sampling), and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. The Company follows the practice of capitalizing all costs related to the acquisition of, exploration for and evaluation of mineral claims and crediting all revenue received against the cost of related claims. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in the income statement.

Capitalized costs, including general and administrative costs, are only allocated to the extent that these costs can be related directly to operational activities in the relevant area of interest where it is considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. The aggregate costs related to abandoned mineral climes are charged to operations at the time or any abandonment or when it has been determined that there is evidence of a permanent impairment.

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

Recoverability of the carrying amount of the exploration and evaluation assets is depended on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value adjusted by transactions costs and subsequently accounted for at amortized cost, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

Financial assets and financial liabilities are measured subsequently as described below.

Financial assets
For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- loans and receivables
- financial assets at fair value through profit or loss

• held-to-maturity investments
• available for sale financial assets

The category determines subsequent measurement and whether any resulting income and expense is recognized in profit or loss or in other comprehensive income.

All financial assets except for those 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 any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognized in profit or loss are presented within ‘office and general’, or 'finance income', except for impairment of trade receivables which is presented within 'other expenses'.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortized cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, short-term investments, deposits, trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets that are either classified as held-for-trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below).

Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The fair values of derivative financial instruments are determined by reference to active market transactions or using a valuation technique where no active market exists.

Held-to-maturity investments
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as held-to-maturity if the Company has the intention and ability to hold them until maturity. The Company currently does not hold any investments designated into this category.

Held-to-maturity investments are measured subsequently at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss.

Available-for-sale investments
Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Corporation does not hold any available-for-sale financial assets.

All other available-for-sale financial assets are measured at fair value. Gains and losses are recognized in other comprehensive income and reported within the available-for-sale reserve within equity, except for impairment losses and foreign exchange differences on monetary assets, which are recognized in profit or loss. When the asset is disposed of or is determined to be impaired the cumulative gain or loss recognized in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within

other comprehensive income. Interest calculated using the effective interest method and dividends are recognized in profit or loss within 'finance income'.

Reversals of impairment losses are recognized in other comprehensive income, except for financial assets that are debt securities which are recognized in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognized.

Financial liabilities
The Company's financial liabilities include trade and other payables.

Financial liabilities are measured subsequently at amortized cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit or loss, that are carried subsequently at fair value with gains or losses recognized in profit or loss.

All derivative financial instruments that are not designated and effective as hedging instruments are accounted for at fair value through profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within 'office and general expenses' or 'finance income'.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each financial position reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flow of the investment have been impacted. For unlisted shares classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default of delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as amounts receivable, deposits and prepayments, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an amount receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decreases can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. In respect of AFS equity securities, impairment loses previously recognized through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

The Company does not have any derivative instruments.

Significant accounting judgments and estimates

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

accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

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

i. the recoverability of amounts receivable and prepayments which are included in the statements of financial position;

ii. the estimated useful lives of property and equipment which are included in the statements of financial position and the related depreciation included in the statement of comprehensive loss for the year ended December 31, 2012;

iii. the inputs used in accounting for share purchase option expense in the statement of comprehensive loss; and

iv. the provision for income taxes which is included in the statements of comprehensive loss and composition of deferred income tax assets and liabilities included in the statement of financial position at December 31, 2012.

Future accounting pronouncements

Unless otherwise noted, the following revised standards and amendments are effective for annual periods beginning on or after January 1, 2013 with earlier application permitted. The Company does not believe that these standards will have a significant impact on its reported results or financial position.

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

Requirements for financial liabilities were added to IFRS 9 in October 2010 and they largely carried forward existing requirements in IAS 39, Financial Instruments – Recognition and Measurement, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss are generally recorded in other comprehensive income. The effective date of IFRS 9 is January 1, 2015.

(ii) IFRS 10, *Consolidated Financial Statements*, requires an entity to consolidate an investee when it has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

(iii) IFRS 11, *Joint Arrangements*, requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in jointly controlled entities.

(iv) IFRS 12, *Disclosure of Interests in Other Entities*, establishes disclosure requirements for interests in other entities, including subsidiaries, joint arrangements, associates, and unconsolidated structured entities. The standard carries forward existing disclosures and also introduces significant additional disclosures that address the nature of, and risks associated with, an entity's interests in other entities.

(v) IFRS 13, *Fair Value Measurement*, is a comprehensive standard for fair value measurement and disclosure for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date.

Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and does not always reflect a clear measurement basis or consistent disclosures.

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

(vii) IAS 1, *Presentation of Financial Statements*, has been amended to require entities to separate items presented in OCI into two groups, based on whether or not items may be recycled in the future. Entities that choose to present OCI items before tax will be required to show the amount of tax related to the two groups separately.

3. SHORT TERM INVESTMENTS:

		Dec 31, 2012	Dec 31, 2011
Money Market Mutual funds		1,114,284	706,094
Guaranteed Investment Certificates		1,800,000	4,125,239
	$	2,914,284	4,831,333

These funds are available for exploration and operations upon the request of the Company.

The money market mutual funds consist of fully liquid, managed money market fund units that yield regular monthly dividends at market rates.

The guaranteed investment certificates are cashable and have maturity dates ranging from February 14, 2013 to October 1, 2013 and interest rates ranging from 1.70% to 2.27%.

4. PROPERTY AND EQUIPMENT

		Cost		**Acc. Depr.**		**Dec. 31, 2012 Net**
Computer equipment	$	22,511	$	17,870	$	4,641
Furniture and fixtures		13,467		8,503		4,964
Computer software		56,911		56,551		360
General equipment		32,478		13,573		18,905
Automobile		37,882		11,242		26,640
Leasehold improvements		4,812		4,812		-
	$	168,061	$	112,551	$	55,510

		Cost		**Acc. Depr.**		**Dec 31, 2011 Net**
Computer equipment	$	20,261	$	13,574	$	6,687
Furniture and fixtures		13,467		7,261		6,206
Computer software		56,191		55,894		297
General equipment		25,143		9,764		15,379
Automobile		21,801		3,270		18,531
Leasehold improvements		4,812		4,812		-
	$	141,675	$	94,575	$	47,100

5. LONG TERM INVESTMENTS

	December 31, 2012		December 31, 2011	
	Market $	Cost $	Market $	Cost $
Canadian Equities				
Spruce Ridge Resources Ltd.	37,500	56,250	32,500	56,250
U.S. Gold & Silver Inc.	11,717	21,249	-	-
Noble Mineral Exploration Inc.	22,500	58,125	35,625	31,875
Golden Dory Resources Corporation	60,000	60,000	-	-
	131,717	195,624	68,125	88,125

During 2010 the Company entered into an option agreement with Spruce Ridge Resources Ltd. (TSX-V:SHL) ("Spruce Ridge") pursuant to which Spruce Ridge could earn a 100% interest on eight claims comprising the Company's Sops Arm property in Newfoundland by making a share payment to the Company of 125,000 shares (received) on signing and an additional 125,000 shares (received) of Spruce Ridge and by spending $25,000 in exploration over a two year period (satisfied). The Company would retain a 2% NSR on the property as well as a 100% interest in the base metal potential on the Sops Arm property. The Spruce Ridge shares are valued at the December 31, 2012 closing price of $0.15 per common share (Decemer 31, 2011 - $0.13). The U.S. Gold & Silver Inc. (TSX:USA) were received from Spruce Ridge originally as RX Gold & Silver shares (which later merged with U.S. Gold & Silver Inc.) as a dividend in kind based on the Company's pro-rata ownership of Spruce Ridge and are valued at the December 31, 2012 closing price of $1.72 per common share.

During the 2011 fiscal year, the Company sold its interest in 10 mining claim blocks totaling 132 claim units in the Lucas, Duff, and Tully townships to Noble Mineral Exploration Inc. ("Noble") (TSX-V:NOB) (formerly Ring of Fire Resources Inc.). Under the agreement, Noble has agreed to pay the Company a total of 750,000 shares, 375,000 issuable on signing (received) and 375,000 issuable on or before June 1, 2012 (received) and $50,000 in cash, $25,000 payable on signing (received) and $25,000 on or before June 1, 2012 (received). In addition, the Company will retain a 2% Net Smelter Return Royalty ("NSR") or a 10% Net Profits Interest ("NPI") at the Company's election with Noble having the right to buy back 1% of the NSR or 5% of the NPI at a price of $1 million. The Noble shares are traded on the TSX-V exchange under the symbol "NOB" and are valued at the December 31, 2012 closing price of $0.03 per common share (December 31, 2011 - $0.095).

The Golden Dory shares are traded on the TSX-V exchange under the symbol "GDR" and are valued at the December 31, 2012 closing price of $0.04. See note 6(f) for further details on the nature of the agreement that resulted in the receipt of the shares by the Company.

6. EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation assets are comprised as follows:

Year Ended December 31, 2012:

	Opening	Additions	Abandonment/ Recoveries	Closing
Exploration and evaluation activities	$ 6,318,946	$ 1,390,603	(2,047,999)	$5,661,550
Acquisition costs and staking cost of properties	1,038,154	141,777	(275,395)	904,536
TOTAL	**$ 7,357,100**	**$ 1,532,380**	**$ (2,323,394)**	**$ 6,566,086**

	Opening	Additions	Abandonment/ Recoveries	Closing
Dog Paw Gold (a)	$ 1,061,170	$ 237,152	$ -	$ 1,298,322
Wicks Lake and Panama Lake (b)	95,350	2,137	-	97,487
Sheffield Lake (c)	43,307	-	(43,307)	-
Sops Arm (d)	-	-	-	-
Tilt Cove (e)	425,211	25,483	-	450,694
Iron Horse (f)	165,827	15,956	(60,000)	121,783
Tillex (g)	718,457	9,979	(728,436)	-
Staghorn (h)	1,214,321	56,854	(1,271,175)	-
Ogden (i)	3,137,282	557,631	-	3,694,913
Other Properties (j)	496,175	627,188	(220,476)	902,887
TOTAL	**$ 7,357,100**	**$ 1,532,380**	**$ (2,323,394)**	**$ 6,566,086**

Year ended December 31, 2011:

	Opening	Additions	Abandonment/ Recoveries	Closing
Exploration and evaluation activities	$ 4,860,262	$ 1,756,305	(297,621)	$ 6,318,946
Acquisition costs and staking cost of properties	752,134	298,201	(12,181)	1,038,154
TOTAL	**$ 5,612,396**	**$ 2,054,506**	**$ (309,802)**	**$ 7,357,100**

	Opening	Additions	Abandonment/ Recoveries	Closing
Dog Paw Gold (a)	$ 1,020,379	$ 40,791	$ -	$ 1,061,170
Wicks Lake and Panama Lake (b)	79,296	16,054	-	95,350
Sheffield Lake (c)	42,430	877	-	43,307
Sops Arm (d)	-	-	-	-
Tilt Cove (e)	516,666	47,243	(138,698)	425,211
Iron Horse (f)	105,706	116,842	(56,721)	165,827
Tillex (g)	539,109	179,348	-	718,457
Staghorn (h)	1,241,805	72,516	(100,000)	1,214,321
Ogden (i)	2,061,641	1,075,641	-	3,137,282
Other Properties (j)	5,364	505,194	(14,383)	496,175
TOTAL	**$ 5,612,396**	**$ 2,054,506**	**$ (309,802)**	**$ 7,357,100**

a. Dog Paw Gold Property

In 2007, the Company acquired an option on the Dog Paw Gold project which is located approximately 40 km east of Kenora, Ontario and consists of 23 claims totaling 269 units. The Company entered into an option agreement with Endurance Gold Corp. whereby under the Initial Option the Company can earn a 70% interest in the property by making share payments totaling 400,000 shares (completed in 2008) and completing work commitments of $200,000 on the property. The Company exercised a Second Option to earn a further 5% in the property by issuing a further 50,000 common shares (completed in 2008) and spent an additional $250,000 on the property (completed). The Company has now earned a 75% interest and a joint venture has been formed on a 75% (the Company) and 25% (Endurance Gold Corp.) basis. During the 2010 fiscal period, the Company recovered $50,000 in expenditures from Endurance Gold Corp. for their share of the joint venture expenditures. This recovery reduced the carrying amount of deferred exploration expenditures.

b. Wicks Lake and Panama Lake

The Panama Lake gold property is located in the southern portion of the Birch-Uchi Lake Greenstone belt in Northwestern Ontario and consists of 2 claims totaling 24 units. The Wicks Lake gold property is located approximately 1.5 km south of the Dog Paw Gold property and consists of 1 claim totaling 11 units.

The properties were purchased from Stares Contracting Corp., (a company related by common directorship) in 2007, subject to a 2% NSR royalty. Consideration for the acquisition was $20,000 cash and 150,000 shares (both paid and issued in 2007).

c. Sheffield Lake

The Sheffield Lake project consists of 12 claims located approximately 30 km northeast of Deer Lake, Newfoundland. As a result of no planned exploration on the project, the Company wrote off $43,307 in capitalized exploration and evaluation expenditures in the 2012 fiscal year.

d. Sops Arm

The Sops Arm project consists of 139 claims located approximately 50 km northeast of Deer Lake, Newfoundland. See note 5.

e. Tilt Cove

During 2008, the Company acquired by staking and option agreement a land package totaling 56 claim units, in four separate blocks, covering portions of the Betts Cove Ophiolite Suite on the Baie Verte Peninsula, Newfoundland. Three of the blocks were staked by the Company, while rights to the fourth were obtained through the execution of an option agreement ("Option Agreement") with an arm's length prospector. Pursuant to the Option Agreement, the Company has the option to earn a 100% interest in the claims forming the fourth block by making staged cash payments totaling $67,500 and issuing 220,000 shares to the optionor over three years. On production, the optioned claim block is subject to a 2% net smelter return in favor of the optionor, subject in turn to a 1% buyback right in favor of the Company at the cost of $1,250,000.

The Company issued 40,000 common shares to the optionor, on June 11, 2008, upon signing of the Option Agreement. During the year ended December 31, 2009, the Company issued 60,000 common shares to the optionor pursuant to the first anniversary of the agreement. Also, during 2009 the Company amended the agreement to reduce the first anniversary cash payment from $17,500 to $10,000 (paid) and then add a third anniversary cash payment of $12,500 and 40,000 shares. During the 2010 fiscal year, the Company issued 120,000 common shares and made a second amendment to the option agreement's second anniversary cash payment from $40,000 to $10,000 (paid) on or before June 2, 2010 and a further payment of $10,000 (paid) and $20,000 worth of the Company's shares (166,000 shares) (paid) on or before September 2, 2010.

During the year ended December 31, 2011, the Company announced that it had successfully negotiated a Net Smelter Royalty ("NSR") agreement with Rambler Metals and Mining PLC ("Rambler") to process surface material located at the East Mine Dump on the Tilt Cove property. The Company will be paid a Net Smelter Return, or NSR, on any gold produced from this material. The agreement provides for payments of annual

advanced royalties of $100,000 if the material has not been processed in the first year and Rambler wish to keep the agreement in good standing. During the 2011 fiscal year, the Company received its first NSR royalty under the agreement in the amount of $173,372 (10% of $1,733,721). Of this amount, the Company also paid a $34,674 amount owing to the optionor of the property to satisfy the underlying 2% NSR. Net proceeds in the amount of $138,698 were credited against the capitalized costs on the property. No production has occurred during the year ended December 31, 2012.

f. Iron Horse (formerly Gabbro Lake)

The Iron Horse project consists of 211 claims located approximately 120 km Northeast of Labrador City, Labrador.

During 2008, the Company entered into a formal joint venture agreement with Golden Dory Resources for the Iron Horse Project (the "Property"). Under the terms of the agreement the Company and Golden Dory Resources formed the joint venture on a 50:50 basis with the Company being the primary operator. During the year ended December 31, 2011, the Company reduced the carrying cost of the Property by $56,721 as a result of cost recoveries from Golden Dory under the JV agreement.

During the period ended December 31, 2012, the Company announced that it had reached an agreement subject to TSX Venture Exchange approval whereby Golden Dory can increase its ownership interest from 50% to 70%. Under the terms of the agreement, Golden Dory will become the operator and can increase its interest by 10% to 60% by issuing 1.5 million Golden Dory shares to the Company (received) and by completing a $500,000 exploration program in 2012, which is to include a minimum 1,200 metre diamond drill program. Golden Dory can increase its ownership interest by an additional 10% to 70% by issuing an additional 2.5 million Golden Dory shares to the Company and by providing an NI 43-101 compliant report by the fourth anniversary of the agreement. During the year ended December 31, 2012, Golden Dory successfully met the conditions to earn the initial 10% additional interest and holds a 60% interest in the Project. See Subsequent Events note 16 for additional information with respect to occurrences after December 31, 2012.

g. Tillex

On March 6th, 2008, the Company entered into an option agreement with Kinross Gold Corporation ("Kinross") on the Currie Bowman Property, located 54 kilometers east of Timmins, Ontario, whereby the Company can acquire 100% of the 60% participating interest currently held by Kinross: the remaining 40% interest is held by Selkirk Metals Holdings Corp. The option requires expenditures totaling $250,000 over 2 years, with the first $100,000 to be expended during the first year of the agreement (requirement met) and staged share payments totaling 750,000 shares (300,000 shares issued to date). Kinross retains a 1% NSR, of which 50% (or 0.5%) can be purchased the Company for $500,000.The property consists of 134 units in 30 claims. During the 2010 fiscal year, the Company terminated its option with Kinross on the Currie Bowman property, and maintains the Tillex claims. As a result of no planned exploration on the project, the Company wrote off $728,436 in capitalized exploration and evaluation expenditures in the 2012 fiscal year.

h. Staghorn

During 2008, the Company entered into an agreement with a group of prospectors to earn a 100% interest in a group of 76 claim units spread over 1,216 hectares in the Wood Lake area in west central Newfoundland. Terms of the option agreement include making a series of staged option payments totaling $95,000 and issuing 250,000 shares to the optionors over three years. During 2008, the Company issued 50,000 common shares and during 2009, the Company issued 70,000 common shares. During the 2010 fiscal year, the Company issued 50,000 common shares to the optionors. The optionors will retain a 2% Net Smelter Royalty, 50% of which can be purchased for $1,000,000. During the 2011 year, the Company reduced the carrying amount of the deferred exploration expenditures on the Staghorn project by $100,000 as a result of the receipt of a non-repayable grant from the Province of Newfoundland. Also during the 2011 year, the Company paid $44,000 and issued 50,000 shares to the optionors pursuant to the option agreement and now holds a 100% interest.
During the year ended December 31, 2012, the Company determined that no further work would be conducted on the property and has written off $1,271,175 in deferred exploration and evaluation expenditures. The Company is actively seeking a joint venture partner on the project.

i. Ogden

During 2008, the Company entered into an agreement with Goldcorp Canada Ltd. ("Goldcorp") to jointly explore Goldcorp's mining claims located in Ogden and Deloro Townships, located six kilometres south of Timmins, Ontario. The package consists of 84 patented and unpatented claims totaling approximately 1,184 hectares (the "Property"). The agreement allows for the Company to earn 50% of Goldcorp's interest in the Property by funding total expenditures on the Property of $3,100,000 over four years as follows: (i) $400,000 in year one, (ii) $700,000 in year two and (iii) $1,000,000 in each of years three and four. The Company will also make cash and share payments to Goldcorp as follows: (i) $40,000 cash and $25,000 worth of common shares on signing (completed in 2008 and based on an average of the previous 20 trading days), (ii) $35,000 cash and $25,000 worth of common shares on the first anniversary (completed in 2009 and based on an average of the previous 20 trading days), (iii) $35,000 cash and $50,000 worth of common shares (based on an average of the previous 20 trading days) on the second anniversary (completed in 2010), (iv) $100,000 worth of common shares on the third anniversary (based on an average of the previous 20 trading days) (completed in 2011), and (v) $150,000 worth of common shares on the fourth anniversary (based on an average of the previous 20 trading days) (subsequently completed). Within six months of the Company's vesting at 50% interest in the Property, Goldcorp has the option to buy back a 20% interest from the Company for a cash payment of up to $310,000, expending $4,100,000 on the Property within two years, and completing a feasibility study within three years.

The Company was the operator of the Property during the earn-in period and afterwards, provided it holds a 50% or greater interest in the Property. During the year ended December 31, 2012, the Company received notice from Goldcorp that Goldcorp does not intend to pursue its back-in right on the Ogden property and as a result, the Company and Goldcorp are in the process of finalizing a 50/50 joint venture agreement. If either party becomes diluted to a 10% interest, that interest will be converted into a 2% Net Smelter Return Royalty.

j. Other Properties

Included in Other Properties (Ontario, Newfoundland, and Yukon) are the Sops Arm North; Silver Pond; Cape Ray; Prospector's Pond; Yukon Property; Yellow Fox; Careless Cove; Jackson's Arm; Gryba; and Tally Pond projects. During the year ended December 31, 2012, the Company incurred $58,945 (2011: $109,502) in pre-acquisition exploration and evaluation costs which were included in expenses for the year. In addition, the Company wrote off $195,475 in capitalized exploration and evaluation expenditures in the 2012 fiscal year due to no further planned exploration on the Silver Pond, Cape Ray, Prospector's Pond, Yellow Fox, Careless Cove, and Tally Pond properties and recovered $25,000 from the Government of Yukon in the form of a grant on the Yukon property.

In addition, the Company disposed of the Tully property to Noble Mineral Exploration Inc. (formerly Ring of Fire Resources Inc.) as described in note 5.

During the 2011 fiscal year, the Company acquired a 100% interest in three claim units in Ogden Township known as the Gryba claims. The claims are contiguous to the Ogden property. Under the terms of the agreement the Company purchased the claims for $25,000 (paid) and issued 100,000 common shares (issued) to the vendor. The vendor will retain a 1% NSR on the property. The costs associated with the Gryba claims are included in Other Properties. See Subsequent Events note 16 for additional information with respect to occurrences after December 31, 2012.

7. CAPITAL AND RESERVES

i. Share Capital

At December 31, 2012, the authorized share capital comprised an unlimited number of common shares and an unlimited number of preferred shares.

To date, no preferred shares have been issued.

ii. Share Purchase Warrants

Details of share purchase warrant transactions for the period are as follows:

	# of Warrants	Amount $	Wtd. Avg. Ex. Price	Expiry
Balance, December 31, 2010	11,944,996	708,126		
-Pursuant to private placements (note 7(vi)(i))	10,484,500	1,819,917	$0.45	Feb 2014
-Broker warrants pursuant to above	1,900,520	362,675	$0.28	Feb 2013
-Exercised during the period	(127,503)	(4,570)	$0.29	
-Expired during the period	(7,336,340)	(396,676)	$0.30	
Balance, December 31, 2011	16,866,173	2,489,472		
-Expired during the period	(4,481,153)	(304,270)	$0.25	
Balance, December 31, 2012	12,385,020	2,185,202		

For purposes of the warrants granted, the fair value of each warrant was estimated on the date of grant using an option pricing model, using the assumptions noted in note 7(iii).

Pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.
The following table summarizes information about the warrants outstanding at December 31, 2012 and December 31, 2011:

Expiry Dates	Exercise Price	December 31, 2012 # of Warrants	December 31, 2011 # of Warrants
August 3, 2012	$0.25	-	2,202,503
August 6, 2012	$0.25	-	2,278,650
February 2, 2014	$0.45	10,484,500	10,484,500
February 2, 2013	$0.28	1,900,520	1,900,520
		12,385,020	16,866,173

Subsequent to December 31, 2012, the Company received TSX Venture Exchange approval to extend the term of 10,484,500 share purchase warrants initially set to expire on February 2, 2013 by 12 months. The warrants were issued as part of a private placement completed by the Company on February 4, 2011. Each warrant is exercisable into one common share of the Company at a price of $0.45 per share. The new expiry date of the warrants is February 2, 2014. All other terms of the Warrants will remain unchanged.

In addition, subsequent to December 31, 2012, 1,900,520 warrants exercisable at a price of $0.28 expired unexercised.

iii. Stock Options

Details of stock option transactions for the year ended December 31, 2012 and the year ended December 31, 2011 are as follows:

	# of Options	Wtd. Avg. Ex. Price
Balance, December 31, 2010	4,100,000	$0.18
Granted during the period	4,775,000	$0.16
Expired during the period	(1,185,000)	$0.255
Exercised during the period	(150,000)	$0.165
Balance, December 31, 2011	7,540,000	$0.16
Granted during the period	300,000	$0.13
Cancelled during the period	(325,000)	$0.10
Balance, December 31, 2012	7,515,000	$0.16

The following table summarizes information about the options outstanding at December 31, 2012 and December 31, 2011:

Expiry Dates	Exercise Price	December 31, 2012 # of Options	December 31, 2011 # of Options
December 2012	$0.17	-	10,000
August 2014	$0.15	1,380,000	1,380,000
February 2015	$0.16	1,260,000	1,275,000
May 2015	$0.10	100,000	100,000
March 2016	$0.235	1,475,000	1,475,000
August 2016	$0.13	3,000,000	3,000,000
November 2016	$0.10	-	300,000
July 2017	$0.13	300,000	-
		7,515,000	7,540,000

The Company applies the fair value method of accounting for share-based payments using an option pricing model.

Stock options granted to directors, officers and employees vested during the year ended December 31, 2012 are as follows:

Grant Date	# of Options	Exercise Price	Expiry Date
March 9, 2011	91,598	$0.235	March 9, 2016
August 10, 2011	831,045	$0.13	August 10, 2016
Nov 16, 2011	138,328	$0.10	Nov 16, 2016
July 5, 2012	233,740	$0.13	July 5, 2017
	1,294,711		

The Company has calculated $137,786 as share-based payments expense and under capital stock as reserves for the 1,294,711 options vesting to directors, officers and employees during the period:

- For the 1,475,000 options granted on March 9, 2011, the fair value of each option is $0.0456 and was estimated on the grant date with the following assumptions: dividend yield of 0%, expected volatility of 154%, a risk-free interest rate of 2.44% and an expected life of approximately 5 years.

- For the 3,000,000 options granted on August 10, 2011, the fair value of each vested option is $0.114 and was estimated on the grant date with the following assumptions: dividend yield of 0%, expected volatility of 176%, a risk-free interest rate of 1.35% and an expected life of approximately 5 years.

- For the 300,000 options granted on November 16, 2011, the fair value of each vested option is $0.0751 and was estimated on the grant date with the following assumptions: dividend yield of 0%, expected volatility of 170%, a risk-free interest rate of 1.4% and an expected life of approximately 5 years. These options were cancelled during the year ended December 31, 2012.

- For the 300,000 options granted on July 5, 2012, the fair value of each vested option is $0.055 and was estimated on the grant date with the following assumptions: dividend yield of 0%, expected volatility of 169%, a risk-free interest rate of 1.3% and an expected life of approximately 5 years.

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.

iv. Share Issuance – Mineral Property Option Agreements

The Company has issued the following shares in acquiring options on mineral properties at December 31, 2012 and December 31, 2011

	Number	Amount
Issued in 2012		
Ogden – May 24, 2012	2,133,712	$ 117,354
Issued in 2011		
Tilt Cove – January 18, 2011	40,000	$ 11,600
Staghorn - August 11, 2011	100,000	11,000
Gryba – December 7, 2011	100,000	7,000
Ogden - December 14, 2011	1,309,324	85,106
	1,549,324	$ 114,706

v. Shares held in escrow

Pursuant to the requirements of the Exchange on closing of the reverse takeover transaction with North American Uranium Corp. in December 2007, 867,879 common shares remain subject to a surplus escrow agreement.

vi. Private Placements

During the year ended December 31, 2011 the Company completed the following private placements:

(i) The Company completed a private placement by issuing 3,787,500 flow-through common shares at a price of $0.32 per flow through share and 20,969,000 units at a price of $0.28 per unit for aggregate gross proceeds of $7,083,320. Each unit is comprised of one common share and one half of one common share purchase warrant, with each whole warrant entitling the holder to acquire an additional common share of the Company at a price of $0.45 until February 4, 2013.

The fair value of the 10,484,500 common share purchase warrants received by investors have been estimated at $1,819,917 using the Black-Scholes option pricing model and the following assumptions: dividend yield of 0%, expected volatility of 159%, a risk-free interest rate ranging of 1.74% and an expected life of 24 months.

Arm's length parties assisting in the private placement received cash commission of $495,832 equal to 7% of gross proceeds of $7,083,320 and broker warrants to the agents entitling holders to acquire 1,900,520 common shares of the Company at a price of $0.28 until February 4, 2013. The warrants were valued at $362,675.

8. RELATED PARTY TRANSACTIONS

The Company paid or accrued the following amounts to related parties during the year ended December 31, 2012 and December 31, 2011:

Payee	Description of Relationship	Nature of Transaction	Dec. 31, 2012 Amount ($)	Dec. 31, 2011 Amount ($)
Stares Prospecting Ltd.	Company controlled by Alexander Stares, Director and Officer	Payments for equipment rentals, supply of labour and reimbursement of expenses capitalized in deferred development expenditures	302,888	274,451
Eastrock Exploration/ Wayne Reid	Company controlled by Wayne Reid, Director and Officer	Payments for geological consulting services, and reimbursement of expenses capitalized in deferred development expenditures	192,348	135,400
Nick Tsimidis	Director and Officer	Payments for consulting fees and reimbursement of expenses	27,120	27,179

The purchases from/fees charged by related parties are in the normal course of operation and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Included in accounts payable and accrued liabilities at December 31, 2012 is:

- $9,843 payable to Stares Prospecting Ltd., (2011: $nil);
- $3,661 payable to Eastrock Exploration Inc., (2011: $6,977)

Key management personnel remuneration during the period included $448,045 (December 31, 2011 - $383,612) in salaries and benefits and $62,566 (December 31, 2011 - $178,180) in share-based payments.

9. CAPITAL DISCLOSURES

The Company’s objectives when managing capital are as follows:

- To safeguard the Company’s ability to continue as a going concern;
- To raise sufficient capital to finance its exploration and evaluation activities on its mineral exploration properties;
- To raise sufficient capital to meet its general and administrative expenditures;

The Company manages its capital structure and makes adjustment to it, based on the general economic conditions, its short term working capital requirements, and its planned exploration and evaluation program expenditure requirement. The capital structure of the Company is composed of working capital and shareholders’ equity. The Company may manage its capital by issuing flow-through or common shares, or by obtaining additional financing.

The Company utilizes annual capital and operating expenditure budgets to facilitate the management of its capital requirement. These budgets are approved by management and updated for changes in the budgets underlying assumptions as necessary.

There were no changes in the Company’s approach to managing capital during the period.

In order to maintain or adjust the capital structure, the Company considers the following;

- i) incremental investment and acquisition opportunities;
- ii) equity and debt capital available from capital markets;
- iii) equity and debt credit that may be obtainable from the marketplace as a result of growth in mineral reserves;
- iv) availability of other sources of debt with different characteristics than the existing bank debt;
- v) the sale of assets;
- vi) limiting the size of the investment program; and
- vii) new share issuances if available on favorable terms.

Except as otherwise disclosed, the Company is not subject to any external financial covenants at December 31, 2012.

10. RISK MANAGEMENT

The Company's financial instruments are exposed to certain risks, including credit risk, liquidity risk, interest rate risk and market risk.

(a) Credit Risk

Counterparty credit risk is the risk that the financial benefits of contracts with a specific counterparty will be lost if a counterparty defaults on its obligations under the contract. This includes any cash amounts owed to the Company by those counterparties, less any amounts owed to the counterparty by the Company where a legal right of offset exists and also includes the fair values of contracts with individual counterparties which are recorded in the financial statements.

i) Trade credit risk
The Company is in the exploration stage and has not yet commenced commercial production or sales. Therefore, the Company is not exposed to significant credit risk and overall the Company's credit risk has not changed significantly from the prior period.

ii) Cash and cash equivalents
In order to manage credit and liquidity risk the Company's cash and short term investments are held through large Canadian Financial Institutions. Staking security deposits are held by the Government of Newfoundland.

iii) Derivative financial instruments
As at December 31, 2012, the Company has no derivative financial instruments.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure. The Company monitors and reviews current and future cash requirements and matches the maturity profile of financial assets and liabilities.

Accounts payable and accrued liabilities are due within the current operating period.

(c) Interest rate risk

The Company's interest revenue earned on cash and or short-term investments is exposed to interest rate risk. The Company does not enter into derivative contracts to manage this risk. The Company's exposure to interest rate is very low as the Company's short term investments are either fully liquid or bear short staggered maturity dates to mitigate the risk of fluctuating interest rates.

The Company limits its exposure to interest rate risk as it invests only in short-term investments at major Canadian financial institutions.

(d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices and is comprised of currency risk, interest rate risk, and other price risk. The Company currently does not have any financial instruments that would be impacted by changes in market prices.

11. INCOME TAXES

a. Income tax recovery

The provision for (recovery of) income taxes differs from the amount that would have resulted by applying Canadian federal and provincial statutory tax rates of 26.25% (December 31, 2011 – 28.25%).

	December 31, 2012	December 31, 2011
Loss before taxes	$ (3,106,264)	$ (1,271,906)
Expected income tax expense (recovery) calculated using statutory rates	(815,394)	(359,313)
Non-deductible expenses and other	640,727	197,085
Share issue costs	(55,642)	(69,621)
Recognized benefit of deferred tax assets	(123,303)	(383,111)
Valuation allowance on current taxes recoverable	230,309	-
Flow-through expenditures	-	97,241
Change in effective tax rates	5,872	67,151
Deferred tax recovery	$ (117,431)	$ (450,568)

b. Deferred Tax Balances

The tax effects of temporary differences that give rise to deferred income tax assets and deferred income tax liabilities at the combined Canadian federal and provincial statutory tax rates are as follows:

	December 31, 2012	December 31, 2011
Non-capital losses	$ 915,849	$ 772,009
Investments	15,977	16,129
Deferred exploration expenditures	(749,379)	(1,054,372)
Share issue costs	115,335	168,328
Property and equipment	2,194	2,742
Valuation allowance	(299,976)	(22,267)
	$ -	$ (117,431)

c. Income Tax Information

The Company has non-capital losses which will expire, if unused, as follows:

Year of Expiry	Amount
2014	$ 21,566
2015	67,503
2026	50,507
2027	426,007
2028	477,824
2029	628,389
2030	595,537
2031	518,696
2032	877,367
TOTAL	**$ 3,663,396**

The Company evaluates its valuation allowance requirements based on projected future operations. When circumstances change and this causes a change in management's judgment about the recoverability of deferred tax assets, the impact of the change on the valuation allowance is reflected in current income.

In addition to the above-noted loss non-capital loss carry-forwards, the Company also has approximately $3.6 million in combined Cumulative Canadian Exploration Expenses (CEE) and Cumulative Canadian Development Expenses (CDE) available for deduction from future taxable income in future years without expiry.

12. STAKING SECURITY DEPOSITS

Staking security deposits of $22,281 (December 31, 2011 – $38,950) represents security amounts paid to the Government of Newfoundland and Labrador in connection with mineral property claims located in the Province of Newfoundland. These staking security deposits are refundable to the company upon submission by the company of a report covering the first year work requirements which meets the requirements of the Government of Newfoundland and Labrador.

13. SUPPLEMENTAL CASH FLOW INFORMATION

	December 31, 2012 $	December 31, 2011 $
Shares issued for option on mineral properties	117,354	114,706
Broker warrants issued	-	362,675

14. LOSS PER SHARE

Basic loss per share figures are calculated using the weighted average number of common shares outstanding during the period.

Fully diluted loss per share figures are calculated after taking into account all stock options and warrants granted. Exercise of the outstanding warrants and options would be anti-dilutive with respect to loss per share calculations and therefore fully-diluted loss per share is not presented.

15. COMMITMENTS

The Company leases an automobile which has an expiry date of August 2013. The future minimum annual fiscal lease payments over the term of the leases are as follows:

2013	$ 5,778

The Company has entered into a lease agreement for its office premises in Thunder Bay, Ontario expiring September 15, 2014 for $1,219 per month.

The Company also has commitments as described in note 6 related to mineral properties and deferred development expenditures.

During the year ended December 31, 2011, the Company announced that it had entered into an investor relations contract whereby the Company will pay the provider a monthly fee of $5,000 and grant 300,000 stock options of the Company with an exercise price of $0.10 expiring on the earlier of 5 years from the date of grant or the expiration or termination of the agreement and will vest in quarterly increments over a 12 month period. The term of the agreement is 12 months however it may be terminated by either party after 5 months provided 30 days written notice is given to the other party. During the year ended December 31, 2012, the Company terminated the agreement and cancelled the options, the vested amounts of which were unexercised. See Subsequent Events note 16 for additional information with respect to occurrences after December 31, 2012.

16. SUBSEQUENT EVENTS

The following occurred subsequent to December 31, 2012:

(i) The Company announced that it has signed a letter of intent with Golden Dory to sell its remaining 30% interest in the Project to Golden Dory subject to entering into a definitive amending agreement and upon receipt of TSX Venture Exchange approval. The Company and Golden Dory have agreed to amend their existing Option and Joint Venture Agreement dated May 18, 2012 (the “JVOA”) to provide for Golden Dory to accelerate its interest in the Property to 70% and then for Golden Dory to purchase the remaining 30% residual interest from the Company (the “Residual 30% Interest”). The JVOA will be amended to provide that Golden Dory will accelerate increasing its interest in the Property to 70% by issuing 2,500,000 common shares to the Company without having to comply with a previous term which required Golden Dory to complete a NI 43-101 report resulting in a minimum of 50 million tonnes of product. Upon Golden Dory acquiring the 70% interest in the Property, the royalty interest in the Property will be reduced to a 0.9% NSR. As part of the amended JVOA, Golden Dory will also purchase Metals Creek’s Residual 30% Interest by: a) issuing 15 million common shares to the Company; b) paying $1 million to the Company upon completion of a bankable feasibility study on the Property; and c) issuing to Metals Creek an additional 1% NSR on the Property. Upon Golden Dory acquiring all of the Company’s interest in the Property, the Company will retain, in the aggregate, a 1.9% NSR in the Property. Upon completion of the abovementioned transactions, Metals Creek will own 19,000,000 shares of Golden Dory, or approximately 15% of its total issued and outstanding, while Golden will have a 100% interest in the Iron Horse project.

(ii) The Company announced that it has entered into an agreement with Gold Royalties Corporation ("Gold Royalties") in which Gold Royalties will acquire a 1.0% royalty interest in the Iron Horse Project. The purchase price of $1,000,000 is payable through the issuance of 1,333,333 common shares of Gold Royalties (the "Gold Royalties Shares") at a deemed price of $0.75 per Gold Royalties Share (the "Share Consideration"). Closing of the transaction, is subject to certain conditions, including approval of the TSX Venture Exchange and closing of the transaction described above with Golden Dory. Upon closing of the Gold Royalties and Metals Creek Transaction, Metals Creek will still retain a 0.9% royalty from the Iron Horse Project. The Company has agreed to a contractual escrow period whereby the Share Consideration will be subject to escrow with a 25% release every six (6) months from the date of closing of the Transaction. The common shares of Gold Royalties trade on the TSX Venture Exchange under the symbol “GRO”.

(iii) The Company announced that it has entered into an Option/Joint Venture agreement with GTA Resources ("GTA") in which GTA can earn a 51% to 70% interest in the Company's Squid East property in the Matson Creek area of Yukon. The 82 claim property was initially staked by the Company in 2011 and they Company owns a 100% interest. To earn an initial 51% interest, GTA must make cash payments of $60,000 over three years ($20,000 due upon regulatory approval and now received), issue a total of 2,000,000 GTA shares over three years (200,000 due upon regulatory approval and now received) and incur work expenditures of $2,000,000 over three years ($500,000 firm including a minimum 400 meters of drilling by 1st anniversary). The Company will be the operator during the earn-in period. Once a 51% interest is earned by GTA, either a 51/49 joint venture will be formed, or GTA may elect to earn an additional 19% interest to bring its total property interest to 70%. The terms to increase its interest from 51% to 70% include payments of $210,000 and 400,000 GTA shares within 120 days of the 3rd anniversary date and incurring an additional $1,000,000 in exploration expenditures by the 5th anniversary. GTA would assume operatorship once it had earned a 51% interest.

(iv) The Company announced that it had hired King James Capital Corp. to provide investor relations and financial public relations services in exchange for a fee of $2,000 per month for a term of twelve months. In addition, the Company granted to King James Capital Corp. 100,000 stock options at an exercise price of $0.10 for a term of two years with one-quarter of the options granted vesting every three months following the date of grant.