NICKEL NORTH EXPLORATION CORP.

(formerly Orient Venture Capital Inc.)

CONDENSED INTERIM FINANCIAL STATEMENTS

Six Months Ended September 30, 2012

(Unaudited – Prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL REPORT

The accompanying unaudited interim financial report of the Company has been prepared by and is the responsibility of the Company's management. The Company's independent auditor has not performed a review of this financial report in accordance with securities legislation and the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

NICKEL NORTH EXPLORATION CORP.
(formerly Orient Venture Capital Inc.)
CONDENSED STATEMENTS OF FINANCIAL POSITION
(Unaudited – Prepared by Management)

	Note	September30, 2012	March 31, 2012
ASSETS			
Current assets			
Cash and cash equivalents	4	$ 1,448,853	$ 249,412
Sales tax recoverable		216,431	2,588
Prepaid expenses and deposits	5	132,121	14,400
		1,797,405	266,400
Non-current assets			
Restricted cash	6	28,750	-
Equipment	7	782	-
Exploration and evaluation assets	8	2,468,318	-
		2,497,850	-
Total assets		$ 4,295,255	$ 266,400
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	9	$ 374,883	$ 201,027
Loans payable	10	-	23,245
Loans from related parties	11	-	108,239
Flow-through share premium liability	12	50,092	-
Total liabilities		424,975	332,511
Equity (deficiency)			
Share capital		4,847,309	385,471
Share subscription proceeds		-	245,500
Share-based payments reserve		158,151	30,018
Deficit		(1,135,180)	(727,100)
Total equity (deficiency)		3,870,280	(66,111)
Total liabilities and equity		$ 4,295,255	$ 266,400

Commitments (Note 8)

The financial statements were authorized for issue by the board of directors on November 28, 2012 and were signed on its behalf by:

"Phillip Mudry" — Chief Executive Officer

"Min Kuang" — Chief Financial Officer

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

NICKEL NORTH EXPLORATION CORP.
(formerly Orient Venture Capital Inc.)
CONDENSED STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited – Prepared by Management)

	Note	Three Months Ended September 30, 2012	Three Months Ended September 30, 2011	Six Months Ended September 30, 2012	Six Months Ended September 30, 2011
EXPENSES					
Accounting and audit		$ 17,000	$ 3,136	$ 30,500	$ 2,096
Administration		21,700	-	31,500	-
Consulting fees		38,832	-	41,612	-
Depreciation		112	-	111	-
Interest		2,393	6,266	5,704	8,810
Legal		27,784	-	51,609	-
Media and conference		20,420	-	20,938	-
Office and miscellaneous		12,200	1,570	16,605	3,076
Share-based payments		142,889	-	142,889	-
Transfer agent and filing fees		2,926	7,325	22,130	9,570
Travel and promotion		20,273	-	58,959	-
Wages and benefits		3,340	-	3,340	-
		(309,869)	(18,297)	(425,897)	(23,552)
OTHER ITEM					
Interest and other income		10,670	-	10,670	-
Net and comprehensive loss for the period		$ (299,199)	$ (18,297)	$ (415,227)	$ (23,552)
Basic and diluted loss per common share	12	$ (0.01)	$ (0.00)	$ (0.03)	$ (0.01)
Weighted average number of common shares outstanding		23,593,695	4,260,790	16,499,737	4,260,790

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

NICKEL NORTH EXPLORATION CORP.
(formerly Orient Venture Capital Inc.)
CONDENSED STATEMENTS OF CHANGES IN EQUITY
(Unaudited – Prepared by Management)

	Note	Number of Shares	Share capital	Share subscription proceeds	Share-based payments reserve	Deficit	Total equity
Balance, March 31, 2012		4,260,790	$ 385,471	$ 245,500	$ 30,018	$ (727,100)	$ (66,111)
Comprehensive income for the period		-	-	-	-	(415,227)	(415,227)
Transactions with owners							
Private placements	12	19,860,000	3,177,000	(245,500)	-	-	2,931,500
Flow-through private placements	12	2,504,600	551,012	-	-	-	551,012
Shares-for-debt settlement	12	1,072,983	214,597	-	-	-	214,597
Acquisition of exploration and evaluation assets	12	3,552,032	710,406	-	-	-	710,406
Finder's fee in shares	12	100,000	20,000	-	-	-	20,000
Exercise of stock options	12	320,000	54,871	-	(22,871)	-	32,000
Share issuance costs	12	-	(215,956)	-	15,262	-	(200,694)
Premium on flow-through shares	12	-	(50,092)	-	-	-	(50,092)
Share-based payments	12	-	-	-	142,889	-	142,889
Adjustment on cancellation of stock options		-	-	-	(7,147)	7,147	-
		27,409,615	4,461,838	(245,500)	128,133	7,147	4,351,618
Balance, September 30, 2012		31,670,405	$ 4,847,309	$ -	$ 158,151	$ (1,135,180)	$ (3,870,280)

	Note	Number of Shares	Share capital	Share-based payments reserve	Deficit	Total equity
Balance, March 31, 2011		4,260,790	$ 385,471	$ 30,018	$ (772,776)	$ (357,287)
Comprehensive loss for the period		-	-	-	(23,552)	(23,552)
Balance, September 30, 2011		4,260,790	$ 385,471	$ 30,018	$ (796,328)	$ (380,839)

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

NICKEL NORTH EXPLORATION CORP.
(formerly Orient Venture Capital Inc.)
CONDENSED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED SEPTEMBER 30
(Unaudited – Prepared by Management)

	Note	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss for the period		$ (415,227)	$ (23,552)
Items not affecting cash:			
Depreciation		111	-
Share-based payments		142,889	-
Changes in non-cash working capital items:			
Sales tax recoverable		(213,843)	-
Prepaid expenses and deposits		(117,721)	-
Trade and other payables		(90,362)	5,750
Net cash used in operating activities		(694,153)	(17,802)
CASH FLOWS FROM INVESTING ACTIVITIES			
Restricted cash		(28,750)	-
Exploration and evaluation assets		(1,404,770)	-
Purchase of equipment		(893)	-
Net cash used in investing activities		(1,434,413)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of loans payable		(5,811)	-
Proceeds from issuance of share capital		3,514,512	-
Share issuance costs		(180,694)	-
Net cash provided by financing activities		3,328,007	-
Change in cash and cash equivalents during the period		1,199,441	(17,802)
Cash and cash equivalents, beginning of the period		249,412	42,531
Cash and cash equivalents, end of the period		$ 1,448,853	$ 24,729

Supplemental cash flow information (Note 15)

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

1. NATURE OF BUSINESS

Nickel North Exploration Corp. (formerly Orient Venture Capital Inc.) (the "Company") was incorporated under the laws of British Columbia, Canada on February 27, 2007 as Orient Ventures Capital Inc. and changed its name to Nickel North Exploration Corp. on July 30, 2012. The Company maintains its head office at Suite 300, 1055 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2E9 and its registered office is located at Suite 800, 885 West Georgia Street, Vancouver, British Columbia, Canada, V6C 3H1.

The Company was classified as a Capital Pool Company ("CPC") as defined under TSX Venture Exchange (TSX-V) Policy 2.4 *Capital Pool Companies* ("Policy 2.4"). On August 8, 2012, the Company completed its Qualifying Transaction as defined under TSX-V Policy 2.4 and as such, the Company graduated from being a CPC to a Tier 2 mining issuer on the TSX-V. The Company is currently engaged in the acquisition, exploration, and development of mineral property interests in Canada. The Company's common shares are listed on the TSX-V under the symbol "NNX".

2. BASIS OF PREPARATION

These condensed interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by International Accounting Standards Board ("IASB"), applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34 *Interim Financial Reporting*. The condensed interim financial statements do not include all of the disclosures required for a complete set of annual financial statements and should be read in conjunction with the annual financial statements for the year ended March 31, 2012, which have been prepared in accordance with IFRS as issued by the IASB.

Basis of measurement

These financial statements have been prepared on a historical cost basis except for certain financial instruments that are measured at revalued amounts or fair values. In addition these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

Going concern

The Company is an exploration stage company. At present, the Company's operations do not generate cash flow. The continuing operations of the Company are dependent upon its ability to raise adequate financing and to commence profitable operations in the future. Although the Company has been successful in raising funds in the past, there is no assurance that it will be able to obtain adequate financing in which case the Company may be unable to meet its obligations. The directors, after reviewing the current cash position and having considered the Company's ability to raise funds in the short term, believe that the going concern basis is appropriate in preparing its financial statements.

These financial statements do not include adjustments that would be required if going concern was not deemed an appropriate basis for preparation of the financial statements. These adjustments could be material.

2. BASIS OF PREPARATION (cont'd…)

Use of estimates and judgements

The preparation of the financial statements in accordance with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates. Significant areas requiring the use of management estimates include:

(i) Recorded costs of exploration and evaluation assets are not intended to reflect present or future values of these properties. The assessment of indications of impairment loss and the reversal of an impairment loss and the measuring of the recoverable amount when impairment tests have been prepared involve judgment. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that change in future conditions could require a material change in the recognized amount.

(ii) The determination of the fair value of stock options or warrants using stock pricing models, require the input of highly subjective assumptions, including the expected price volatility. Changes in the subjective input assumptions could materially affect the fair value estimate; therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options and warrants.

(iii) The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.

(iv) The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its exploration projects and working capital requirements.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out in the Company's annual financial statements for the year ended March 31, 2012 were consistently applied to all the periods presented unless otherwise noted below.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and at banks and highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash.

Equipment

Equipment is recorded at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset into operation and an initial estimate of any rehabilitation obligation. Depreciation is recognized on a straight line basis over their estimated useful lives. Additions during the year are amortized at one-half the annual rate.

An item of equipment is derecognized upon disposal, when held for sale or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the statement of comprehensive income. The Company conducts an annual assessment of the residual balances, useful lives and depreciation methods being used for equipment and any changes arising from the assessment are applied by the Company prospectively.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Exploration and evaluation assets

Once a license to explore an area has been secured, all direct costs related to the acquisition, exploration and evaluation of mineral property interests are capitalized into intangible assets on a property by property basis until such time that technical feasibility and commercial viability of extracting a mineral resource has been determined for a property, in which case the capitalized exploration and evaluation costs are transferred and capitalized into property, plant and equipment. The Company records expenditures on exploration and evaluation activities at cost. Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Proceeds received from a partial sale or option of any interest in a property are credited against the carrying value of the property. When the proceeds exceed the carrying costs, the excess is recorded in profit or loss in the period the excess is received. When all of the interest in a property is sold, subject only to any retained royalty interests which may exist, the accumulated property costs are written-off, with any gain or loss included in profit or loss in the period the transfer takes place. No initial value is assigned to any retained royalty interest. A royalty interest is subsequently assessed for value by reference to developments on the underlying mineral property.

Impairment of non-financial assets

Management assesses the exploration and evaluation assets and property and equipment for impairment at least annually and whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. For exploration and evaluation assets, the assessment is based on the development program, the nature of the mineral deposit, commodity prices and the Company's intentions and ability for development of the undeveloped property. If, after management review, it is determined that the carrying amount of an asset is impaired, that asset is written down to its estimated recoverable amount. The recoverable amount of an asset is determined as the higher of its fair value less costs to sell and its value in use. 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 amortisation, if no impairment loss had been recognized.

Provision for decommissioning and restoration

The Company recognizes provisions for statutory, contractual, constructive or legal obligations associated with the reclamation of mineral properties in the year in which it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate of the amount can be made. Initially, a provision for a decommissioning liability is recognized based on expected cash flows required to settle the obligation and discounted at a pre-tax rate specific to the liability. The capitalized amount is depreciated on the same basis as the related asset. Following the initial recognition of the decommissioning liability, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market-based discount rate and the amount or timing of the underlying cash flows needed to settle the obligation. The increase in the provision due to passage of time is recognized as interest expense. Significant judgments and estimates are involved in forming expectations of the amounts and timing of future closure and reclamation cash flows. As at September 30, 2012, the Company has no known restoration, rehabilitation or environmental liabilities related to its mineral properties.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Flow-through shares

Canadian tax legislation permits a company to issue flow-through shares whereby the deduction for tax purposes relating to qualified resource expenditures is claimed by the investors rather than the Company. On issue, share capital is recorded at the trading value of an ordinary common share. The difference between the proceeds and the ordinary common share value is recorded as a flow-through share premium liability. Upon incurring qualifying expenditures and renouncement by the Company of the tax benefits associated with the related expenditures, the loss of tax benefits is recorded as a deferred income tax liability with an offsetting reduction of the flow-through share premium liability and the difference between the share premium liability and the deferred income tax liability on the renounced expenditures is expensed. To the extent that suitable deferred income tax assets are available, the Company will reduce the deferred income tax liability and record a deferred income tax recovery.

Future accounting changes

i) Amendments to IFRS 7 *Financial Instruments: Disclosures* have been issued to require additional disclosures in respect of risk exposures arising from transferred financial assets. The amendments are applicable for annual periods beginning on or after July 1, 2011, with early adoption permitted.

ii) Amendments to IAS 12 *Income Taxes* have been issued to introduce an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. The amendments are applicable for annual periods beginning on or after January 1, 2012, with early adoption permitted.

iii) New standard IFRS 13 *Fair Value Measurement* (IFRS 13) has been issued to provide a single source of guidance on how to measure fair value where its use is already required or permitted by other IFRS and enhances disclosure requirements for information about fair value measurements. IFRS 13 is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted.

iv) Amendments to IAS 32 *Financial Instruments: Presentation* have been issued to clarify requirements for offsetting of financial assets and financials liabilities. The amendments are applicable for annual periods beginning on or after January 1, 2014, with early adoption permitted.

v) New standard IFRS 9 *Financial Instruments* (IFRS 9) has been issued by IASB to replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 has two measurement categories: amortized cost and fair value. IFRS 9 is effective for annual periods beginning on or after January 1, 2015, with early adoption permitted.

The Company has not early adopted these revised standards and is currently assessing the impact of these standards on the Company's financial statements.

4. CASH AND CASH EQUIVALENTS

	September 30, 2012	March 31, 2012
Cash (bank indebtedness)	$ (224,147)	$ 249,412
Guaranteed investment certificates	1,673,000	-
	$ 1,448,853	$ 249,412

5. PREPAID EXPENSES AND DEPOSITS

	September 30, 2012	March 31, 2012
Exploration advances and deposits	$ 114,666	$ -
Prepaid expenses and deposits	17,455	14,400
	$ 132,121	$ 14,400

6. RESTRICTED CASH

The Company has provided corporate credit cards to its directors with a credit limit totalling $25,000 for the Company's expenses. As collateral for the credit cards, the Company has a one-year term deposit of $28,750 earning annual interest at the prime rate minus 2.05%. As at September 30, 2012, the credit cards had an outstanding balance of $835 (March 31, 2012 - $nil) in total.

7. EQUIPMENT

	Computer equipment
Cost	
Balance as at March 31, 2012	$ -
Additions	893
Balance as at September 30, 2012	893
Accumulated depreciation	
Balance as at March 31, 2012	-
Depreciation for the period	111
Balance as at September 30, 2012	111
Net book value as at September 30, 2012	$ 782

8. EXPLORATION AND EVALUATION ASSETS

	Balance, March 31, 2012	Additions	Balance, September 30, 2012
Hawk Ridge Property			
Acquisition costs			
Option payments	$ -	$ 1,210,406	$ 1,210,406
Other property costs	-	9,604	9,604
	-	1,220,010	1,220,010
Exploration costs			
Accommodation/camp	-	92,738	92,738
Assays	-	5,769	5,769
Drilling	-	295,737	295,737
Field supplies	-	190,476	190,476
Geological consulting	-	236,735	236,735
Miscellaneous	-	41,223	41,223
Transportation	-	331,944	331,944
Travel	-	53,686	53,686
	-	1,248,308	1,248,308
	-	2,468,318	2,468,318

On March 29, 2012, the Company entered into an option agreement with Anthem Resources Inc. (formerly Virginia Energy Resources Inc.) (“Anthem”) and its wholly-owned subsidiary (together the “Optionor”) whereby the Optionor granted the Company an option to acquire a 100% interest in the Hawk Ridge property by making staged payments totalling $2,000,000 in cash and $1,000,000 in common shares of the Company to Anthem by December 31, 2013 as follows:

- Pay $500,000 in cash (paid) and $250,000 in shares (issued 1,250,000 common shares at $0.20 per share) within five business day of TSX-V final approval of the transaction;
- Pay $500,000 in cash and $250,000 in shares (divided by the greater of (A) the price per consideration share equal to 10% discount to the 20 day moving average trading price for the Shares for the 20 day period immediately preceding the date of issuance and (B) $0.20) by December 31, 2012; and
- Pay $1,000,000 in cash (to be reduced by $92,081 for 20% of geophysical survey costs paid) and $500,000 in shares by December 31, 2013.

In addition, the Company may be required to issue common share units equal to the expenses of a geophysical survey up to $600,000 at a price of $0.20 per unit (issued 2,302,032 units with a fair value of $460,406). Each unit is comprised of one common share and one-half of a share purchase warrant; each whole warrant entitles the holder to acquire one common share at a price of $0.35 until August 2, 2013 and at a price of $0.60 until August 2, 2014. The cash payment of $1,000,000 due by December 31, 2013 will then be reduced by 20% of the geophysical survey costs paid by the Company.

The property is subject to a 3% net smelter returns royalty (“NSR”) and the Company has the option to purchase one-third of the NSR (1%) for $1,000,000.

9. TRADE AND OTHER PAYABLES

The Company's trade and other payables are broken down as follows:

	September 30, 2012	March 31, 2012
Trade payables	$ 337,586	$ 161,519
Amounts due to related party (Note 14)	32,580	11,508
Accrued expenses	4,717	26,000
Other payable	-	2,000
	$ 374,883	$ 201,027

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

10. LOANS PAYABLE

During the year ended March 31, 2010, the Company received loans totalling $20,000 from three non-related individuals. These loans are unsecured, bear interest at 8% per annum and payable on or before the earlier of (1) March 12, 2012 or (2) when the Company completes an equity financing. During the six months ended September 30, 2012, the Company paid $5,975 and issued 87,167common shares as full repayment of principal of the loans.

11. LOANS FROM RELATED PARTIES

During the year ended March 31, 2010, the Company received loans of $77,000 and $13,000 from a company controlled by the Chief Financial Officer ("CFO") of the Company and from the President of the Company, respectively. The loans are unsecured, bear interest at 8% per annum and are payable on or before the earlier of (1) October 1, 2012 or (2) when the Company completes an equity financing. During the six months ended September 30, 2012, the Company issued 541,200 common shares as full repayment of the loans.

12. SHARE CAPITAL

Authorized share capital

The Company has authorized an unlimited number of common shares with no par value and an unlimited number of non-voting, non-participating, non-cumulative preferred shares without par value issuable in series.
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Issued share capital

As at September 30, 2012, the Company had 31,670,405 common shares issued and outstanding (March 31, 2012 - 4,260,790).

As at September 30 and March 31, 2012, the Company had no preferred shares issued and outstanding.

Share issuance

During the six months ended September 30, 2012, the Company:

i) Completed a non-brokered private placement of 5,300,000 common shares at a price of $0.05 per share for gross proceeds of $265,000. The Company incurred legal and other expenses of $27,079 in connection with the private placement.

ii) Completed a brokered financing of 2,504,600 flow-through units at a price of $0.22 per flow-through unit for gross proceeds of $551,012. Each flow-through unit is comprised of one flow-through common share and one-half of a share purchase warrant; each whole warrant entitles the holder to acquire one additional non-flow-through common share at a price of $0.35 until August 2, 2013 and at a price of $0.60 until August 2, 2014. The Company paid a cash commission of $33,398 and a corporate finance fee of $25,000, reimbursed legal and other expenses of $32,965 and issued 151,810 agent's warrants in connection with the brokered financing. Each agent's warrant is exercisable until August 2, 2014 to acquire one common share at a price of $0.22. The agent's warrants were valued at $15,262 using the Black-Scholes option pricing model (assuming a risk-free interest rate of 1.06%, an expected life of 2 year, annualized volatility of 100% and a dividend rate of 0%). A premium of $50,092 on the flow-through shares issued was recorded as a share capital reduction.

iii) Completed a non-brokered financing of 14,560,000 units at a price of $0.20 per unit for gross proceeds of $2,912,000. Each unit is comprised of one common share and one-half of a share purchase warrant; each whole warrant entitles the holder to acquire one additional common share at a price of $0.35 until August 2, 2013 and at a price of $0.60 until August 2, 2014. The Company incurred legal and other expenses of $62,252 in connection with the private placement.

iv) Issued 3,552,032 common shares pursuant to Hawk Ridge property agreements with a total value of $710,406.

v) Issued 100,000 common shares as a finder's fee in connection with the Qualifying Transaction.

vi) Issued 1,072,983 common shares at $0.20 per share to settle $88,924 of accounts payable, $17,434 of loans payable and $108,239 of loans from related parties.

vii) Issued 320,000 common shares at a price of $0.10 per share from the exercise of stock options for gross proceeds of $32,000. Accordingly, $22,871 was transferred from share-based payments reserve to share capital.

12. SHARE CAPITAL (cont'd…)

Escrow share

21,510,059 common shares issued prior to the completion of the Qualifying Transaction are subject to escrow. Pursuant to TSX-V Policy 2.4, 10% of the escrowed common shares will be released from escrow on the listing date and 15% will be released every six months thereafter over a period of thirty six months. As at September 30, 2012, 19,359,053 common shares remained in escrow.

Basic and diluted earnings/loss per share

The calculation of basic and diluted loss per share for the six month period ended September 30, 2012 was based on the loss of $440,442 (2011 - $23,552), attributable to common shareholders and a weighted average number of common shares outstanding of 16,499,737 (2011 - 4,260,790).

At September 30, 2012, 2,700,000 stock options (2011 - 420,000), 9,683,316 warrants (2011 - nil), and 151,810 agent's warrants (2011 - nil) were excluded from the diluted weighted average number of common shares calculation as their effect would have been anti-dilutive.

13. SHARE-BASED PAYMENTS

Stock options

The Company has a stock option plan under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. The exercise price of each option shall not be less than the market price of the Company's stock at the date of grant. The options can be granted for a maximum term of 5 years and vest as determined by the board of directors.

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, March 31, 2011 and 2012	420,000	$ 0.10
Options granted	2,700,000	0.20
Exercised	(320,000)	0.10
Expired	(100,000)	0.10
Balance, September 30, 2012	2,700,000	$ 0.20
Exercisable at September 30, 2012	2,295,000	$ 0.20
Weighted average fair value of options granted during the period	$ 0.06	(2011 - $nil)

13. SHARE-BASED PAYMENTS (cont'd…)

The following options to acquire common shares were outstanding at September 30, 2012.

Number of Shares	Exercise Price	Expiry Date
2,700,000	$ 0.20	August 28, 2017

The total share-based payments calculated for stock options granted during the period under the fair value method was $168,104 (2011 - $nil) using the Black-Scholes option pricing model. For the period ended September 30, 2012, the Company expensed $142,889 (2011 - $nil) for the stock options vested during the period. The stock option were valued using the Black-Scholes option pricing model based on the following assumptions: a risk-free interest rate of 1.23%, an expected life of 3 year, annualized volatility of 100% and a dividend rate of 0%.

Warrants

Warrants are issued as private placement incentives. No value was allocated to the warrants issued with private placement units. Agents' warrants are measured at fair value on the date of the grant as determined using a Black-Scholes option pricing model.

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, March 31, 2011 and 2012	-	$ -
Warrants issued	9,683,316	0.35
Agents' warrants issued	151,810	0.22
Balance, September 30, 2012	9,835,126	$ 0.35
Exercisable at September 30, 2012	9,835,126	$ 0.35

As at September 30, 2012 the following warrants were outstanding:

	Number of Warrants	Exercise Price	Expiry Date
Warrants			
	9,683,316	$ 0.35	August 2, 2013
		0.60	August 2, 2014
Agents' warrants			
	151,810	$ 0.22	August 2, 2014
	9,835,126		

14. RELATED PARTY TRANSACTIONS

Included in trade and other payables was $32,580 (March 31, 2012 - $11,508) owing to companies controlled by related parties for services rendered to the Company and is unsecured, non-interest bearing, and has no specific terms of repayment.

During the six months ended September 30, 2012, the Company issued 541,200 common shares to settle $108,239 of loans and accrued interest due from a former director of the Company and a company controlled by the CFO of the Company.

Key management includes directors (executive and non-executive) and senior officers of the Company. The compensation paid or payable to key management personnel during the six month periods ended September 30 is as follows:

		2012		2011
Consulting, geological consulting and administration fees	$	106,550	$	2,400
Share-based payments		101,081		-
Total	$	207,631	$	2,400

The Company entered into the following related party transactions during the six month periods ended September 30, 2012:

a) Incurred geological consulting fees of $38,000 (2011 - $nil) to a company controlled by the CEO of the Company

b) Incurred consulting fees of $12,500 (2011 - $nil) to a company controlled by the CFO of the Company for corporate consulting services provided.

c) Incurred consulting fees of $5,000 (2011 - $nil) to a company controlled by a director of the Company for corporate consulting services provided.

d) Incurred consulting fees of $20,000 (2011 - $nil) to an officer of the Company for corporate finance services provided.

e) Incurred administration fees of $22,500 (2011 - $2,400) to a company with an executive officer in common with the Company for administration services provided in connection with the Qualifying Transaction.

f) Incurred geological consulting fees of $8,500 (2011 - $nil) to an officer of the Company.

g) Incurred interest expense of $5,541 (2011 - $3,131) on loans from two companies controlled by directors of the Company.

15. SUPPLEMENTAL CASH FLOW INFORMATION

	2012	2011
Cash paid for income taxes during the period	$ -	$ -
Cash paid for interest during the period	$ 6,516	$ -

Significant non-cash investing and financing transactions during the six month periods ended September 30, 2012 included:

(a) The Company issued 3,552,032 common shares with a total value of $710,406 pursuant to Hawk Ridge property agreements.

(b) The Company issued 100,000 common shares as a finder's fee in connection with the Qualifying Transaction.

(c) The Company issued 1,072,983 common shares at $0.20 per share to settle $88,924 of accounts payable, $17,434 of loans payable and $108,239 of loans from related parties.

(d) The Company issued 151,810 agent's warrants with a fair value of $15,262 as financing fees for a brokered private placement.

(e) Included in trade and other payables are $353,142 related to exploration and evaluation assets.

There were no significant non-cash investing or financing transactions during the six month periods ended September 30, 2011.

16. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes components of shareholders' equity in the definition of capital.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue new shares, issue new debt, and acquire or dispose of assets. The Board of Directors does not establish quantitative return on capital criteria for management.

There were no changes in the Company's approach to capital management from the prior year. The Company is not subject to externally imposed capital requirements.

17. FINANCIAL INSTRUMENTS

The Company classified its financial instruments as follows: cash and cash equivalents as loans and receivables and measured at amortized cost; restricted cash as held-to-maturity investments and measured at amortized cost; trade and other payables , loans payable and loans from related parties as other financial liabilities and measured at amortized cost. The carrying amount of financial assets and liabilities carried at amortized cost is a reasonable approximation of fair value due to the relatively short period to maturity of these financial instruments.

Fair value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy based on the degree to which the inputs used to determine the fair value are observable. The three levels of the fair value hierarchy are:

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

The Company's financial instruments are measured at amortized cost on the statement of financial position.

Financial risk management

The Company's financial risks arising from its financial instruments are credit risk, liquidity risk, and interest rate risk. The Company's exposures to these risks and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

Credit risk is the risk of potential loss to the Company if the counter party to a financial instrument fails to meet its contractual obligations. The credit risk of the Company is associated with cash and cash equivalents. The credit risk with respect to its cash and cash equivalents is minimal as they are held with high-credit quality financial institutions. Management does not expect these counterparties to fail to meet their obligations.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its obligations associated with its financial liabilities as they fall due. As at September 30, 2012, the Company had a working capital of $1,422,522. All of the Company's financial liabilities are classified as current.

At present, the Company's operations do not generate cash flow. The Company's primary source of funding has been the issuance of equity securities through private placements and the exercise of stock options and warrants. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings.

Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash and cash equivalents maintained at the financial institutions. The interest rate risks on cash and cash equivalents are not considered significant due to their short-term nature.