GEOMEGA RESOURCES INC.

FINANCIAL STATEMENTS

May 31, 2012 and 2011

Content

September 28, 2012

Independent Auditor's Report

To the Shareholders of
GéoMégA Resources Inc.

We have audited the accompanying financial statements of GéoMégA Resources Inc., which comprise the statements of financial position as at May 31, 2012 and 2011 and June 1, 2010 and the statements of comprehensive loss, changes in equity and cash flows for the years ended May 31, 2012 and 2011, and the related notes, which comprise 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.

Auditor's 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 in our audits is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of GéoMégA Resources Inc. as at May 31, 2012 and 2011 and June 1, 2010 and its financial performance and its cash flows for the years ended May 31, 2012 and 2011 in accordance with International Financial Reporting Standards.

Emphasis of matter
Without qualifying our opinion, we draw attention to note 2 in the financial statements which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about GéoMégA Resources Inc.'s ability to continue as a going concern.

PricewaterhouseCoopers LLP[1]

[1] CPA auditor, CA, public accountancy permit No. A122718

GEOMEGA RESOURCES INC.
Statement of Financial Position

(In Canadian dollars)

	Notes	**May 31, 2012**	May 31, 2011 (note 21)	June 1, 2010 (note 21)
ASSETS		**$**	$	$
Current				
Cash and cash equivalents		**3,285,042**	46,952	89,854
Investments	5	**-**	1,816,776	-
Other receivables	6	**264,904**	158,667	1,762
Tax credit and credit on duties receivable		**2,334,650**	893,516	-
Prepaid expenses and deposit		**283,549**	283,872	3,500
		6,168,145	3,199,783	95,116
Non-current				
Exploration and evaluation assets	7	**11,628,219**	7,396,960	116,953
Property and equipment	8	**605,172**	50,687	-
		12,233,391	7,447,647	116,953
Total assets		**18,401,536**	10,647,430	212,069
LIABILITIES				
Current				
Trade and other payables	9	**463,220**	383,377	12,865
Current portion of obligations under capital leases	10	**185,203**	-	-
Debt	11	**1,415,605**	-	-
		2,064,028	383,377	12,865
Non-current				
Obligations under capital leases	10	**17,907**	-	-
Total liabilities		**2,081,935**	383,377	12,865
EQUITY				
Share capital		**19,759,206**	11,919,081	330,002
Warrants		**324,089**	479,020	-
Brokers options		**588,957**	-	-
Stock options		**1,504,136**	240,500	-
Contributed surplus		**156,559**	-	-
Deficit		**(6,013,346)**	(2,374,548)	(130,798)
Total equity		**16,319,601**	10,264 053	199,204
Total liabilities and equity		**18,401,536**	10,647,430	212,069

Going concern (note 2)

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

These financial statements were approved and authorized for issue by the Board of Directors on September 28, 2012.

(signed) Simon Britt
Simon Britt
Director

(signed) Mario Spino
Mario Spino
Director

GEOMEGA RESOURCES INC.
Statements of Comprehensive loss

(In Canadian dollars)

	Notes	Years ended May 31 **2012**	2011 (note 21)
		$	$
EXPENSES			
Salaries and employee benefits expense	15.1	**1,555,956**	587,058
Exploration and evaluation expenses, net	22	**938,723**	1,385,732
Professional fees		**448,826**	83,042
Travelling, conventions and investor relations		**339,921**	86,892
Training		**26,823**	-
Telecommunication		**10,427**	9,129
Administration and furniture		**48,288**	31,156
Trustees and registration fees		**57,331**	38,051
Insurance, taxes and permits		**17,753**	8,599
Rent		**30,693**	22,029
Bad debts		**11,425**	-
Depreciation of property and equipment		**26,545**	10,264
Impairment of exploration and evaluation assets	7	**461,616**	-
		3,974,327	2,261,952
OPERATIONG LOSS			
Finance income		**(30,232)**	(19,065)
Finance costs		**48,930**	863
		18,698	(18,202)
LOSS BEFORE INCOME TAX		**3,993,025**	2,243,750
Recovery of deferred income taxes	14	**(354,227)**	-
NET LOSS AND COMPREHENSIVE LOSS		**3 638,798**	2,243,750
NET LOSS PER SHARE			
Basic and diluted loss per share	18	**0.16**	0.19

Going concern (note 2)

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

GEOMEGA RESOURCES INC.
Statements of Changes in Equity

(In Canadian dollars)

	Notes	Share capital	Warrants	Brokers options	Stocks options	Contributed surplus	Deficit	Total equity
		$	$	$	$	$	$	$
Balance as at June 1, 2010 (note 21)		330,002	-	-	-	-	(130,798)	199,204
Net loss and comprehensive loss for the year		-	-	-	-	-	(2,243,750)	(2,243,750)
Share-based payments	15.2	-	-	-	364,000	-	-	364,000
Private placements	12.1	1,095,849	28,400	-	-	-	-	1,124,249
Initial public offering	12.1	2,573,000	332,000	66,400	-	-	-	2,971,400
Share issue expenses	12.1	(419,335)	(48,134)	-	-	-	-	(467,469)
Exercise of warrants	12.2	1,033,565	(131,246)	-	-	-	-	902,319
Exercise of options	15.2	289,750	-	-	(123,500)	-	-	166,250
Exercise of broker'options	12.3	211,650	-	(66,400)	-	-	-	145,250
Shares and warrants issued for the acquisition of exploration and evaluation assets	7	6,804,600	298,000	-	-	-	-	7,102,600
Balance as at May 31, 2011 (note 21)		11,919,081	479,020	-	240,500	-	(2,374,548)	10,264,053
Balance as at June 1, 2011 (note 21)		11,919,081	479,020	-	240,500	-	(2,374,548)	10,264,053
Net loss and comprehensive loss for the year		-	-	-	-	-	(3,638,798)	(3,638,798)
Share-based payments	15.2	-	-	-	1,387,069	-	-	1,387,069
Private placements	12.1	8,329,522	22,500	588,957	-	-	-	8,940,979
Share issue expenses	12.1	(1,590,089)	(330)	-	-	-	-	(1,590,419)
Share issue under Pre-development Agreement	12.1	225,000	-	-	-	-	-	225,000
Warrants net of issuance cost of $1,020	11	-	52,053	-	-	-	-	52,053
Exercise of options	15.2	244,000	-	-	(104,000)	-	-	140,000
Forfeited options	15.2	-	-	-	(19,433)	-	-	(19,433)
Exercise of warrants	12.2	631,692	(72,595)	-	-	-	-	559,097
Expired warrants	12.2	-	(156,559)	-	-	156,559	-	-
Balance as at May 31, 2012 (note 21)		**19,759,206**	**324,089**	**588,957**	**1,504,136**	**156,559**	**(6,013,346)**	**16,319,601**

Going concern (note 2)

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

GEOMEGA RESOURCES INC.
Statements of Cash Flows

(In Canadian dollars)

	Notes	Years Ended May 31 2012	2011
		$	$
OPERATING ACTIVITIES			
Net loss		**(3,638,798)**	(2,243,750)
Adjustments:			
Share-based payments	15.2	**1,031,077**	364,000
Depreciation of property and equipment		**59,863**	10,264
Impairment of exploration and evaluation assets		**461,616**	-
Recovery of deferred income taxes		**(354,227)**	-
Accretion expenses - debt		**1,658**	-
Changes in non-cash working capital items	19	**(1,614,683)**	(906,366)
Cash flows from operating activities		**(4,053,494)**	(2,775,852)
INVESTING ACTIVITIES			
Investments redeemed		**5,839,328**	783,224
Investments		**(4,022,552)**	(2,600,000)
Additions of property and equipment		**(299,669)**	(60,951)
Additions to exploration and evaluation assets		**(4,039,921)**	(213,407)
Cash flows from investing activities		**(2,522,814)**	(2,091,134)
FINANCING ACTIVITIES			
Issuance of shares and warrants, net of issue costs		**7 886 136**	3,610,266
Exercise of warrants		**559,097**	902,318
Exercise of options		**140,000**	166,250
Exercise of brokers' options		**-**	145,250
Issuance debt		**1,466,000**	-
Payments on obligations under capital leases		**(236,835)**	-
Cash flows from financing activities		**9 814 398**	4,824,084
Net change in cash and cash equivalents		**3,238,090**	(42,902)
Cash and cash equivalents, beginning of year		**46,952**	89,854
Cash and cash equivalents, end of year		**3,285,042**	46,952
Additional information:			
Interest received		**50,973**	250
Interest paid		**25,259**	-
Acquisition of exploration and evaluation assets by issuance of share capital and warrants		**225,000**	6,768,600
Depreciation of equipment pursuant to a capital lease and included in exploration and evaluation assets		**125,266**	-
Property and equipment acquired pursuant to a capital lease obligation		**439,945**	-
Acquisition of exploration and evaluation included in trade and other payables		**98,302**	132,173
Share-based compensation included in exploration and evaluation assets		**336,559**	-
Prepaid issuance cost recognized as issuance cost during the period		**53,915**	-
Shares issuance costs not paid		**127,434**	-

Going concern (note 2)

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

GEOMEGA RESOURCES INC.
Notes to the Financial Statements
For the year ended May 31, 2012 and 2011

(In Canadian dollars)

1. NATURE OF OPERATIONS

Geomega Resources Inc. (the “Company”) is incorporated under the Canada Business Corporations Act and is engaged in the acquisition, the exploration and evaluation of mining properties in Canada. The address of the Company's registered office and its principal place of business is 475, Victoria avenue, Saint-Lambert, Quebec, Canada. The Company’s shares are listed on the TSX Venture Exchange under symbol GMA.

2. GOING CONCERN

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to twelve months from the end of the reporting period.

Management is aware, in making its assessment, of material uncertainties related to events and conditions that may cast a significant doubt upon the Company's ability to continue as a going concern as described in the following paragraph, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. These financial statements do not reflect the adjustment to the carrying values of assets and liabilities, expenses and financial position classifications that would be necessary if the going concern assumption was not appropriate. These adjustments could be material.

For the year ended May 31, 2012, the Company reported a net loss of $3,638,798 ($2,243,750 in 2011) and has an accumulated deficit of $6,013,346 at May 31, 2012 ($2,374,548 at May 31, 2011). In addition to ongoing working capital requirements, the Company must secure sufficient funding to meet its existing commitments for exploration and evaluation programs and pay for general and administration costs. As at May 31, 2012, the Company had working capital of $4,104,117 ($2,816,406 at May 31, 2011), including cash and cash equivalents of $3,285,042 ($46,952 at May 31, 2011). Management estimates that these funds will not be sufficient to meet the Company’s obligations and budgeted expenditures through May 31, 2013. Any funding shortfall may be met in the future in a number of ways including but not limited to, the issuance of new equity or debt financing. During the year ended May 31, 2012, the Company raised $8,706,249 from private placements ($4,029,249 in 2011, from private placements and an initial public offering) to finance exploration and evaluation programs and working capital. While management has been successful in securing financing in the past, there can be no assurance that it will be able to do so in the future or that these sources of funding or initiatives will be available to the Company or that they will be available on terms which are acceptable to the Company. If management is unable to obtain new funding, the Company may be unable to continue its operations, and amounts realized for assets might be less than amounts reflected in the financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Adoption of international financial reporting standards (IFRS)

The Company prepares its financial statements in accordance with Canadian generally accepted accounting principles as set out in Part 1 of the Handbook of the Canadian Institute of Chartered Accountants (“CICA Handbook”). In 2010, the CICA Handbook was revised to incorporate the International Financial Reporting Standards (“IFRS”), as published by the International Accounting Standards Board, and require publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, these are the Company's first annual financial statements prepared in accordance with IFRS as issued by the IASB. In these financial statements, the term “Canadian GAAP” refers to Canadian GAAP before the adoption of IFRS.

Subject to the application of the transition elections described in Note 21, the accounting policies applied in these financial statements and described below, have been applied consistently to all periods presented, including the opening statement of financial position as at June 1, 2010 (the Company’s “Transition Date”).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of measurement

These financial statements have been prepared on a historical cost basis. The Company has elected to present the statement of comprehensive loss in a single statement.

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 receive the cash flows from the financial asset have expired, or when the financial asset and all substantial risks and rewards have been transferred.

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

Financial assets categorized as loans and receivables and financial liabilities at amortized costs are measured initially at fair value taking into consideration transactions costs. Financial assets and financial liabilities are measured subsequently as described below.

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 income and expenses relating to financial assets that are recognized in profit or loss are presented within Finance costs or Finance income. The company's financial assets are all categorized as loans and receivables.

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, investments and advance to a former employee fall into this category of financial instruments.

Impairment of financial assets

All financial assets 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.

Objective evidence of impairment could include:

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

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. Impairment of receivables is presented in the statement of comprehensive loss within Bad debts expenses.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities

The Company's financial liabilities include trade and other payables, obligations under capital leases and debt.

Financial liabilities are measured subsequently at amortized cost using the effective interest method.

All interest-related charges and accretion expenses on debt are reported in the statement of comprehensive loss within Finance costs when applicable.

Basic and diluted loss per share

Basic loss per share is calculated by dividing the loss attributable to common shares' holders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated by adjusting loss attributable to common shares' holders of the Company, and the weighted average number of common shares outstanding, for the effects of all dilutive potential ordinary shares. Dilutive potential ordinary shares shall be deemed to have been converted into common shares at the beginning of the period or, if later, at the date of issue of the potential common shares.

For the purpose of calculating diluted loss per share, an entity shall assume the exercise of dilutive options, brokers' options and warrants of the entity. The assumed proceeds from these instruments shall be regarded as having been received from the issue of common shares at the average market price of common shares during the period. The diluted loss per share is equal to the basic loss per share as a result of the anti-dilutive effect of the outstanding options, brokers' options and warrants as explained in Note 18.

Cash and cash equivalents

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

Tax credits and credit on duties

Tax credits

The Company is entitled to a refundable tax credit on qualified expenditures incurred. The refundable tax credit may reach 35% or 38.75% of qualified exploration expenditure incurred. In accordance with IAS 20, the exploration tax credits have been applied against the costs incurred.

Credit on duties

The Company is entitled to a refundable credit on duties for losses under the Mining Duties Act. This refundable credit on duties for losses is applicable on exploration costs incurred in the Province of Quebec at a rate of 15%. Consistent with IAS 20, the Company has chosen to apply the credit on duties against the cost incurred. As management intends to realize the carrying value of its assets and settle the carrying value of its liabilities through the sale of its E&E assets, the deferred tax has been calculated accordingly.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Exploration and evaluation assets

All costs incurred prior to obtaining the legal right to undertake exploration and evaluation ("E&E") activities on an area of interest are expensed as incurred.

The cost of acquiring claims / permits / licenses and other expenditures associated with the acquisition of mineral rights are capitalized under E&E assets.

As part of its E&E activities, the Company incurs E&E expenditures associated with prospecting, sampling, trenching, drilling and other work involved in searching for ore like topographical, geological, geochemical and geophysical studies. E&E expenditures also comprises the costs related to establishing the technical and commercial viability of extracting a mineral resource identified through exploration or acquired through a business combination or asset acquisition.

E&E expenditures are expensed until a mineral resource estimate has been obtained for an area of interest after which they are being capitalized under E&E assets. Once a project has been established as commercially viable and technically feasible, E&E assets related to this project are reclassified as mine development assets and related development expenditures are capitalized. An impairment test is performed before reclassification and any impairment loss is then recognized in the statement of comprehensive loss.

The Company has not yet determined whether its mineral properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for E&E assets is dependent upon the existence of economically recoverable reserves on these properties, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production from these reserves or sufficient proceeds from their disposal thereof.

Although the Company has taken steps to verify title to the mineral claims in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

Property and equipment

Property and equipment are held at cost less accumulated depreciation and accumulated impairment losses.

Cost includes all costs incurred initially to acquire or construct an item of property and equipment, costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and costs incurred subsequently to add to or replace part thereof. Recognition of costs in the carrying amount of an item of property and equipment ceases when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Upon the transfer of E&E assets to property and equipment under Mine development asset, all subsequent expenditures on the construction, installation or completion of equipment and infrastructure facilities are capitalized within Mine development asset. When development stage is completed, all assets included in the mining assets under construction category are then transferred to Mining assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment (continued)

Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. Depreciation is recognized on a straight-line basis to write down the cost to its estimated residual value, with a constant charge over the useful life of the asset. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The periods generally applicable are as follows:

	Useful life
Office equipment	3 years
Automobile	3 years
Leasehold improvements	3 years
Field equipment and base camp related to exploration and evaluation activities	3 years
Warehouse related to exploration and evaluation activities	15 years

The depreciation expense for each period is recognized in the statement of comprehensive loss except for certain items of property and equipment related to E&E activities where the depreciation expense is included in the carrying amount of an E&E asset when it relates to a specific E&E project. In the case certain items of property and equipment related to E&E activities on a project that has not reach the phase in which the Company capitalize its exploration and evaluation expenses, the depreciation expense is recognized in the statement of comprehensive loss. Depreciation of an asset ceases when it is classified as held for sale (or included in a disposal group that is classified as held for sale) or when it is derecognized. Therefore, depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

The residual value, depreciation method and useful life of each asset are reviewed at least at each financial year-end.

The carrying amount of an item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property and equipment is included in the statement of comprehensive loss when the item is derecognized.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments under an operating lease are charged to the statement of comprehensive loss on a straight-line basis over the period of the lease. Related expenses, such as maintenance and insurance expenses are charged to the statement of comprehensive loss as incurred.

Leases of equipment or base camp for which the Company has substantially all the risks and rewards of ownerships are classified as finance leases and are capitalize at the lease's commencement.

The economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is then recognised at the inception of the lease as the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognised as a finance leasing liability, irrespective of whether some of these lease payments are payable up-front at the date of inception of the lease.

Depreciation methods and useful lives for assets held under finance lease agreements, correspond to those applied to comparable assets which are legally owned by the Company. The corresponding finance charges, which are expensed as part of Finance costs.

The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the statement of comprehensive loss over the period of the lease.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets may be tested individually for impairment and some are tested at a cash-generating unit level.

Whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, an asset or cash-generating unit is reviewed for impairment. Additionally, when technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the E&E assets of the related mining property are tested for impairment before these items are transferred to property and equipment.

An impairment loss is recognized in the statement of comprehensive loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less cost to sell and its value in use. To determine the value in use, management estimates expected future cash flows from each asset or cash-generating unit, and then determines an appropriate discount rate for the calculation of the expected present value of the cash flows.

The impairment loss reduces the asset or is charged pro rata on the basis of the carrying amount of each asset in the cash-generating unit. All the assets are assessed whether there is any indication that an impairment loss recognized in prior periods may no longer exist. An impairment charge is reversed if the asset’s or cash-generating unit’s recoverable amount exceeds its carrying amount.

Provisions, contingent liabilities and contingent assets

Provisions are recognized when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes, decommissioning, restoration and similar liabilities, or onerous contracts.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted when the time value of money is significant.

The Company’s operations are governed by government environment protection legislation. Environmental consequences are difficult to identify in terms of amounts, timetable and impact. As of the reporting date, management believes that the Company’s operations are in compliance with current laws and regulations. Site restoration costs currently incurred are negligible, given that the Company’s operations are still in the E&E stage, and are capitalized to the cost of property and equipment as incurred. A restoration provision will be recognized in the cost of the property and equipment when there is constructive or legal commitment that has resulted from past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be measured with sufficient reliability.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized, unless it was assumed in the course of a business combination.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets. Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are not recognized in financial statements since this may result in the recognition of income that may never be realized.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits

The cost of short-term employee benefits (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care) is recognized in the period in which the services are rendered and is not discounted.

The expected cost of compensated absences is recognized in the statement of comprehensive loss as the employees render services that increase their entitlement. The cost of bonus payments is recognized in the statement of comprehensive loss when there is a legal or constructive obligation to make such payments as a result of past performance.

Income taxes

Tax expense recognized in the statement of comprehensive loss comprises the sum of deferred tax and current tax not recognized 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 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. The company intends to realize the value of its exploration and evaluation asset through sale.

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 assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. Deferred tax liabilities are always provided for in full.

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

Changes in deferred tax assets or liabilities are recognized as deferred income tax in the statement of comprehensive loss, except where they relate to items that are recognized directly in equity, in which case the related deferred tax is also recognized in equity.

Under the provisions of tax legislation relating to flow-through shares, the Company is required to renounce tax deductions for expenses related to exploration activities to the benefit of the investors. When the Company has renounced to its tax deductions and has incurred its admissible expenditures, the sale of tax deductions is recognized in the statement of comprehensive loss as a reduction to deferred tax expense and a deferred tax liability is recognized for the taxable temporary difference that arises from the difference between the carrying amount of admissible expenditures capitalized as an asset and its tax base.

Equity

Share capital represents the amount received on the issue of shares, less issuance costs, net of any underlying income tax benefit from these issuance costs.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Unit placements

Proceeds from unit placements are allocated between shares and warrants issued using the residual method. Proceeds are first allocated to shares according to the quoted price of existing shares at the time of issuance and any residual in the proceeds is allocated to warrants.

Flow-through placements

Issuance of flow-through shares represents an issue of common shares and the sale of tax deductions to the investors. The sale of tax deductions is deferred and presented as other liability in the statement of financial position. The proceeds received from flow-through placements are allocated between share capital and the liability using the residual method which means that the shares are valued at the fair value of existing shares at the time of issuance and the residual proceeds are allocated to the liability. The liability component recorded initially on the issuance of shares is reversed on renouncement of tax deductions to the investors and when admissible expenses are incurred.

Equity-settled share-based payments

The Company operates equity-settled share-based remuneration plans (share options plans) for its eligible directors, officers, employees 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 unless that fair value cannot be estimated reliably. If the entity cannot estimate reliably the fair value of the goods or services received, the entity shall measure their value indirectly by reference to the fair value of the equity instruments granted.

All equity-settled share-based payments (except brokers options) are ultimately recognized as an expense in the statement of comprehensive loss or capitalized as an E&E asset, depending on the nature of the payment with a corresponding credit to Stock options, in equity. Equity-settled share-based payments to brokers, in respect of an equity financing are recognized as issuance cost of the equity instruments with a corresponding credit to brokers options in equity.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting year, 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 period if stock options ultimately exercised are different to that estimated on vesting.

Upon exercise of stock options, the proceeds received net of any directly attributable transaction costs are recorded as share capital. The accumulated charges related to the stock options recorded in stock options are then transferred to share capital.

Segmental reporting

The Company presents and discloses segmental information based on information that is regularly reviewed by the chief operating decision-maker, i.e. the President and the Board of Directors. The President and the Board of Directors have joint responsibility for allocating resources to the Company’s operating segments and assessing their performance.

The Company has determined that there was only one operating segment: Sector of exploration and evaluation of mineral resources in Quebec, Canada.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Presentation and functional currency

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

Accounting standards issued but not yet effective

The most relevant standards, amendments and interpretations issued but not yet effective up to the date of the issuance of these financial statements are listed below, none of which have been early adopted by the Company. The Company intends to adopt them once they become effective. The Company is currently evaluating the impact that these standards, amendments and interpretations will have on its financial statements.

IFRS 9, Financial Instruments: Classification and Measurement

The IASB aims to replace IAS 39, "Financial Instruments: Recognition and Measurement" in its entirety. IFRS 9 is being issued in phases. To date, the chapters dealing with recognition, classification, measurement and de-recognition of financial assets and liabilities have been issued. These chapters are effective for annual periods beginning on January 1, 2015.

Further chapters dealing with impairment methodology and hedge accounting are still being developed. However, the Company does not expect to implement IFRS 9 until all of its chapters have been published and it can comprehensively assess the impact of all changes.

IFRS 13, Fair Value Measurement

This new standard sets out a single IFRS definition and measurement framework for fair value. This standard is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

4. CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results could differ from the judgments, estimates and assumptions made by management. Information about the significant judgments, estimates and assumptions that have most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed below.

Significant judgments

Impairment of non-financial assets

Determining if there are any facts and circumstances' indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations.

Determining whether to test E&E assets for impairment requires management's judgment, among others, regarding the following: the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed; substantive expenditure on further exploration and evaluation of mineral resources in a specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable discovery quantities of mineral resources and the entity has decided to discontinue such activities in the specific area and sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the E&E asset is unlikely to be recovered in full from successful development or by sale.

4. CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS (continued)

Significant judgments (continued)

Impairment of non-financial assets (continued)

When an indication of impairment loss or a reversal of an impairment loss exists for a non-financial asset, the recoverable amount of the individual asset must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined. Identifying the cash-generating units requires considerable management judgment. In testing an individual asset or cash-generating unit for impairment and identifying a reversal of impairment losses, management estimates the recoverable amount of the asset or the cash-generating unit. This requires management to make several assumptions as to future events or circumstances. These assumptions and estimates are subject to change if new information becomes available. Actual results with respect to impairment losses or reversals of impairment losses could differ in such a situation and significant adjustments to the Company assets and earnings may occur during the next period. During the year, following a review of its properties, the Company decided to abandon its mining rights on Pump Lake property and certain mining rights on the Émilie property which resulted in an impairment charge (note 7).

Deferred taxes

The assessment of availability of future taxable profits involves judgment. A deferred tax asset is recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilized. Judgment is also involved in the determination of the expected manner of realisation or settlement of the carrying amount of the Company's assets and liabilities which is expected to be throught the sale of the Company's assets.

Provisions and contingent liabilities

Judgements are made as to whether a past event has led to a liability that should be recognized in the financial statements or disclosed as a contingent liability. Quantifying any such liability often involves judgments and estimations. These judgments are based on a number of factors including the nature of the claims or dispute, the legal process and potential amount payable, legal advice received, previous experience and the probability of a loss being realized. Several of these factors are source of estimation uncertainty.

Going concern

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgment.

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(In Canadian dollars)

4. CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS (continued)

Significant estimates

Refundable credit on mining duties and refundable tax credit related to resources

Refundable credit on mining duties and refundable tax credit related to resources for the current and prior periods are measured at the amount expected to be recovered from the taxation authorities using the tax rates and tax laws that have been enacted or substantively enacted at the statement of financial position date. Uncertainties exist with respect to the interpretation of tax regulations, including credit on mining duties and tax credit related to resources for which certain expenditures could be disallowed by the taxation authorities in the calculation of credits, and the amount and timing of their collection. The calculation of the Company's credit on mining duties and tax credit related to resources necessarily involves a degree of estimation and judgment in respect of certain items whose tax treatment cannot be finally determined until notice of assessments and payments have been received from the relevant taxation authority. Difference arising between the actual results following final resolution of some of these items and the assumptions made, or future changes to such assumptions, could necessitate adjustments to credit on mining duties and tax credit related to resources, exploration and evaluation assets and expenses, and income tax expense in future periods. As a result there can be substantial differences between credit on mining duties and tax credit related to resources and the amount finally recovered.

The amounts recognized in the financial statements are derived from the Company's best estimation and judgement as described above. However, the inherent uncertainty regarding the outcome of these items means that eventual resolution could differ from the accounting estimates and therefore impact the Company's financial position and its financial performance and cash flows.

5. INVESTMENTS

	May 31, 2012	May 31, 2011	June 1, 2010
	$	$	$
Guaranteed investment certificates	**-**	1,816,776	-

6. OTHER RECEIVABLES

	May 31, 2012	May 31, 2011	June 1, 2010
	$	$	$
Goods and services tax receivable	**264,904**	147,242	1,762
Advance to a former employee without interest, due on demand	**-**	11,425	-
	264,904	158,667	1,762

(In Canadian dollars)

7. EXPLORATION AND EVALUATION ASSETS

MINING RIGHTS

QUEBEC	June 1, 2010 (note 21)	Additions	Impairment	May 31, 2011 (note 21)	**Additions**	**Impairment**	**May 31, 2012**
	$	$	$	$	**$**	**$**	**$**
Montviel (i)	51,872	6,760,257	-	6,812,129	**239,198**	**-**	**7,051,327**
Pump Lake (ii)	54,681	208,319	-	263,000	**18,670**	**(281,670)**	**-**
Sydney (iii)	10,400	1,255	-	11,655	**2,862**	**(8,508)**	**6,009**
Émilie (iv)	-	166,018	-	166,018	**5,359**	**(165,908)**	**5,469**
Oriana (v)	-	89,192	-	89,192	**41,602**	**(5,530)**	**125,264**
Others (vi)	-	54,966	-	54,966	**18,285**	**-**	**73,251**
	116,953	7,280,007	-	7,396,960	**325,976**	**(461,616)**	**7,261,320**

EXPLORATION AND EVALUATION EXPENDITURES CAPITALIZED

QUEBEC	June 1, 2010	Additions	Tax credits and credit on duties	Impairment	May 31, 2011	**Additions**	**Tax credits and credit on duties**	**Impairment**	**May 31, 2012**
	$	$	$	$	$	**$**	**$**	**$**	**$**
Montviel (i)	-	-	-	-	-	**6,068,593**	**(1,701,649)**	**-**	**4,366,899**
TOTAL	116,953	7,280,007	-	-	7,396,960	**6,394,569**	**(1,701,649)**	**(461,616)**	**11,628,219**

The cumulative impairment for E&E asset is $461,616 as at May 31, 2012.

7. EXPLORATION AND EVALUATION ASSETS (continued)

Montviel and Pump Lake properties

Effective September 30, 2010, the Company holds an agreement with NioGold Mining Corporation ("NioGold") which gives the Company an option to earn up to seventy five percent (75%) interest in the Montviel and Pump Lake properties (the "Properties") by making a cash payment of $100,000 (paid) and by issuing 1,500,000 shares (of which 1,100,000 were issued on September 30, 2010 with an attributed value of $385,000) of the Company over a three-year period and incurring at least $3,350,000 in exploration expenditures over four years.

On March 18, 2011, the Company acquired 57 mining claims south of the Montviel property for a total amount of $1,888,000 consisting of $100,000 in cash, 200,000 common shares of the Company (value of $790,000 at the date of issuance) and 200,000 warrants entitling its holder to acquire 200,000 shares of the Company at a price of $5.50 until September 30, 2012 (value of $298,000 at the date of issuance).

On May 2, 2011, the above agreement was amended as follows: the Company acquired a 100% interest in the Montviel property by (i) issuing 1,525,000 common shares (issued with an attributed value at issuance of $5,368,000), including the 400,00 common shares as per the September 30, 2010 agreement, to NioGold and (ii) forfeiting the 50% buy-back option for $1,000,000 of the 2% net output return royalty on the future production of the Montviel property. In addition, the Company will, upon securing 70% of the capital requirements for commercial production for the Montviel property, pay to NioGold $4,500,000 in cash or common shares at the election of NioGold, which amount shall be treated as a non-refundable advanced royalty payment.

As for the Pump Lake Property, the Company can acquire a 75% interest in the property by incurring an aggregate of $400,000 in exploration expenditures on or before September 30, 2014. Upon completion of these expenditures, the Company will have the option to either abandon the property or form a joint venture with NioGold. Upon formation of the joint venture, the Company will have the option to acquire the remaining 25% of the Pump Lake Property by paying to NioGold $7,500,000 in cash or common shares and granting a 1% net output return royalty on the future production of the property, of which the Company may buy back one-half for $500,000. On June 18, 2012, the Company notified NioGold of its decision to terminate its participation in the Pump Lake project after incurring $281,670 in exploration expenditures.

7. EXPLORATION AND EVALUATION ASSETS (continued)

i) Montviel property (100%)

The Montviel property comprises a total of 216 mining claims for 11,998 ha. The property carries a 2% net output royalty to NioGold.

ii) Pump Lake property (option)

The Pump Lake property comprises a total of 463 mining claims for 23,869 ha. The property is subject to a 2% Net Smelter Return, of which one percent (1%) can be bought back for $1,000,000.

Following a review of the mineral property, the Company decided during the fourth quarter to write-off the entire property totalling $281,670. The property do not contains significant minerals resources.

iii) Sydney property (100%)

The Sydney property comprises a total 200 mining claims for 11,594 ha.

iv) Émilie property

100% interest
The Émilie property comprises a total of 77 mining claims for 3,127 ha.

Extension option
On March 11, 2011, the Company optioned 16 mining claims adjacent to the 61 mining claims it already possessed for a total of $163,100 payable as follows: $7,500 in cash and 40,000 common shares in the Company (value of $155,600) which were issued on March 29, 2011. The Company shall also issue 40,000 common shares on March 29, 2012 to complete the acquisition. Those common shares have not been issued following the Company’s decision to write-off the extension.

Following a review of the mineral property, the Company decided during the fourth quarter to write-off $165,908 of the property. The Company abandoned 54 claims on their total of 77 on this property.

v) Oriana property (100%)

The Oriana property comprises a total of 231 mining claims for 15,014 ha.

vi) Others (100%)

These 17 properties were acquired by map designation and are located in the Montviel property area.

(In Canadian dollars)

8. PROPERTY AND EQUIPMENT

				Exploration and evaluation equipment		
	Leasehold Improvements	Office equipment	Automobile	Field equipment and base camp	Warehouse	Total
	$	$	$	$	$	$
Balance, June 1, 2010						
Cost	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-
Net book value	-	-	-	-	-	-
Year ended, May 31, 2011						
Opening net book value	-	-	-	-	-	-
Additions	2,350	19,296	35,130	4,175	-	60,951
Depreciation	(522)	(4,165)	(5,577)	-	-	(10,264)
Closing net book value	1,828	15,131	29,553	4,175	-	50,687
Balance, May 31, 2011						
Cost	2,350	19,296	35,130	4,175	-	60,951
Accumulated	(522)	(4,165)	(5,577)	-	-	(10,264)
Net book value	1,828	15,131	29,553	4,175	-	50,687
Year ended, May 31, 2012						
Opening net book value	1,828	15,131	29,553	4,175	-	50,687
Additions	-	18,069	24,324	537,833	159,388	739,614
Depreciation	(784)	(10,807)	(14,954)	(152,287)	(6,297)	(185,129)
Closing net book value	1,044	22,393	38,923	389,721	153,091	605,172
Balance, May 31, 2012						
Cost	2,350	37,365	59,454	542,008	159,388	800,565
Accumulated	(1,306)	(14,972)	(20,531)	(152,287)	(6,297)	(195,393)
Net book value	**1,044**	**22,393**	**38,923**	**389,721**	**153,091**	**605,172**

Note: Included in Property and Equipment there are E&E equipment under finance lease having net book value of $313,493 as at May 31, 2012 (2011 - nil).

Depreciation expense is included in the account depreciation of property and equipment and depreciation charges related to specific exploration projects are capitalized as E&E assets if the E&E activities related to the project are being capitalized. An amount of $59,863 ($10,264 in 2011) was registered as an expense while an amount of $125,266 (2011 - Nil) was capitalized as E&E assets during the year.

(In Canadian dollars)

9. TRADE AND OTHER PAYABLES

	May 31, 2012	May 31, 2011	June 1, 2010
	$	$	$
Trade accounts payable	**180,015**	190,062	5,352
Employee deductions payable	**49,866**	26,893	-
Accruals	**233,339**	166,422	7,513
	463,220	383,377	12,865

10. OBLIGATIONS UNDER CAPITAL LEASES

	May 31, 2012	May 31, 2011
	$	$
Obligation under capital lease (Base camp), 8%, reimbursable in monthly instalments, maturing in May 2013. At the end of the term, the Company can buy the camp at a price of $100.	**61,740**	-
Obligation under capital lease (Base camp), 8%, reimbursable in monthly instalments, maturing in May 2013. At the end of term, the Company can buy the camp at a price of $100.	**24,728**	-
Obligation under capital lease, 11% (Base camp), reimbursable in monthly instalments, maturing in July 2013. At the end of the term, the Company can buy the camp at a price of $100.	**116,642**	-
	203,110	-
Current portion of obligations under capital leases	**185,203**	-
Non-current portion	**17,907**	-

The instalments on the obligation under capital leases for the next years are as follows:

	$
2013	199,879
2014	17,423
	217,302
Interest included in minimum lease payments	(14,192)
	203,110

(In Canadian dollars)

11. DEBT

On March 16, 2012, SIDEX ("SIDEX"), Limited Partnership granted a $1,5M loan to the Company which bears interest at an annual rate of 8%. The loan is secured by a hypothec on the universality of the Company's tax credits for the fiscal years ended in 2011 and 2012 related to mineral exploration receivable from Revenu Quebec. The loan must be repaid on the earlier of December 31, 2013 or upon the receipt of those tax credits.

In connection with the loan, the Company issued 400,000, non -transferable common share purchase warrants entitling SIDEX to subscribe 400,000 common shares at a price of $1.25 per share for a period of 12 months.

Using discounted cash flows pricing models and an estimate of 15% being the interest rate prevailing at the date of issuance for instruments with similar conditions and risk, the loan was evaluated at its fair value of the debt instrument, and the residual value was allocated to the warrants. The Company determined that the fair value of the debt instrument is $1,446,927, and $53,073 was allocated to the warrants.

The Company incurred $34,000 in costs in connection with the financing, of which $32,980 has been allocated to the debt and $1,020 to the warrants, based on their respective fair values.

12. EQUITY

12.1 Share capital

Authorized

Unlimited number of common shares without par value, voting, participating, dividend as declared by the Board of Directors.

	Number of shares Years Ended	
	May 31, 2012	May 31, 2011
Shares issued at the beginning	**19,561,690**	4,200,001
Private placement (a)	**6,407,204**	1,466,110
Flow-Through shares (a)	**1,803,333**	-
Initial public offering (b)	**-**	8,300,000
Acquisition of mining rights (c)	**-**	3,065,000
Pre-development Agreement (d)	**150,000**	-
Exercise of options	**400,000**	475,000
Exercise of brokers' options	**-**	415,000
Exercise of warrants	**951,886**	1,640,579
Total shares issued at the end	**29,274,113**	19,561,690

12. EQUITY (continued)

12.1 Share capital (continued)

(a) On May 31, 2012, the Company issued 375,000 units at a price of $0.55 for a total gross proceeds of $206,250. This non-brokered private placement was made with the CREE Mineral Board and an institutional fund. Issuance costs totalling $15,557 were recorded as a reduction of share capital and warrants. Each unit consists of one common share and one half warrant. Each warrant entitles its holder to acquire one common share of the Company at a price of $1.00 until December 2, 2013. A sum of $183,750 was allocated to capital stock while $22,500 was allocated to the warrants.

On March 30 and April 10, 2012, the Company issued through brokers 3,904,545 units at a price of $0.55 per unit and 1,803,333 flow-through shares at a price of $0.75 for a total gross proceeds of $3,500,000. Issuance costs totalling $433,765 (including an amount of $70,170 representing the value of brokers' options see note 12.3) were recorded as a reduction of share capital. Each unit consists of one common share and one half warrant. Each warrant entitles its holder to acquire one common share of the Company at a price of $1.00 until September 30, 2013. A sum of $3,145,773 was allocated to capital stock while no value was allocated to the warrants and $354,227 was allocated to other liabilities. The Company issued 225 187 options to brokers allowing them to acquire one common share of the Company at a price of $0.55 until September 30, 2013.

On July 8, 2011, the Company issued through brokers 2,127,659 units at a price of $2.35 per unit for total gross proceeds of $4,999,999. Issuance costs totalling $1,139 426 (including an amount of $518,787 representing the value of brokers' options, see Note 12.3) were recorded as a reduction of share capital. Each unit consists of one common share and one warrant. Each warrant entitles its holder to acquire one common share of the Company at a price of $2.85 until July 8, 2013. A sum of $4,999,999 was allocated to capital stock while no value was allocated to the warrants. The Company issued 134,750 options to brokers allowing them to acquire 134,750 units until July 8, 2013. Each unit consists of one common share and one warrant. Each warrant entitles the brokers to acquire one common share of the Company at a price of $ 2.85 until July 8, 2013.

On January 28 and February 3, 2011, the Company issued 1,111,110 units at a price of $0.90 per unit from accredited investors for total gross proceeds of $999,999. Each unit consists of one common share and one-half warrant. Each warrant entitles its holder to acquire one common share of the Company at a price of $1.35 until July 27, 2012 and August 3, 2012, respectively. A sum of $999,999 was allocated to capital stock and no value of was allocated to the warrants.

On July 2, 2010, the Company issued 355,000 units at a price of $0.35 per unit from accredited investors for total gross proceeds of $124,250. Each unit consists of one common share and one warrant. Each warrant entitles its holder to acquire one common share of the Company at a price of $0.55 until January 2, 2012. A sum of $95,850 was allocated to capital stock and a value of $28,400 was allocated to the warrants.

(b) On September 30 and October 7, 2010, the Company issued through a prospectus 8,300,000 units at a price of $0.35 per unit for total gross proceeds of $2,905,000. Each unit consists of one common share and one-half warrant. Each warrant entitles its holder to acquire one common share of the Company at a price of $0.55 until March 31 and April 7, 2012, respectively. A sum of $2,573,000 was allocated to capital stock and a value of $332,000 was allocated to the warrants. The brokers received a remuneration of $186,829 and 415,000 Brokers' options entitling the brokers to purchase 415,000 common share of the Company at a price of $0.35 per share for a period of 18 months following the closing of the public offering. The fair value of these options ($66,400) was estimated using the Black-Scholes stock option evaluation model with the following assumptions: estimated average duration of 1.5 years for these options, risk free interest rate of 1.4%, forecast volatility of 100% with no expected dividend yield. Other issue expenses totalled $167,946.

(In Canadian dollars)

12. EQUITY (continued)

12.1 Share capital (continued)

(c) Under the amended agreement regarding the Montviel property, the Company issued on May 2, 2011, 1,525,000 common shares of the Company (value of $5,368,000).

Under the agreement regarding the Emilie-Extension property and the acquisition of Montviel South property, the Company issued on March 29, 2011, 240,000 common shares of the Company (value of 945,600 $).

Under the definitive agreement relating to the Montviel and Pump Lake properties, the Company issued on September 30, 2010, 1,100,000 common shares to NioGold (value of $385,000).

Following a request from regulatory authorities, an additional cash consideration of $36,000 was required for an issuance of shares that occurred on May 6, 2010 relating to the acquisition of mining rights.

On August 17, 2010, the Company acquired the Oriana property by issuing 200,000 common shares of the Company (value of $70,000).

(d) On October 20, 2011, the Company signed a Pre-development agreement for its Montviel Rare Earths Project with the Grand Council of the Crees and The Cree First Nation of Waswanipi. Pursuant the agreement, the Company issued 150,000 common shares of the Company (attributed value of $225,000 based on the stock price of $1,50 on October 20, 2011 and issue costs of $1,671).

12.2 Warrants

Outstanding warrants as at May 31, 2012 entitle their holders to subscribe to an equivalent number of common shares, as follows:

	Number of warrants	Weighted average exercise price
		$
Balance as at May 31, 2010	-	-
Issued	5,260,554	0.82
Exercised	(1,640,579)	0.55
Balance as at May 31, 2011	3,619,975	0.95
Issued	4,667,432	1.86
Exercised	(951,886)	0.59
Expired	(1,956,985)	0.55
Balance as at May 31, 2012	**5,378,536**	1.95

Expiration date	Number	Exercise price
		$
July 2012	455,549	1.35
August 2012	55,555	1.35
September 2012	200,000	5.50
March 2013	400,000	1.25
July 2013	2,127,659	2.85
September 2013	1,952,273	1.00
December 2013	187,500	1.00
	5,378,536	

(In Canadian dollars)

12. EQUITY (continued)

12.3 Brokers' options

The number of outstanding Brokers' options as at May, 2012 which could be exercised for an equivalent number of units and shares is as follows:

	Number of Brokers' options for units	Weighted average exercise price	Number of Brokers' options for shares	Weighted average exercise price
		$		$
Balance as at May 31, 2010	-	-	-	-
Issued	-	-	415,000	0.35
Exercised	-	-	(415,000)	0.35
Balance as at May 31, 2011	-	-	-	-
Issued	134,750	2.35	225,187	0.55
Exercised	-	-	-	-
Balance as at May 31, 2012	**134,750**	**2.35**	**225,187**	**0.55**

In connection with the private placement completed in April 2012, the Company issued 225,187 Brokers' options to brokers allowing them to acquire an equivalent number of common shares at a price of $0.55 until September 30, 2013. The company recorded $70,170 as issuance cost of shareholders' equity instruments when the options were issued. When granted, the fair value of the Brokers' options, based on the fair value measured, indirectly, by reference to the fair value of the equity instruments granted (the fair value of services received cannot be estimated reliably), is recorded as an increase of the brokers options and decrease of share capital.

The average fair value of the brokers' options granted of $0.32 for each option for a total of $70,170 was estimated using the Black Scholes model and based on the following weighted average assumptions:

Average share price at date of grant	$0.56
Dividends yield	0%
Expected weighted volatility	125%
Risk-free interest average rate	1.16%
Expected average life	1.5 years
Average exercise price at date of grant	$0.55

In connection with the private placement completed in July 2011, the Company issued 134,750 Brokers' options to brokers allowing them to acquire 134,750 units at a price of $2.35 until July 8, 2013. Each unit consists of one common share and one warrant. Each warrant entitles the brokers to acquire one common share of the Company at a price of $ 2.85 until July 8, 2013.

When granted, the fair value of the Brokers options, based on the fair value measured, indirectly, by reference to the fair value of the equity instruments granted (the fair value of services received cannot be estimated reliably), is recorded as an increase of the brokers options and decrease of share capital and warrants, if units.

(In Canadian dollars)

12. EQUITY (continued)

12.3 Brokers' options (continued)

The average fair value of the brokers' options granted of $3.85 for each option for a total of $518,787 was estimated using the Binomial option pricing model and based on the following weighted average assumptions:

Average share price at date of grant	$3.29
Dividends yield	0%
Expected weighted volatility	100%
Risk-free interest average rate	1,66%
Expected average life	2 years
Average exercise price at date of grant	$2.85

13. LEASES

The Company's future minimum operating lease payments are as follows:

	Minimum lease payments due			
	Within 1 year	1 to 5 years	After 5 years	Total
	$	$	$	$
May 31, 2012	27,201	9,156	-	36,357

The Company leases its offices under a lease expiring in September 2013.

Lease payments recognized as an expense during the reporting period amount to $30,693 ($22,029 in 2011). This amount consists of minimum lease payments. No sublease payments or contingent rent payments were made or received. The Company's operating lease agreements do not contain any contingent rent clauses, renewal options or escalation clauses or any restrictions, such as those concerning dividends, additional debt, and further leasing. No sublease income is expected as all assets held under lease agreements are used exclusively by the Company.

14. INCOME TAXES

The income tax expense is made up of the following component:

	2012	2011
	$	$
Recovery of deferred income taxes		
Premium on flow-through share issuance	**354,227**	-
Total recovery of deferred income taxes	**354,227**	-

(In Canadian dollars)

14. INCOME TAXES (continued)

The Company's effective income rate differs from the combined federal and provincial income tax rate in Canada. This difference arises from the following items:

	2012 **$**	2011 $
Loss before income taxes	**3,993,025**	2,24,750
Income taxes calculated using the combined federal and provincial income tax rate in Canada of 27,78% (29,28% in 2011).	**(1,109,262)**	(656,970)
Increase (decrease) in income taxes resulting from the following:		
Non deductible items	**292,292**	106,579
Other items	**21,122**	1,345
Difference in tax rate	**26,546**	47,248
Non taxable tax credit	**(18,344)**	(30,882)
Renounced E&E expenses	**363,823**	-
Premium on flow-through shares	**(354,227)**	-
Adjustment from prior year	**276,424**	-
Unrecognized temporary differences	**147,401**	532,680
Recovery of deferred income taxes	**(354,227)**	-

The decrease of statuary rate is mainly due to the reduction of federal income tax rate in 2012 from 16.5% to 15%.

The ability to realize the tax benefits is dependent upon a number of factors, including the future profitability of operations. Deferred tax assets are recognized only to the extent that it is probable that sufficient taxable profits will be available to allow the asset to be recovered. Accordingly, some deferred tax assets have not been recognized; these deferred tax assets not recognized amount to $1,089,014.

As at May 31, 2012 and 2011, significant components of the Company's deferred income tax assets and liabilities are as follows:

	2012 **$**	2011 $
Deferred income tax asset:		
E&E assets	**102,788**	419,121
Property and equipment	**-**	2,761
Share issue expenses deductible	**280,086**	86,310
Operating losses carried forward (2)	**713,066**	164,029
	1,095,940	672,221
Deferred income tax liabilities		
Property and equipment	**(6,926)**	-
Deferred income tax assets non recognized	**1,089,014**	672,221

(2) As at May 31, 2012, expiration dates of losses available to reduce future years' income tax purposes are:

(In Canadian dollars)

14. INCOME TAXES (continued)

	Federal $	Provincial $
2032	2,068,725	2,068,725
2031	563,968	563,968
2030	16,391	16,391
2029	1,718	1,718

15. EMPLOYEE REMUNERATION

15.1 Salaries and employee benefits expense

	Years Ended May 31 **2012**	 2011 (note 21)
	$	$
Wages, salaries	**1,318,823**	205,659
Professional fee paid to officers	**100,800**	86,955
Social charges	**137,414**	18,456
Share-based payments	**1,387,069**	364,000
	2,944,106	675,070
Less: Salaries capitalized in Exploration and evaluation assets	**(1,051,591)**	(88,012)
Less: Share-based payments capitalized in Exploration and evaluation assets	**(336,559)**	-
Salaries and employee benefits expense	**1,555,956**	587,058

15.2 Share-based payments

The Company has established a stock option plan (“the Plan“) whereby the Board of Directors (the "Board") may from time to time grant options to purchase common shares to employees, officers, directors and consultants, for such terms and at such exercise prices as may be determined by the Board in accordance with the terms of the plan.

The Plan provides that the maximum number of common shares in the capital of the Company that may be reserved for issuance under the stock option plan is limited to a maximum of 10% of the common shares outstanding and the maximum number of common shares which may be reserved for issuance to any one optionee may not exceed 5% of the common shares outstanding at the date of grant. These options may be exercised for a period of 5 years after the grant date and they vest gradually over a period of 24 months from the day of grant, at a rate of 1/4 per six-month period.

The option’s exercise price is established by the Board and may not be lower than the market price of the common shares at the time of grant.

15. EMPLOYEE REMUNERATION (continued)

15.2 Share-based payments (continued)

On May 30, 2012, the Company granted to employees and consultants a total of 100,000 stock options that may be exercised over a period of five years, at an exercise price of $0.55. The fair value of the stock options granted to consultants was based on the fair value of the instrument granted as the fair value of the services received could not be estimated reliably.

On October 10, 2011, the Company granted to a director a total of 225,000 stock options that may be exercised over a period of five years, at an exercise price of $1.54.

On September 30, 2011, the Company granted to directors, officers and employees a total of 878,540 stock options that may be exercised over a period of five years, at an exercise price of $1.50.

On August 29, 2011, the Company granted to an employee a total of 150,000 stock options that may be exercised over a period of five years, at an exercise price of $2.05.

On June 22, 2011, the Company granted to an officer a total of 220,000 stock options that may be exercised over a period of five years, at an exercise price of $2.70.

On March 3, 2011, the Company granted a total of 10,000 stock options that may be exercised over a period of five years, at an exercise price of $3.60. These options have been granted to one employee. These options will vest after a period of 24 months at 1/4 each semester.

On March 21, 2011, the Company granted a total of 70,000 stock options that may be exercised over a period of five years, at an exercise price of $3.95. These options have been granted to one director. These options will vest after a period of 24 months at 1/4 each semester.

On December 30, 2010 and January 13, 2011, the Company granted a total of 140,000 stock options that may be exercised over a period of five years, at an exercise price of $0.90. These options have been granted to one director and one supplier. The fair value of the stock options granted to supplier was based on the fair value of the instrument granted as the fair value of the services received could not be estimated reliably. These options will vest over a period of 24 months, at a rate of 1/4 each semester.

On September 30 and October 7, 2010, the Company granted a total of 1,400,000 stock options that may be exercised over a period of five years, at an exercise price of $0.35 and having a fair value of $0.26. These options have been granted to directors, officers and suppliers. The fair value of the stock options granted to suppliers was based on the fair value of the instrument granted as the fair value of the services received could not be estimated reliably.

400,000 options were exercised at a price of $0.35 each for a total of $140,000 during the year (475,000 options at a price of $0.35 were exercised for a total of $166,250 in 2011).

(In Canadian dollars)

15. EMPLOYEE REMUNERATION (continued)

15.2 Share-based payments (continued)

All share-based payments will be settled in equity. The Company has no legal or constructive obligation to repurchase or settle the options. The Company's share options are as follows at May 31, 2012:

	Options	**Weighted average exercise price**
		$
Outstanding as at May 31, 2010	-	-
Granted	1,620,000	0.57
Exercised	(475 ,000)	0.35
Outstanding as at May 31, 2011	1,145,000	0.67
Exercised	(400,000)	0.35
Forfeited	(40,000)	0.90
Granted	1,573,540	1.67
Outstanding as at May 31, 2012	2,278,540	1.41

The table below summarizes the information related to share options as at May 31, 2012:

Range of exercise price	Outstanding options			Exercisable options	
$	Number of options	Weighted average exercise price	Remaining life (years)	Number of options	Weighted average exercise price
		$			$
0.10 to 1.00	725,000	0.45	3.60	575,000	0.40
1.01 to 2.00	1,103,540	1.51	4.34	275,885	1.51
2.01 to 3.00	370,000	2.45	4.14	92,500	2.45
3.01 to 4.00	80,000	3.90	3.80	40,000	3.91
	2,278,540	1.41		983,385	1.05

The weighted average fair value of $1.23 of the options granted during the period ($0.43 per option issued in 2011) was estimated using the Black-Scholes stock option pricing model with the following weighted average assumptions:

	Years Ended May 31,	
	2012	2011
Average share price at date of grant	**$1.67**	$0.57
Dividends yield	**0%**	0%
Expected weighted volatility	**119%**	100%
Risk-free interest average rate	**1.25%**	1.70%
Expected average life	**3.75 years**	4.83 years
Average exercise price at date of grant	**$1.67**	$0.57

15. EMPLOYEE REMUNERATION (continued)

15.2 Share-based payments (continued)

The underlying expected volatility was determined by reference to historical data of Company's shares over a period of time since its listing on the TSX Venture Exchange. However, for 2011, the Company decided to use a volatility of 100% based on the historic volatility for similar companies since the Company has been on the TSX Venture Exchange for less than a year and its volatility might not be representative of expected volatility. No special features inherent to the options granted were incorporated into measurement of fair value.

In total, $1,367,636 of employee remuneration expense (all of which related to equity-settled share-based payment transactions) were included in expenses in the statement of comprehensive loss ($1,031,077) and capitalized in E&E assets ($336,559) for the year ($364,000 for 2011) and credited to Stock options.

16. FINANCIAL ASSETS AND LIABILITIES

Objectives and policies concerning financial risk management

The Company is exposed to different financial risks resulting from both its operations and investing activities. The management of the financial risks is done by the management of the Company. The Company does not conclude agreements for financial instruments, including financial derivatives, for speculation purpose.

Financial risks

The principal financial risks to which the Company is exposed as well as its policies concerning the management of the financial risks are detailed as follow:

Interest rate risk
The debt and obligations under capital lease are at fixed rated. The other financial assets and liabilities of the Company bear interest. The Company does not use financial derivatives to decrease its exposure to interest risk.

Liquidity risk
Management's objective is to maintain sufficient levels of cash and to ensure that the Company has at its disposal sufficient sources of financing, such as private financing. The Company also establishes budget and liquidity forecasts to ensure that it has at its disposal sufficient funds to meet its financial obligations. Obtaining additional funds make it possible for the Company to continue its operations and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future. Trade and other liabilities of $463,220 ($383,877 in 2011) are due within the next 3 months. The Corporation regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity (see Note 2 – Going concern).

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Generally, the maximum credit risk is equivalent to the carrying value of financial assets exposed to credit risk, less any impairment. The Company is subject to credit risk through cash and cash equivalents and investments. The Company reduces its credit risk by maintaining its cash and cash equivalents and an important part of investments in financial instruments held with a Canadian chartered bank but the Company is subject to concentration of credit risk.

Fair value of financial instruments
The debt and obligations under capital lease are at fixed rates and therefore expose the Company to the risk of fair value due to interest rate variation. The carrying value of cash and cash equivalents, investments, advance to a former employee, trade and other payables and obligations under capital lease are considered to be a reasonable approximation of fair their value because of the short-term maturity and contractual terms of these instruments.

(In Canadian dollars)

16. FINANCIAL ASSETS AND LIABILITIES (continued)

The carrying amounts and fair values of financial instruments presented in the statement of financial position are as follows:

	May 31, 2012		May 31, 2011	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
	$	**$**	$	$
Financial assets				
Loans and receivables				
Cash and cash equivalents	**3,285,042**	**3,285,042**	46,952	46,952
Investments	**-**	**-**	1,816,776	1,816,776
Advance to a former employee	**-**	**-**	11,425	11,425
Financial liabilities				
Financial liabilities measured at amortized cost				
Trade and other payables	**463,220**	**463,220**	383,377	383,377
Obligations under capital leases	**203,110**	**203,110**	-	-
Debt	**1,415,605**	**1,448,412**	-	-

17. CAPITAL MANAGEMENT

The Company's objective in managing capital is to safeguard its ability to continue its operations as well as its exploration and evaluation programs. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares and acquire or sell mining rights to improve its financial performance and flexibility. There was no change to the capital management since last year.

The Company's capital is composed of equity. As at May 31, 2012, the Company's capital totals $16,319,601 ($10,264,053 as at May 31, 2011). See the Statements of changes in equity for the details of the variation during the year.

(In Canadian dollars)

18. LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the period divided by the weighted average number of shares in circulation during the period. In calculating the diluted loss per share, potential common shares such as share options, brokers' options and warrants have not been included as they would have the effect of decreasing the loss per share. Decreasing the loss per share would be antidilutive. Details of share options, broker's options and warrants issued that could potentially dilute earnings per share in the future are given in Notes 12.2, 12.3 and 15.2.

	Years Ended May 31	
	2012	2011
Net loss	**3,638,798**	2,243,750
Weighted average number of shares in circulation	**23,160,518**	12,058,556
Basic and diluted loss per share	**$0.16**	$0.19

19. STATEMENTS OF CASH FLOWS – CHANGES IN NON-CASH WORKING CAPITAL

The changes in working capital items are detailed as follows:

	Years Ended May 31	
	2012	2011 (note 21)
	$	$
Other receivables	**(106,237)**	(156,905)
Tax credit and credit on duties	**(1,441,134)**	(893,516)
Prepaid expenses and deposit	**(53,592)**	(226,457)
Trade and other payables	**(13,720)**	370,512
	(1,614,683)	(906,366)

(In Canadian dollars)

20. RELATED PARTY TRANSACTIONS

Transactions with key management personnel

Key management personnel of the Company are members of the Board of Directors, as well as the president, the chief of finance and the vice-president, exploration. Key management personnel remuneration includes the following expenses:

	Years Ended May 31	
	2012	2011
	$	$
Short-term employee benefits		
Salaries including bonuses and benefits	**361,547**	98,500
Professional fees	**149,000**	47,786
Social security costs	**23,762**	9,104
Total short-term employee benefits	**534,309**	155,390
Share-based payments	**1,175,102**	364,000
Total remuneration	**1,709,411**	519,390

21. FIRST-TIME ADOPTION OF IFRS

These are the Company's first financial statements prepared in accordance with IFRS. The date of transition to IFRS is June 1, 2010.

The Company's IFRS accounting policies presented in Note 3 to the financial statements have been applied in preparing the financial statements for the reporting period ended May 31, 2012 and its comparative information including the opening statement of financial position.

The Company has applied IFRS 1 in preparing these first IFRS financial statements. The effects of the transition to IFRS on equity, comprehensive loss and reported cash flows already established are presented in this section and are further explained in the notes that accompany the tables.

21.1 First-time adoption – exemptions applied

Upon transition, IFRS 1 dictates certain mandatory exceptions and certain optional exemptions from full retrospective application. The exceptions and exemptions adopted by the Company are set out below:

Mandatory exceptions

The estimates established by the Group in accordance with IFRS at the date of transition to IFRS are consistent with estimates made for the same date in accordance with Canadian GAAP, after adjustments to reflect any difference in accounting principles, if applicable.

Financial assets and liabilities that were derecognised before June 1, 2010 as per the previous GAAP, have not been accounted for under IFRS. The Company has early adopted the IFRS amendment on that topic.

(In Canadian dollars)

21. FIRST-TIME ADOPTION OF IFRS (continued)

21.2 Reconciliation of statement of equity

The Company has chosen to change its accounting policies in regards of the exploration and evaluation expenses (note 3). Under Canadian GAAP, the Company was capitalizing all exploration and evaluation expenses related to their mining rights after the company had acquired the legal rights to the property. With the transition to IFRS, the Company elected a new accounting policy whereas the exploration expenses won't be capitalized until a mineral resource estimate has been obtained for an area of interest after which they are being capitalized under exploration and evaluation assets (see note 3). The changes of accounting policies had no impact on the recognition and measurement of exploration and evaluation assets as at June 1 2010, as there is no impact on the mining rights acquisition costs. This new accounting policy is applied retrospectively. The impact of this change in accounting policies results in a decrease of $1,385,732 of exploration and evaluation assets and equity for the year ended May 31, 2011:

	June 1, 2010	May 31, 2011
	$	**$**
Equity under Canadian GAAP	199,204	11,649,785
Variation in equity with respect to exploration and evaluation expenditures	-	(1,385,732)
Equity under IFRS	199,204	10,264,053

(In Canadian dollars)

21. FIRST-TIME ADOPTION OF IFRS (continued)

21.2 Reconciliation of statement of equity (continued)

The following table shows the total effect of the transition on the statement of financial position as at May 31, 2011 (There was no impact on the opening statement of financial position):

CANADIAN GAAP DESCRIPTION	Notes	May 31, 2011 Canadian GAAP	Effect of transition to IFRS	IFRS	IFRS DESCRIPTION
		$	$	$	
ASSETS					**ASSETS**
Current assets					Current assets
Cash		46,952		46,952	Cash and cash equivalents
Investments		1,816,776		1,816,776	Investments
Amounts receivable	a	1,052,183	(893,516)	158,667	Others receivable
	a		893,516	893,516	Tax credit and credit on duties receivable
Prepaid expenses		283,872		283,872	Prepaid expenses and deposit
		3,199,783		3,199,783	
Non-current					Non-current
Mineral Properties and deferred exploration expenses	21.2	8,782,692	(1,385,732)	7,396,960	Exploration and evaluation assets
Property and equipment		50,687		50,687	Property and equipment
Total assets		12,033,162		10,647,430	Total assets
LIABILITIES					**LIABILITIES**
Current liabilities					Current liabilities
Account payables and accrued liabilities		383,377		383,377	Trade and other payables
SHAREHOLDERS' EQUITY					**EQUITY**
Capital stock		11,919,081		11,919,081	Share capital
Warrants		479,020		479,020	Warrants
Brokers options		-		-	
Stock options		240,500		240,500	Stock options
Contributed surplus		-		-	Contributed surplus
Deficit	21.2	(988,816)	(1,385 732)	(2,374,548)	Deficit
Total equity		11,649,785		10,264,053	Total equity
Total liabilities and equity		12,033,162		10,647,430	Total liabilities and equity

(In Canadian dollars)

21. FIRST-TIME ADOPTION OF IFRS (continued)

21.3 Reconciliation of comprehensive loss

The impact of this change in accounting policies result in an increase of $1,385,732 of exploration and evaluation expenses for the year ended May 31, 2011:

	May 31, 2011
	$
Comprehensive loss under Canadian GAAP	858,018
Variation in Comprehensive loss reported with respect to exploration and evaluation expenditures	1,385,732
Comprehensive loss under IFRS	2,243,750

(In Canadian dollars)

21. FIRST-TIME ADOPTION OF IFRS (continued)

21.3 Reconciliation of comprehensive loss (continued)

The following table shows the total effect of the transition on the statement of comprehensive loss for the year ended May 31, 2011:

CANADIAN GAAP DESCRIPTION	Notes	Year ended May 31, 2011			IFRS DESCRIPTION
		Canadian GAAP	Effect of transition to IFRS	IFRS	
		$	$	$	
ADMINISTRATIVE EXPENSES					EXPENSES
Stock-based compensation	a	364,000	(364,000)		
Professional fees	a	169,996	(86,954)	83,042	Professional fees
Salaries and fringe benefits	a	136,104	450,954	587,058	Salaries and employee benefits expense
Public relations and promotion		86,892		86,892	Travelling and entertainment
Office expenses		40,285	(40,285)		
			9,129	9,129	Telecommunication
			31,156	31,156	Administration and furniture's
Trustees and registration fees	a	32,342	5,709	38,051	Trustees and registration fees
Rental expenses		22,029		22,029	Rent
Insurance, taxes and permits		8,599		8,599	Insurance, taxes and permits
Shareholders information	a	5,709	(5,709)		
Bank fees and interest	a	863	(863)		Bank charges
Amortization of property and equipment		10,264		10,264	Depreciation of property and equipment
	21.2	-	1,385,732	1,385,732	Exploration and evaluation expenses
OPERATING LOSS		877,083		2,261,952	OPERATING LOSS
OTHER REVENUES AND EXPENSES					OTHER REVENUES AND EXPENSES
Interest		19,065		19,065	Finance income
	a		863	(863)	Finance costs
NET LOSS AND COMPREHENSIVE LOSS		858,018		2,243,750	NET LOSS AND COMPREHENSIVE LOSS
NET LOSS PER SHARE – BASIC AND DILUTED		0.07		0.19	BASIC AND DILUTED LOSS PER SHARE

(In Canadian dollars)

21. FIRST-TIME ADOPTION OF IFRS (continued)

21.4 Reconciliation of statement of Cash flows

The changes in accounting policies resulting from the Company's adoption of IFRS had the following impact on the statement of cash flows for the year ended May 31, 2011:

	May 31, 2011
	$
Cash flows used in operating activities under Canadian GAAP	(628,777)
Variation in Cash flows used in operating activities reported with respect to:	
Exploration and evaluation expenditures	(1,385,732)
Account payable and accrued liabilities related to exploration and evaluation expenditures	132,173
Tax credit and credit on duties	(893,516)
Cash flows used in operating activities under IFRS	(2,775,852)

	May 31, 2011
	$
Cash flows used in investing activities under Canadian GAAP	(4,238,209)
Variation in Cash flows used in operating activities reported with respect to:	
Exploration and evaluation expenditures	1,385,732
Account payable and accrued liabilities related to exploration and evaluation expenditures	(132,173)
Tax credit and credit on duties	893,516
Cash flows used in investing activities under IFRS	(2,091,134)

21.5 Presentation differences

Certain presentation differences between pre-change accounting standards and IFRS have no impact on reported comprehensive loss or total equity.

As can be seen in the previous tables, some line items are described differently (renamed) under IFRS compared to Canadian GAAP to reflect the nature of the expenses, although the balances included in these line items are unaffected.

21. FIRST-TIME ADOPTION OF IFRS (continued)

21.5 Presentation differences (continued)

Notes to reconciliation

(a) Presentation

Statement of Financial Position

The account *Tax credit and credit on duties receivable* is shown separately.

Statements of comprehensive loss

Salaries and employee benefits expense for IFRS was adjusted as follows:

		May 31, 2011
		$
Balance under Canadian GAAP		136,104
	Share-based payments	364,000
	Professional fees paid to officers	86,954
Balance under IFRS		587,058

The accounts *Trustees and registration fees* and *Shareholders information* are have been grouped for presentation under *Trustees and registration fees*.

The accounts *Public relations and promotion* are have been renamed for presentation under *Travelling and entertainment*.

The account *Office expenses* has been split into *Telecommunication and Administration and Furniture's* for presentation.

21.6 Financial instruments classification

At the date of the transition, *Cash and cash equivalents* has been reclassified from *financial assets held for trading* in the category *loans and receivables*.

(In Canadian dollars)

22. EXPLORATION AND EVALUATION EXPENSES, NET

	Years Ended May 31 **2012**	Years Ended May 31 2011 (note 21)
	$	$
Salaries, geology and prospection	**586,511**	456,714
Lodging and travelling fees	**172,911**	422,143
Geophysics and geo chemistry	**155,671**	35,633
Analysis	**277,805**	307,766
Drilling	**22,095**	742,608
Field preparation	**159,033**	233,746
Furniture's and equipments	**35,964**	51,972
Taxes, permits and insurances	**22,819**	28,667
Depreciation of property and equipment	**33,318**	-
Exploration and evaluation expenses	**1,466,127**	2,279,249
Tax credit and credit on duties	**(527,404)**	(893,517)
Exploration and evaluation expenses net of tax credit and credit on duties	**938,723**	1,385,732

23. SUBSEQUENT EVENTS

In July 2012, the Company granted to an employee a total of 100,000 stock options that may be exercised over a period of five years, at an exercise price of $0.45.

On June 18, 2012, the Company announces the signing of an Option Agreement between certain Vendors and GéoMégA whereby the Vendors granted GéoMégA the option to earn a 100 % undivided interest in 15 mining claims completing the Oriana Tungsten project. The Company shall have the option to acquire 100% by making aggregate payments of $150,000 and issuing shares with an aggregate value of $150,000 (based on the ten day volume weighted average price as of issuance, minimum of $0.35 per common share) on or before the Third anniversary date to the Vendors as follows:

$25,000 in cash on signing and 40,000 common shares within 5 days of TSX Venture Exchange approval;

$25,000 in cash and $25,000 in common shares on or before the First anniversary date of TSXV approval;

$50,000 in cash and $50,000 in common shares on or before the Second anniversary date of TSXV approval;

$50,000 in cash and $50,000 in common shares on or before the Third anniversary date of TSXV approval.

The Vendors shall be entitled to a 2% royalty on net smelter return from production from the 15 claims. GéoMégA may at any time purchase 50% of the royalty from the Vendors for $1,000,000.

24. QUARTERLY INFORMATION UNDER IFRS (UNAUDITED)

In connection with the preparation of the annual financial statements and as permitted by IFRS 1, the Company changed its accounting policy for E&E from the policy used to prepare the unaudited condensed interim financial statements for the first three quarters of the year.

The financial statements of the first three quarter of the year ended May 31, 2012, have been restated to give effect to the new accounting policy whereas the exploration and evaluation expenditures are not capitalized until a mineral resource estimate has been obtained for an area of interest after which they are capitalized under exploration and evaluation assets (see note 3).

The effects of the restatement are as follows:

(In Canadian dollars)

Statement of Financial Position (unaudited)

	As at May 31, 2011		
	As previously reported	Effects of accounting policies changes	Balance after changes
	$	**$**	$
ASSETS			
Current			
Cash and cash equivalents	46 952	-	46 952
Investments	1 816 776	-	1 816 776
Amount receivable	1 181 470	-	1 181 470
Prepaid expenses and deposit	100 670	-	100 670
	3 145 868	-	3 145 868
Non-current			
Property and equipment	50 687	-	50 687
Mining properties and deferred exploration expenses	8 782 692	(1 385 732)	7 396 960
Other assets	53 915	-	53 915
	8 887 294	(1 385 732)	7 501 562
Total assets	12 033 162	(1 385 732)	10 647 430
LIABILITIES			
Current			
Trade and other payables	383 377	-	383 377
EQUITY			
Share capital	11 870 947	-	11 870 947
Contributed surplus	767 654	-	767 654
Deficit	(988 816)	(1 385 732)	(2 374 548)
Total equity	11 649 785	(1 385 732)	10 264 053
Total liabilities and equity	12 033 162	(1 385 732)	10 647 430

(In Canadian dollars)

Interim Statement of Financial Position (unaudited)

	As at August 31, 2011		
	As previously reported	Effects of accounting policies changes	Balance after changes
	$	$	$
ASSETS			
Current			
Cash and cash equivalents	1 082 276	-	1 082 276
Investments	4 006 679	-	4 006 679
Other receivables	309 293	-	309 293
Tax credit and credit on duties receivable	1 249 340	-	1 249 340
Prepaid expenses and deposit	43 819	-	43 819
	6 691 407	-	6 691 407
Non-current			
Exploration and evaluation assets	9 396 519	(1 980 861)	7 415 658
Property and equipment	449 111	-	449 111
Other assets	-	-	-
	9 845 630	(1 980 861)	7 864 769
Total assets	16 537 037	(1 980 861)	14 556 176
LIABILITIES			
Current			
Trade and other payables	377 555	-	377 555
Current portion of obligations under capital leases	192 581	-	192 581
	570 136	-	570 136
Non-current			
Obligations under capital leases	139 073	-	139 073
Total liabilities	709 209	-	709 209
EQUITY			
Share capital	15 803 245	-	15 803 245
Contributed surplus	1 330 556	-	1 330 556
Deficit	(1 305 973)	(1 980 861)	(3 286 834)
Total equity	15 827 828	(1 980 861)	13 846 967
Total liabilities and equity	16 537 037	(1 980 861)	14 556 176

(In Canadian dollars)

Interim Statement of Comprehensive Loss (unaudited)

	Three-month period ended August 31, 2011			Three-month period ended August 31, 2010		
	As previously reported	Effects of accounting policies changes	Balance after changes	As previously reported	Effects of accounting policies changes	Balance after changes
	$	$	$	$	$	$
EXPENSES						
Publicity, travel and promotion	123 944	-	123 944	746	-	746
Salaries and employee benefits expense	104 274	-	104 274	19 687	-	19 687
Exploration and evaluation expenses, net	-	595 129	595 129	-	62 458	62 458
Professional fees	42 411	-	42 411	25 606	-	25 606
Trustees and registration fees	16 129	-	16 129	850	-	850
Offices expenses	13 014	-	13 014	2 737	-	2 737
Rent	6 473	-	6 473	-	-	-
Insurance, taxes and permits	2 171	-	2 171	-	-	-
Bad debts	11 425	-	11 425	-	-	-
Bank charges	938	-	938	126	-	126
Depreciation of property and equipment	5 017	-	5 017	204	-	204
OPERATING LOSS	325 796	595 129	920 925	49 956	62 458	112 414
OTHER REVENUES AND EXPENSES						
Finance income	10 713	-	10 713	-	-	-
Interest on obligations under capital leases	(2 074)	-	(2 074)	-	-	-
	8 639	-	8 639	-	-	-
NET LOSS AND COMPREHENSIVE LOSS	(317 157)	(595 129)	(912 286)	(49 956)	(62 458)	(112 414)

(In Canadian dollars)

Interim Statement of Cash Flows (unaudited)

	Three-month period ended August 31, 2011			Three-month period ended August 31, 2010		
	As previously reported	Effects of accounting policies changes	Balance after changes	As previously reported	Effects of accounting policies changes	Balance after changes
	$	$	$	$	$	$
OPERATING ACTIVITIES						
Net loss	(317 157)	(595 129)	(912 286)	(49 210)	(62 458)	(111 168)
Adjustments						
Share-based payments	32 417	-	32 417	-	-	-
Depreciation of property and equipment	5 017	-	5 017	204	-	204
Changes in non-cash working capital items	29 690	(341 353)	(311 663)	(57 834)	(20 795)	(78 629)
Cash flows used in operating activities	(250 033)	(936 482)	(1 186 515)	(106 840)	(83 253)	(190 093)
INVESTING ACTIVITIES						
Investments redeemed	1 820 810	-	1 820 810	-	-	-
Investments	(4 010 713)	-	(4 010 713)	-	-	-
Additions to property and equipment	(19 959)	-	(19 959)	(1 235)	-	(1 235)
Additions to exploration and evaluation assets	(936 482)	936 482	-	(83 253)	83 253	-
Cash flows used in investing activities	(3 146 344)	936 482	(2 209 862)	(84 488)	83 253	(1 235)
FINANCING ACTIVITIES						
Issuance of units by private placement	4 999 999	-	4 999 999	124 250	-	124 250
Issuance cost of shares	(564 992)	-	(564 992)	-	-	-
Exercise of warrants	68 725	-	68 725	-	-	-
Payments on obligation under capital leases	(72 031)	-	(72 031)	-	-	-
Cash flows from financing activities	4 431 701	-	4 431 701	124 250	-	124 250
Net change in cash and equivalents	1 035 324		1 035 324	(67 078)		(67 078)
Cash and cash equivalents, beginning of year	46 952		46 952	89 854		89 854
Cash and cash equivalents, end of year	1 082 276		1 082 276	22 776		22 776

(In Canadian dollars)

Interim Statement of Financial Position (unaudited)

As at November 30, 2011

	As previously reported	Effects of accounting policies changes	Balance after changes
	$	$	$
ASSETS			
Current			
Cash and cash equivalents	170 989	-	170 989
Investments	2 712 814	-	2 712 814
Other receivables	266 755	-	266 755
Tax credit and credit on duties receivable	1 929 690	-	1 929 690
Prepaid expenses and deposit	142 118	-	142 118
	5 222 366	-	5 222 366
Non-current			
Exploration and evaluation assets	10 749 136	(2 235 612)	8 513 524
Property and equipment	678 287	-	678 287
Other assets	-	-	-
	11 427 423	(2 235 612)	9 191 811
Total assets	16 649 789	(2 235 612)	14 414 177
LIABILITIES			
Current			
Trade and other payables	628 516	-	628 516
Current portion of obligations under capital leases	202 130	-	202 130
	830 646	-	830 646
Non-current			
Obligations under capital leases	113 597	-	113 597
Total liabilities	944 243	-	944 243
EQUITY			
Share capital	16 308 779	-	16 308 779
Contributed surplus	1 334 329	-	1 334 329
Deficit	(1 937 562)	(2 235 612)	(4 173 174)
Total equity	15 705 546	(2 235 612)	13 469 934
Total liabilities and equity	16 649 789	(2 235 612)	14 414 177

(In Canadian dollars)

Interim Statement of Comprehensive Loss (unaudited)

	Three-month period ended November 30, 2011			Three-month period ended November 30, 2010		
	As previously reported	Effects of accounting policies changes	Balance after changes	As previously reported	Effects of accounting policies changes	Balance after changes
	$	$	$	$	$	$
EXPENSES						
Salaries and employee benefits expense	244 017	-	244 017	401 874	-	401 874
Exploration and evaluation expenses, net	-	254 751	254 751	-	196 988	196 988
Professional fees	219 788	-	219 788	10 213	-	10 213
Publicity, travel and promotion	109 738	-	109 738	2 273	-	2 273
Offices expenses	23 027	-	23 027	13 446	-	13 446
Trustees and registration fees	16 031	-	16 031	10 838	-	10 838
Insurance, taxes and permits	8 718	-	8 718	2 127	-	2 127
Rent	6 615	-	6 615	4 315	-	4 315
Bad debts	-	-	-	-	-	-
Bank charges	(222)	-	(222)	132	-	132
Depreciation of property and equipment	6 596	-	6 596	2 298	-	2 298
OPERATING LOSS	634 308	254 751	889 059	447 516	196 988	644 504
OTHER REVENUES AND EXPENSES						
Finance income	11 982	-	11 982	4 425	-	4 425
Interest on obligations under capital leases	(9 263)	-	(9 263)	-	-	-
	2 719	-	2 719	4 425	-	4 425
NET LOSS AND COMPREHENSIVE LOSS	(631 589)	(254 751)	(886 340)	(443 091)	(196 988)	(640 079)

(In Canadian dollars)

Interim Statement of Comprehensive Loss (unaudited)

	Six-month period ended November 30, 2011			Six-month period ended November 30, 2010		
	As previously reported	Effects of accounting policies changes	Balance after changes	As previously reported	Effects of accounting policies changes	Balance after changes
	$	$	$	$	$	$
EXPENSES						
Salaries and employee benefits expense	348 291	-	348 291	421 561	-	421 561
Exploration and evaluation expenses, net	-	849 880	849 880	-	259 445	259 445
Professional fees	262 198	-	262 198	35 819	-	35 819
Publicity, travel and promotion	233 683	-	233 683	3 019	-	3 019
Offices expenses	36 041	-	36 041	16 184	-	16 184
Trustees and registration fees	32 160	-	32 160	11 688	-	11 688
Insurance, taxes and permits	10 889	-	10 889	2 127	-	2 127
Rent	13 088	-	13 088	4 315	-	4 315
Bad debts	11 425	-	11 425	-	-	-
Bank charges	715	-	715	257	-	257
Depreciation of property and equipment	11 614	-	11 614	2 502	-	2 502
OPERATING LOSS	960 104	849 880	1 809 984	497 472	259 445	756 917
OTHER REVENUES AND EXPENSES						
Finance income	22 694	-	22 694	4 425	-	4 425
Interest on obligations under capital leases	(11 336)	-	(11 336)	-	-	-
	11 358	-	11 358	4 425	-	4 425
NET LOSS AND COMPREHENSIVE LOSS	(948 746)	(849 880)	(1 798 626)	(493 047)	(259 445)	(752 492)

(In Canadian dollars)

Interim Statement of Cash Flows (unaudited)	**Six-month period ended November 30, 2011**			**Six-month period ended November 30, 2010**		
	As previously reported	Effects of accounting policies changes	Balance after changes	As previously reported	Effects of accounting policies changes	Balance after changes
	$	$	$	$	$	$
OPERATING ACTIVITIES						
Net loss	(948 746)	(849 880)	(1 798 626)	(493 047)	(259 445)	(752 492)
Adjustments						
Share-based payments	145 261	-	145 261	364 000	-	364 000
Depreciation of property and equipment	11 614	-	11 614	2 502	-	2 502
Changes in non-cash working capital items	224 890	(505 187)	(280 297)	14 886	(214 279)	(199 393)
Cash flows used in operating activities	(566 981)	(1 355 067)	(1 922 048)	(111 659)	(473 724)	(585 383)
INVESTING ACTIVITIES						
Investments redeemed	3 126 514	-	3 126 514	-	-	-
Investments	(4 022 552)	-	(4 022 552)	(1 804 211)	-	(1 804 211)
Additions to property and equipment	(263 190)	-	(263 190)	(28 369)	-	(28 369)
Additions to exploration and evaluation assets	(2 700 730)	1 355 067	(1 345 663)	(473 724)	473 724	-
Cash flows used in investing activities	(3 859 958)	1 355 067	(2 504 891)	(2 306 304)	473 724	(1 832 580)
FINANCING ACTIVITIES						
Issuance of units by private placement	4 999 999	-	4 999 999	3 029 250	-	3 029 250
Required additional consideration-mining properties	-	-	-	36 000	-	36 000
Issuance cost of shares	(568 396)	-	(568 396)	(354 775)	-	(354 775)
Exercise of warrants	103 591	-	103 591	56 570	-	56 570
Exercise of options	140 000	-	140 000	-	-	-
Payments on obligation under capital leases	(124 218)	-	(124 218)	-	-	-
Cash flows from financing activities	4 550 976	-	4 550 976	2 767 045	-	2 767 045
Net change in cash and equivalents	124 037		124 037	349 082		349 082
Cash and cash equivalents, beginning of year	46 952		46 952	89 854		89 854
Cash and cash equivalents, end of year	170 989		170 989	438 936		438 936

(In Canadian dollars)

Interim Statement of Financial Position (unaudited)

As at February 29, 2012

	As previously reported	Effects of accounting policies changes	Balance after changes
	$	$	$
ASSETS			
Current			
Cash and cash equivalents	1 152 782	-	1 152 782
Other receivables	339 412	-	339 412
Tax credit and credit on duties receivable	2 899 865	-	2 899 865
Prepaid expenses and deposit	149 061	-	149 061
	4 541 120	-	4 541 120
Non-current			
Exploration and evaluation assets	12 279 718	(2 255 180)	10 024 538
Property and equipment	641 596	-	641 596
	12 921 314	(2 255 180)	10 666 134
Total assets	17 462 434	(2 255 180)	15 207 254
LIABILITIES			
Current			
Trade and other payables	1 470 300	-	1 470 300
Current portion of obligations under capital leases	184 386	-	184 386
	1 654 686	-	1 654 686
Non-current			
Obligations under capital leases	63 020	-	63 020
Total liabilities	1 717 706	-	1 717 706
EQUITY			
Share capital	16 734 704	-	16 734 704
Contributed surplus	1 280 243	-	1 280 243
Deficit	(2 270 219)	(2 255 180)	(4 525 399)
Total equity	15 744 728	(2 255 180)	13 489 548
Total liabilities and equity	17 462 434	(2 255 180)	15 207 254

(In Canadian dollars)

Interim Statement of Comprehensive Loss (unaudited)

	Three-month period ended February 29, 2012			Three-month period ended February 28, 2011		
	As previously reported	Effects of accounting policies changes	Balance after changes	As previously reported	Effects of accounting policies changes	Balance after changes
	$		$	$		$
EXPENSES						
Salaries and employee benefits expense	133 861	-	133 861	66 364	-	66 364
Exploration and evaluation expenses, net	-	19 569	19 569	-	430 077	430 077
Professional fees	70 426	-	70 426	16 005	-	16 005
Business development	70 471	-	70 471	16 838	-	16 838
Offices expenses	26 052	-	26 052	28 488	-	28 488
Trustees and registration fees	17 375	-	17 375	20 607	-	20 607
Insurance, taxes and permits	3 071	-	3 071	2 713	-	2 713
Bad debts	-	-	-	-	-	-
Depreciation of property and equipment	6 667	-	6 667	3 031	-	3 031
OPERATING LOSS	(327 923)	(19 569)	(347 492)	(154 046)	(430 077)	(584 123)
OTHER REVENUES AND EXPENSES						
Finance income	3 621	-	3 621	-	-	-
Finance expenses	(8 354)	-	(8 354)	(6 941)	-	(6 941)
	(4 733)	-	(4 733)	(6 941)	-	(6 941)
NET LOSS AND COMPREHENSIVE LOSS	(332 656)	(19 569)	(352 225)	(160 987)	(430 077)	(591 064)

(In Canadian dollars)

Interim Statement of Comprehensive Loss (unaudited)

	Nine-month period ended February 29, 2012			Nine-month period ended February 28, 2011		
	As previously reported	Effects of accounting policies changes	Balance after changes	As previously reported	Effects of accounting policies changes	Balance after changes
	$		$	$		$
EXPENSES						
Salaries and employee benefits expense	482 152	-	482 152	487 925	-	487 925
Exploration and evaluation expenses, net	-	869 448	869 448	-	689 523	689 523
Professional fees	332 624	-	332 624	52 071	-	52 071
Business development	304 154	-	304 154	19 857	-	19 857
Offices expenses	75 181	-	75 181	48 739	-	48 739
Trustees and registration fees	49 536	-	49 536	32 294	-	32 294
Insurance, taxes and permits	13 959	-	13 959	4 841	-	4 841
Bad debts	11 425	-	11 425	-	-	-
Depreciation of property and equipment	18 281	-	18 281	5 533	-	5 533
OPERATING LOSS	(1 287 312)	(869 448)	(2 156 760)	(651 260)	(689 523)	(1 340 783)
OTHER REVENUES AND EXPENSES						
Finance income	26 315	-	26 315	11 028	-	11 028
Finance expenses	(20 406)	-	(20 406)	(597)	-	(597)
	5 909	-	5 909	10 431	-	10 431
NET LOSS AND COMPREHENSIVE LOSS	(1 281 403)	(869 448)	(2 150 851)	(640 829)	(689 523)	(1 330 352)

(In Canadian dollars)

Interim Statement of Cash Flows (unaudited)	**Nine-month period ended February 29, 2012**			**Nine-month period ended February 28, 2011**		
	As previously reported	Effects of accounting policies changes	Balance after changes	As previously reported	Effects of accounting policies changes	Balance after changes
	$		$	$		$
OPERATING ACTIVITIES						
Net loss	(1 281 403)	(881 582)	(2 162 985)	(640 829)	(689 523)	(1 330 352)
Adjustments						
Share-based payments	145 261	-	145 261	364 000	-	364 000
Depreciation of property and equipment	18 281	-	18 281	5 533	-	5 533
Changes in non-cash working capital items	987 074	(505 187)	481 887	128 275	(550 498)	(422 223)
Cash flows used in operating activities	(130 787)	(1 386 769)	(1 517 556)	(143 021)	(1 240 021)	(1 383 042)
INVESTING ACTIVITIES						
Investments redeemed	5 842 592	-	5 842 592	-	-	-
Investments	(4 022 552)	-	(4 022 552)	(2 610 778)	-	(2 610 778)
Additions to property and equipment	(280 498)	-	(280 498)	(55 599)	-	(55 599)
Additions to exploration and evaluation assets	(5 157 177)	1 386 769	(3 770 088)	(1 240 021)	1 240 021	-
Cash flows used in investing activities	(3 617 635)	1 386 769	(2 230 546)	(3 906 398)	1 240 021	(2 666 377)
FINANCING ACTIVITIES						
Issuance of units by private placement	4 999 999	-	4 999 999	4 085 820	-	4 085 820
Required additional consideration-mining properties	-	-	-	36 000	-	36 000
Issuance cost of shares	(568 396)	-	(568 396)	(362 806)	-	(362 806)
Exercise of warrants	475 430	-	475 430	498 894	-	498 894
Exercise of options	140 000	-	140 000	43 750	-	43 750
Payments on obligation under capital leases	(192 781)	-	(192 781)	90 125	-	90 125
Cash flows from financing activities	4 854 252	-	4 854 252	4 391 783	-	4 391 783
Net change in cash and equivalents	1 105 830		1 106 150	342 364		342 364
Cash and cash equivalents, beginning of year	46 952		46 952	89 854		89 854
Cash and cash equivalents, end of year	1 152 782		1 153 102	432 218		432 218