Consolidated Financial Statements of

West Kirkland Mining Inc.

For the Year Ended December 31, 2012 and 2011

(Expressed in Canadian dollars)

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Independent Auditor's Report

To the Shareholders of
West Kirkland Mining Inc.

We have audited the accompanying consolidated financial statements of West Kirkland Mining Inc., which comprise the consolidated statements of financial position as at December 31, 2012 and 2011, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of West Kirkland Mining Inc. as at December 31, 2012 and 2011, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that the Company has incurred losses from inception, does not currently have any revenue generating operations and as of December 31, 2012 has a working capital deficiency of $1.1million. This condition, along with other matters as set forth in Note 1 indicate the existence of a material uncertainty that may cast significant doubt about West Kirkland Mining Inc.'s ability to continue as a going concern.

/s/ "Deloitte & Touche LLP"

Chartered Accountants
Vancouver, British Columbia
April 22, 2013

West Kirkland Mining Inc.
Year Ended December 31, 2012 and 2011

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West Kirkland Mining Inc.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

		December 31, 2012		December 31, 2011
Assets				
Current assets:				
Cash	**$**	**174,184**	$	4,655,863
Accounts receivable		**142,826**		438,505
Prepaid expenses and other		**35,151**		69,153
		352,161		5,163,521
Reclamation bond (Note 3)		**125,082**		127,311
Property and equipment (Note 4)		**123,402**		211,746
Mineral properties (Note 5)		**11,044,433**		8,743,618
	$	**11,645,078**	$	14,246,196
Liabilities and Equity				
Current liabilities:				
Accounts payable and accrued liabilities	**$**	**1,258,280**	$	852,037
Notes payable (Note 6)		**180,829**		-
Flow through share premium (Note 8)		**-**		504,000
		1,439,109		1,356,037
Reclamation Provision (Note 7)		**80,972**		-
		1,520,081		1,356,037
Equity:				
Share capital (Note 8)		**18,953,510**		17,434,692
Warrant reserve (Note 8)		**82,606**		448,219
Share based payment reserve (Note 8)		**520,567**		650,276
Foreign currency translation reserve		**(191,566)**		(55,591)
Deficit		**(9,240,120)**		(5,587,437)
		10,124,997		12,890,159
	$	**11,645,078**	$	14,246,196

Going concern (Note 1)

Commitments and contingencies (Note 13)

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

APPROVED BY THE BOARD

/s/ "R. Michael Jones" — Director

/s/ "Eric Carlson" — Director

West Kirkland Mining Inc.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

	Year ended December 31, 2012	Year ended December 31, 2011
Expenses		
Salaries and benefits	$ 468,736	$ 572,322
Professional fees	352,081	300,896
Office and general	272,827	231,074
Management and consulting fees	252,641	258,961
Shareholder relations	199,073	288,924
Rent	159,813	107,641
Travel	110,338	155,188
Depreciation	46,078	49,478
Filing and transfer agent fees	43,310	70,686
Property investigation costs	24,131	10,410
Share based compensation	12,759	157,844
Write-down of exploration projects (Note 5)	2,757,114	1,958,100
Loss from operations	4,698,901	4,161,524
Finance and Other Income		
Interest Income	(9,159)	(32,677)
Flow through share premium (Note 8)	(504,000)	-
Total Finance Income	(513,159)	(32,677)
Net loss before income taxes	4,185,742	4,128,847
Deferred tax (recovery) expense (Note 14)	(17,702)	145,795
Net loss	4,168,040	4,274,642
Exchange differences on translating foreign operations	135,975	10,745
Comprehensive loss for the period	$ 4,304,015	$ 4,285,387
Basic and diluted loss per share (Note 8)	$ 0.12	$ 0.16
Weighted average number of common shares outstanding:		
Basic and diluted	35,054,133	26,622,444

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

West Kirkland Mining Inc.
Consolidated Statements of Changes in Equity
(Expressed in Canadian dollars)

	Share Capital		Reserves				
	Number	**Amount**	**Warrant Reserve**	**Share Based Payment Reserve**	**Foreign Currency Translation Reserve**	**Deficit**	**Total**
Balance at December 31, 2010	25,623,308	$ 10,807,339	$ 9,617	$ 395,118	$ (44,846)	$ (1,316,096)	$ 9,851,132
Private Placement (Note 8)	6,807,500	7,359,381	396,619	-	-	-	7,756,000
Warrants issued as agent's commission	-	(51,600)	51,600	-	-	-	-
Share issue costs (net of tax expense of $144,795)	-	(479,516)	-	-	-	-	(479,516)
Issued upon the exercise of warrants	301,425	232,385	(6,316)	-	-	-	226,069
Expired warrants	-	-	(3,301)	-	-	3,301	-
Issued upon the exercise of options	92,500	70,703	-	(15,204)	-	-	55,499
Share compensation expense	-	-	-	270,362	-	-	270,362
Flow through share premium		(504,000)					(504,000)
Other comprehensive loss	-	-	-	-	(10,745)	-	(10,745)
Net loss	-	-	-	-	-	(4,274,642)	(4,274,642)
Balance at December 31, 2011	**32,824,733**	**17,434,692**	**448,219**	**650,276**	**(55,591)**	**(5,587,437)**	**12,890,159**
Private Placement (Note 8)	4,828,603	1,607,405	82,606	-	-	-	1,690,011
Share issue costs (including tax recovery of $17,702)	-	(211,917)	-	-	-	-	(211,917)
Issued upon the exercise of options	240,000	123,330		(75,330)			48,000
Expired stock options	-	-	-	(67,138)	-	67,138	-
Expired warrants	-	-	(448,219)	-	-	448,219	-
Share compensation expense	-	-	-	12,759	-	-	12,759
Other comprehensive loss	-	-	-	-	(135,975)	-	(135,975)
Net loss	-	-	-	-	-	(4,168,040)	(4,168,040)
Balance at December 31, 2012	**37,893,336**	**$ 18,953,510**	**$ 82,606**	**$ 520,567**	**$ (191,566)**	**$ (9,240,120)**	**$ 10,124,997**

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

West Kirkland Mining Inc.
Consolidated Statements of Cash flows
(Expressed in Canadian dollars)

		Year ended December 31, 2012		Year ended December 31, 2011
Cash flows provided by (used in):				
Operating activities				
Net loss	**$**	**(4,168,040)**	$	(4,274,642)
Items not involving cash:				
Deferred tax (recovery) expense		**(17,702)**		145,795
Share based compensation expense		**12,759**		157,844
Write-down of exploration projects		**2,757,114**		1,958,100
Depreciation		**46,078**		49,478
Flow through premium recognition		**(504,000)**		-
Changes in non-cash working capital:				
Accounts receivable		**294,508**		(298,047)
Prepaids and other		**33,782**		(28,901)
Accounts payable and accrued liabilities		**308,715**		(141,876)
		(1,236,786)		(2,432,249)
Investing activities				
Additions to mineral properties (Note 5)		**(4,925,684)**		(7,033,873)
Purchase of property and equipment		**-**		(170,424)
Reclamation bond		**(538)**		(108,407)
		(4,926,222)		(7,312,704)
Financing activities				
Issuance of share capital		**1,543,796**		6,908,259
Notes payable (Note 6)		**180,000**		-
Flow-through share premium		**-**		504,000
		1,723,796		7,412,259
Decrease in cash		**(4,439,212)**		(2,332,694)
Effect of exchange rate changes on cash denominated in a foreign currency		**(42,467)**		11,274
Cash, beginning of year		**4,655,863**		6,977,283
Cash, end of year	**$**	**174,184**	$	4,655,863
Supplemental disclosure of cash flow information				
Non-cash investing and financing activities:				
Depreciation capitalized to mineral properties	**$**	**36,685**	$	33,028
Share based compensation charged to mineral properties		**-**		112,518
Mineral property and deferred exploration expenditures included in accounts payable		**681,452**		579,837
Broker's warrants issued		**-**		51,600

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

1. Nature of Operations and Going Concern Assumption

West Kirkland Mining Inc. (formerly Anthem Ventures Capital Corp.) ('West Kirkland' or the 'Company') was incorporated on April 3, 2007, under the Company Act of the Province of British Columbia, Canada. The Company was a capital pool corporation, and on May 28, 2010, completed its Qualifying Transaction as that term is defined in TSX Venture Exchange Policy 2.4. The Company acquired all of the issued and outstanding shares of WK Mining Corp. ('WK Mining') which has been accounted for as a reverse takeover that does not constitute a business combination. As a result, these consolidated financial statements reflect the financial position, financial performance and cash flows of the Company's legal subsidiary, WK Mining. The address of the Company's registered office is Suite 328 – 550 Burrard Street, Vancouver, BC, V6C 2B5.

The Company is an exploration company working on mineral properties it has staked or acquired by way of option agreement, in Nevada, Utah and Ontario. The Company has not yet determined whether these mineral properties contain any economically recoverable ore reserves. The Company defers all acquisition, exploration and development costs related to the properties on which it is conducting exploration. The recoverability of these amounts is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of the interests, and future profitable production, or alternatively, upon the Company's ability to dispose of its interests on a profitable basis.

These financial statements have been prepared in accordance with International Financial Reporting Standards, ('IFRS') applicable to a going concern, which assume that the Company will realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred losses from inception, does not currently have any revenue generating operations and as of December 31, 2012 has a working capital deficiency of $1.1 million. In addition the Company must spend $7.1 million in exploration expenditures in 2013 to retain all of its existing rights under the terms of its mineral property option agreements. The Company's ability to continue as a going concern is dependent upon its ability in the future to achieve profitable operations and, in the immediate term, to obtain the necessary financing to meet its obligations and repay its liabilities when they become due. Subsequent to December 31, 2012 the Company received $5.2 million as a result of the closing of a unit offering described in Note 15. External financing, predominantly by the issuance of equity to the public, will be sought to finance the operations of the Company however there is no certainty that such funds will be available at terms acceptable to the Company. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

2. Significant Accounting Policies

(a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with accounting policies in full compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the IFRS Interpretations Committee ("IFRIC").

(b)Basis of Presentation

These consolidated financial statements have been prepared on a historical costs basis. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for the cash flow information.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by the Company and its subsidiaries.

(c)Principals of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned legal subsidiary, WK Mining Corp. and its wholly-owned legal subsidiary WK Mining (USA) Ltd. All material intercompany transactions, balances, revenues and expenses are eliminated on consolidation.

(d)Foreign Currency

Items included in the consolidated financial statements are measured in each entity's functional currency. Each entity's functional currency is determined by the primary environment the entity operates in. The functional currency of the Company's subsidiary, WK Mining (USA) Ltd., is the United States Dollar and the functional currency of WK Mining Corp and the Company's Canadian operations is the Canadian Dollar.

The presentation currency of the Company is the Canadian Dollar. For the purpose of presenting the financial statements, assets and liabilities of the Company's foreign subsidiary are expressed in Canadian dollars using the closing rates at the date of the statement of financial position being presented. The exchange differences that arise on translation are recognized as a component of other comprehensive income or loss and recorded in equity as 'foreign currency translation reserve.' Accumulated amounts in the foreign currency translation reserve will be recognized as profit or loss in the period when the foreign operation is disposed of.

Transactions in currencies which are not the entity's functional currency are translated to the functional currency at exchange rates at the date of the transaction. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Non-monetary items that are measured in terms of historical costs in a foreign currency are not retranslated. Revenue and expense items are translated at average exchange rates of the reporting period.

(e)Property and Equipment

Property and equipment are stated at cost and are depreciated on a declining balance basis at the following rates with one half of annual depreciation recorded in the year of acquisition:

Bridge	10%
Field Equipment	30%
Leasehold Improvements	20%
Vehicles	30%
Computer Software	100%

The depreciation, useful life and residual values are assessed annually.

(f)Exploration and Evaluation Expenditures

The Company is in the exploration stage with respect to its investment in mineral properties and accordingly follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of mineral claims. Such costs include, but are not exclusive to, geological and geophysical studies, exploratory drilling and sampling. Capitalization of costs commences once the Company has obtained legal rights to explore a specific area. The aggregate costs related to abandoned mineral claims are charged to operations at the time of any abandonment or when it has been determined that there is evidence of a permanent impairment. An impairment charge relating to a mineral property is subsequently reversed when new exploration results or actual or potential proceeds on sale result in a revised estimate of the recoverable amount but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

(g)Development and Production Costs

When technical feasibility and commercial viability of a property is established and the Company determines that it will proceed with development, all exploration and evaluation costs attributable to that area are reclassified to construction in progress within property, and equipment or as intangible assets depending on the nature of the expenditure. If economically recoverable ore deposits are developed, the capitalized costs of the related property will be amortized using the unit-of-production method following the commencement of production.

(h)Impairment of Non-Financial Assets

Non-financial assets are reviewed each reporting period for any indicators that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether an impairment exists. Where the asset does not generate cash inflows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Goodwill, any intangible asset with an indefinite useful life or any intangible asset not yet available for use is tested for impairment annually and whenever there is an indication that the asset may be impaired.

An asset or cash-generating unit's recoverable amount is the higher of fair value less costs to sell and value to use. In assessing value in use, the estimated future cash inflows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately in profit or loss. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. Impairment of goodwill cannot be reversed.

Industry specific indicators for an impairment review arise typically when one of the following circumstances applies:

- Substantive expenditure on further exploration and evaluation activities is neither budgeted nor planned;
- Title to the asset is compromised;
- Adverse changes in commodity prices and markets; and
- Adverse variations in the exchange rate for the currency of operation

(i) Financial Instruments

The Company classifies its financial instruments into one of the following categories: fair value through profit or loss ("FVTPL") (assets and liabilities), assets available-for-sale, loans and receivables, assets held-to-maturity and other financial liabilities. All financial instruments are measured at fair value on initial recognition.

Financial assets and liabilities designated as FVTPL are subsequently measured at fair value with changes in fair value recognized in net earnings. Financial assets designated as "available-for-sale" are subsequently measured at fair value with changes in fair value recognized in other comprehensive income(loss), net of tax. Transaction costs for FVTPL financial assets and liabilities are recognized in income when incurred.

Financial assets designated as "loans and receivables" or "held-to-maturity", and financial liabilities designated as "other financial liabilities" are recorded at amortized cost. Transaction costs from loans and receivables and other financial liabilities offset the carrying amount of the related financial assets or liabilities.

The Company has classified cash and accounts receivable as "loans and receivables", reclamation bonds as "assets held-to-maturity", and accounts payable, accrued liabilities and notes payable as "other financial liabilities".

(j)Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

(k)Share-based Payments

The share option plan allows the Company's board of directors to grant options to Company employees and consultants to acquire shares of the Company. The fair value of options granted as measured by the Black-Scholes formula options pricing model, is recognized as a share based compensation expense and recognized over the length of the vesting period of each tranche, while the corresponding amount is recognized in the share-based payments reserve. Compensation expense for share-based payments to non-employees is periodically re-measured until counterparty performance is complete. At each financial reporting date, the number of options recognized as an expense is adjusted to reflect the number of options actually expected to vest going forward. Upon cancellation or expiry the fair value of the applicable options is transferred to deficit. An individual is classified as an employee when they are an employee for legal purposes, or primarily performing services similar to the services that would be provided by a legal employee.

(l)Revenue

Revenue will be recorded when the fair value of the consideration is received or receivable and will be recognized to the extent that it is probable that the economic benefits will flow to the Company and when the revenue can be reliably measured.

Interest income is recognized monthly as earned.

(m)Loss Per Share

Basic loss per share is calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of dilutive instruments such as options granted to employees. During the year ended December 31, 2012 and 2011 all outstanding share options and warrants were anti-dilutive.

(n)Income Taxes

Income tax expense comprises current and deferred income taxes. Income tax expense is recognized in profit and loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case it is recognized in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred taxes are recorded using the liability method. Deferred tax assets and liabilities are recognized for future tax consequences attributable to unused tax losses and unused tax credits and differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. The following temporary differences are not provided for: initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that affects neither accounting nor taxable loss and is not a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the unused tax losses and unused tax credits and temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Flow-through shares are a unique Canadian tax incentive which transfers the tax benefit of certain exploration expenditures to shareholders who funded these expenditures through related share issuances. The Company has adopted a policy whereby the premium paid for flow-through shares in excess of the market value of the shares without the flow-through features at the time of issue is credited to other

liabilities and included in other income when both the qualifying expenditures have been made and the expenditures have been renounced. The recognition of a deferred tax liability upon renunciation of the flow-through expenditures is recorded as income tax expense in the period of renunciation.

(o)Restoration, Rehabilitation and Environmental Obligations

An obligation to incur restoration, rehabilitation and environmental costs arises when the environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operation license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using the unit-of-production method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense in profit or loss.

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

The operations of the Company have been, and may in the future be, affected from time to time in varying degrees by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

(p)Measurement Uncertainties

i)Resource Estimates

The Company relies on appropriately qualified persons to estimate mineral resources. The information relating to the geological data on the size, depth and shape of the ore body requires complex geological judgments to interpret the data. Changes in the indicated and inferred mineral resources estimates may impact the carrying value of the mining properties.

ii)Share-based payments

The Company follows accounting guidelines in determining the fair value of share-based compensation. The computed amount is not based on historical cost, but is derived based on subjective assumptions input into an option pricing model. The model requires that management make forecasts as to future events, including estimates of the average future period of issued stock options before exercise, expiry or cancellation; future volatility of the Company's share price in the life of the options (using historical volatility as a reference); and the appropriate risk-free rate of interest. Share-based compensation also incorporates an expected forfeiture rate. The expected forfeiture rate is estimated annually based on historical forfeiture rates and expectations of future forfeiture rates.

The resulting value calculated is not necessarily the value that the holder of the options could receive in an arm's length transaction, given that there is no market for the options and they are not transferable. It is management's view that the value derived is highly subjective and dependent entirely upon the input assumptions made.

iii)Deferred income taxes

Judgment is required in determining whether deferred tax assets are recognized on the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses require management to assess the likelihood that the Company and/or its subsidiaries will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future

taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company and/or its subsidiaries to realize the net deferred tax assets recorded at the statement of financial position date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Company and its subsidiaries operate could limit the ability of the Company to obtain tax deductions in future periods.

iv)Impairment of mineral properties

The Company assesses its mineral properties quarterly to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance.

(q)Significant Accounting Judgments

The critical judgments that the Company's management has made in the process of applying the Company's accounting policies, apart from those involving estimations (Note 2(p)), that have the most significant effect on the amounts recognized in the Company's consolidated financial statements are related to the economic recoverability of the mineral properties, the determination of functional currency for the Company and its subsidiaries and the assumption that the Company will continue as a going concern.

(r)New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not effective for the December 31, 2012 reporting period. The Company is currently assessing the potential impact of the adoption of the following standards:

IFRS 10, Consolidated Financial Statements: IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 supersedes IAS 27, *Consolidated and Separate Financial Statements,* and *SIC-12, Consolidation – Special Purpose Entities*.

IFRS 11, Joint Arrangements: IFRS 11 establishes principles for financial reporting by parties to a joint arrangement. IFRS 11 supersedes current IAS 31, *Interests in Joint Ventures* and SIC-13, *Jointly Controlled Entities-Non – Monetary Contributions by Venturers.*

IFRS 12, Disclosure of Interests in Other Entities: IFRS 12 applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity.

IFRS 13, Fair Value Measurements: IFRS 13 defines fair value, sets out in a single IFRS framework for measuring value and requires disclosures about fair value measurements. The IFRS 13 applies to IFRSs that require or permit fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except in specified circumstances.

IAS 27, Separate Financial Statements: IAS 27 has been updated to require an entity presenting separate financial statements to account for those investments at cost or in accordance with *IFRS 9 Financial Instruments*. The new IAS 27 excludes the guidance on the preparation and presentation of consolidated financial statements for a group of entities under the control of a parent, which is within the scope of the current IAS 27 Consolidated and Separate Financial Statements, and is replaced by IFRS 10.

IAS 28, Investments in Associates and Joint Ventures: IAS 28 has been updated and it is to be applied by all entities that are investors with joint control of, or significant influence over, an investee. The scope of the current IAS 28 Investments in Associates does not include joint ventures. Early application is permitted.

IFRIC 20 – Stripping Costs in the Production Phase of a Mine: In October 2011, the IASB issued IFRIC 20 which clarifies the requirements for accounting for the costs of stripping activity in the production phase when two benefits accrue: (i) usable ore that can be used to produce inventory and (ii) improved access to further quantities of material that will be mined in future periods. The interpretation is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

IFRS 9, Financial Instruments: IFRS 9 introduces the new requirements for the classification, measurement and de-recognition of financial assets and financial liabilities. Specifically, IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortized cost or fair value, and all financial liabilities classified as subsequently measured at amortized cost except for financial liabilities as at fair value through profit or loss. The amendments are effective for annual periods beginning on or after January 1, 2015, with earlier application permitted.

IAS 1 – Presentation of Financial Statements: In June 2011, the IAS issued amendments to IAS 1 that requires an entity to group items presented in the statement of comprehensive income on the basis of whether they may be reclassified to earnings subsequent to initial recognition. For those items presented before taxes, the amendments to IAS 1 also require that the taxes related to the two separate groups be presented separately. The amendments are effective for annual periods beginning on or after July 1, 2012, with earlier adoptions permitted. The Company does not anticipate the application of the amendments to IAS 1 to have a material impact on its consolidated financial statements.

IAS 32 Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32). On December 16, 2011, the IASB published amendments to IAS 32 Financial Instruments: Presentation to clarify the application of the offsetting requirements. The amendments are effective for annual periods beginning on or after January 1, 2014, with earlier application permitted.

Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7). On December 16, 2011, the IASB published new disclosure requirements jointly with the Financial Accounting Standards Board ("FASB") that enables users of financial statements to better compare financial statements prepared in accordance with IFRS and US GAAP. The new requirements are effective for annual periods beginning on or after January 1, 2013.

3. Reclamation Bond

The Company's US subsidiary, WK Mining (USA) Ltd., has posted a statewide bond of $59,694 (US$60,000) to the Bureau of Land Management (the 'BLM') in the state of Nevada for disturbance of ground required to complete exploration work on projects in Nevada under the jurisdiction of the BLM. This bond is applicable to work done on any property in Nevada and the funds are held in the State of Nevada's reclamation performance bond pool. The Company transferred permits associated with the KB project from Fronteer Gold Inc. to the Company's name. As part of this permit transfer process the Company posted $7,278 (US$7,315) from its statewide bond to the KB project.

WK Mining (USA) has also posted a statewide bond of $47,556 (US$47,800) to the Division of Oil Gas Mining of Utah ('DOGM') for disturbance of ground required to complete exploration work on the TUG Project. This is applicable to work done on any property in Utah under the jurisdiction of the BLM or DOGM. The funds are held in the State of Utah's reclamation performance bond pool. They are held in an interest bearing account and will be returned with interest when the projects are successfully reclaimed. Total interest of $69 (US$69) has been earned on this bond.

WK Mining (USA) has also posted a reclamation bond amounting to $17,763 (US$17,853) as required by the BLM for the disturbance of ground required to complete exploration work on the Goldstorm Project located in Northern Nevada. The funds are held in the State of Nevada's reclamation performance bond pool. The amount of the bond was calculated to reflect the estimated cost of the BLM reclaiming the disturbance in the event the Company is unable to do the reclamation. To have the bond returned to the Company, the Company must reclaim the disturbed area to a state deemed acceptable by the BLM. Generally this determination is not made by the BLM until two growing seasons have been completed.

4. Property and Equipment

The Company holds the following property and equipment at December 31, 2012:

Cost	Computer Software	Bridge	Field Equipment	Leasehold Improvements	Vehicles	Total
Balance as at December 31, 2011	$ 99,343	$ 53,460	$ 57,194	$ 5,226	$ 90,798	$ 306,021
Additions	-	-	-	-	-	-
Foreign exchange movement	(307)	-	(1,032)	-	(1,780)	(3,119)
Balance December 31, 2012	**$ 99,036**	**$ 53,460**	**$ 56,162**	**$ 5,226**	**$ 89,018**	**$ 302,902**
Accumulated Depreciation						
Balance as at December 31, 2011	$ 49,672	$ 3,876	$ 23,271	$ 1,517	$ 15,939	94,275
Depreciation and amortization	49,518	2,285	10,962	1,298	22,004	86,067
Foreign exchange movement	(154)	-	(421)	-	(267)	(842)
Balance at December 31, 2012	**$ 99,036**	**$ 6,161**	**$ 33,812**	**$ 2,815**	**$ 37,676**	**$ 179,500**
Carrying amount, December 31, 2012	**$ -**	**$ 47,299**	**$ 22,350**	**$ 2,411**	**$ 51,342**	**$ 123,402**
Carrying amount, December 31, 2011	$ 49,671	$ 49,584	$ 33,923	$ 3,709	$ 74,859	$ 211,746

During the year ended December 31, 2012 and 2011 the Company capitalized depreciation of $36,685 and $33,028 to mineral properties.

5. Mineral Properties

	Kirkland Lake	Goldstorm	Fronteer	Rubicon	Total
Acquisition costs of mineral rights					
Balance January 1, 2011	$ 554,162	$ 258,758	$ 52,255	$ -	$ 865,175
Incurred during the year	299,276	43,629	26,257	115,130	484,292
Write-down	(47,350)	(299,759)	-	-	(347,109)
Foreign exchange movement	-	(2,628)	1,177	-	(1,451)
Balance December 31, 2011	806,088	-	79,689	115,130	1,000,907
Deferred exploration costs					
Balance January 1, 2011	$ 909,362	$ 1,143,411	$ -	$ -	$ 2,052,773
Administration	42,034	5,626	18,396	21	66,077
Consulting	31,544	24,374	188,588	104,532	349,038
Drilling	2,565,033	5,641	2,195,169	-	4,765,845
Equipment/fuel/parts	2,754	-	17,627	317	20,698
Field and camp	14,069	5,405	86,707	-	106,181
Freight/transportation	6,583	-	881	1,529	8,993
Geochemical and geophysical	21,445	-	19,421	394,804	435,670
Geological supplies	6,274	-	3,087	515	9,876
Gov't fees, licenses and maps	226	6,007	215,213	203,983	425,429
Salaries and wages	319,931	14,663	395,360	157,310	887,264
Travel and accommodation	676	473	50,723	19,257	71,129
Vehicle and fuel	43,482	8,022	59,389	5,876	116,769
Write-down	(359,407)	(1,251,584)	-	-	(1,610,991)
Foreign exchange movement	-	37,961	-	-	37,961
Balance December 31, 2011	3,604,006	-	3,250,561	888,144	7,742,711
Total December 31, 2011	$ 4,410,094	$ -	$ 3,330,250	$ 1,003,274	$ 8,743,618
Acquisition costs of mineral rights					
Balance January 1, 2012	$ 806,088	$ -	$ 79,689	$ 115,130	$ 1,000,907
Incurred during the year	62,399	-	9,769	52	72,220
Write-down	(673,424)	-	-	-	(673,424)
Foreign exchange movement	-	-	(1,731)	(2,501)	(4,232)
Balance December 31, 2012	195,063	-	87,727	112,681	395,471
Deferred exploration costs					
Balance January 1, 2012	$ 3,604,006	$ -	$ 3,250,561	$ 888,144	$ 7,742,711
Administration	9,065	-	32,183	38	41,286
Consulting	17,464	-	352,019	42,470	411,953
Drilling	1,017,020	-	1,561,149	591,722	3,169,891
Equipment/fuel/parts	2,780	-	1,311	13,855	17,946
Field and camp	14,778	-	31,607	5,796	52,181
Freight/transportation	5,551	-	18,870	10	24,431
Geochemical and geophysical	10,547	-	79,440	83,215	173,202
Geological supplies	610	-	1,651	3,086	5,347
Gov't fees, licenses and maps	1,556	-	71,914	95,835	169,305
Salaries and wages	259,284	-	234,042	275,412	768,738
Travel and accommodation	8,500	-	37,978	23,743	70,221
Vehicle and fuel	28,217	-	27,894	38,294	94,405
Write-down	(2,083,690)	-	-	-	(2,083,690)
Reclamation asset (Note 7)			58,810	22,162	80,972
Foreign exchange movement	-	-	(70,391)	(19,546)	(89,937)
Balance December 31, 2012	2,895,688	-	5,689,038	2,064,236	10,648,962
Total December 31, 2012	$ 3,090,751	$ -	$ 5,776,765	$ 2,176,917	$ 11,044,433

(a) Nevada, United States

(i) Fronteer

On December 14, 2010, the Company entered into an agreement with Fronteer Gold Inc. ("Fronteer") to option 11 properties which total approximately 234 km^2 in north eastern Nevada and Utah. In addition, under the terms of the agreement, a private placement with Fronteer for 800,000 common shares of the Company at $1.25 per share was completed for gross proceeds of $1,000,000. The funds were spent on exploration activities. On February 3, 2011 Fronteer was acquired by Newmont Mining Corporation ("Newmont"). The acquisition of Fronteer had no effect on the agreement.

West Kirkland has the option to earn a 51% interest on all of the properties by spending $15,400,000 over four years, with the $2,000,000 minimum work requirement due on the first anniversary and a $3,000,000 minimum work requirement due by the second anniversary both having been satisfied at December 31, 2012. As the first and second year minimum work requirements (calculated on an aggregate basis over all the properties) are completed, subsequent work requirements are determined on an individual property by property basis for years three and four of the agreement. Upon completion of the earn-in requirements the Company also has the option of earning an additional nine percent by spending an aggregate $4,000,000 over two years or completing a pre-feasibility study on any designated property.

In the year ended December 31, 2012, the Company incurred and capitalized $2,438,477 (2011 - $3,250,561) in exploration costs on the Fronteer properties.

On October 18, 2012 the Company acquired, by way of a 25 year lease, an additional 35% of the private mineral interests in certain sections of the TUG property held by a third party. An amount of US$10,000 was paid upon execution of the agreement. The Company will pay consideration in the form of annual advance royalty payments in the amount of US$10,000 for the first through fifth anniversary, after the fifth anniversary the annual payment will escalate by US$5,000, and will escalate by US$5,000 every five years. Production royalties are payable in the amount of 1.4% of the 35%. During years of production on the property if the production royalty is a larger amount than the advance royalty, no advance royalty will be paid. Under the terms of the agreement signed with Fronteer, these rights were deemed an after-acquired interest and became a component of the TUG Property under that agreement. The Company was reimbursed US$4,000 of the acquisition costs by Newmont.

(ii) Rubicon

On June 23, 2011, the Company entered into an agreement with Rubicon Minerals Corporation to option 909 km^2 in north eastern Nevada. West Kirkland has the option to earn a 51% interest in properties that Rubicon owns 100% or 75% of the mineral interest, and 60% of Rubicon's mineral interest where Rubicon's mineral interest is less than 75%, by spending US$15,000,000 over four years. The Company may earn an additional 9% mineral interest in properties that are 100% owned by Rubicon by spending and additional US$4,000,000 in exploration expenditures, or by completing a pre-feasibility study on any property.

Under the terms of the agreement the Company made a firm commitment to a first year expenditure on the property package of US$2,000,000 to be made by June 23, 2012. The deadline to complete this work commitment was subsequently extended to October 31, 2012. Rubicon has acknowledged satisfaction of this commitment.

Subsequent to December 31, 2012 the remaining three minimum exploration expenditure deadlines were extended to calendar year end instead of the anniversary date of the original agreement thus making the next yearly minimum exploration expenditure (for US$3,000,000) due to be spent by December 31, 2013.

During the year ended December 31, 2012 the Company spent $1,176,092 (2011 - $888,144) on exploration costs.

(b) Kirkland Lake – Ontario, Canada

(i) Cunningham

On September 3, 2010, the Company entered into an option agreement whereby the Company may acquire a 100% interest in mineral claims and mineral rights to patent parcels and licenses of occupation totaling approximately 10 km^2 in the Holmes and Flavelle Townships west of Kirkland Lake. To complete the option the Company must pay $320,000 in cash ($90,000 paid) and make $600,000 in exploration expenditures (all of which have been made) over 60 months. During the year the option was amended to defer a payment of $30,000 to March 2013. All necessary property expenditures have been completed at year end, with $1,899,460 in total spent. West Kirkland may also acquire the surface rights to the patent parcels by making additional annual payments of $10,000 ($30,000 paid to date). The vendor retains a 1% net smelter return royalty purchasable at any time up to commercial production for $1,000,000. The Company capitalized $633,410 in exploration costs to the property during the year, (2011 - $1,066,002).

(ii) Sutton

On November 16, 2010 the Company entered into an option agreement whereby the Company may acquire a 100% interest in the 2.03 km^2 Sutton property located in Holmes Township, west of Kirkland Lake. Optional consideration consists of $148,000 in cash payments ($38,000 paid) over 6 years, and a work program of $220,000 (which has been completely incurred) within 36 months. All necessary property expenditures have been completed at year end, with $682,610 in total spent. The vendor retains a 2% net smelter royalty of which the Company may purchase three quarters, or 1.5%, for $500,000 prior to the commencement of commercial production. The Company capitalized $187,013 in exploration costs to the property during the year, (2011 - $495,430).

(iii) McLean

On November 16, 2010, the Company entered into an option agreement to acquire a 100% interest in the 0.57 km^2 McLean property located in Holmes Township, west of Kirkland Lake. To complete the option the Company must make cash payments totaling $55,000 ($17,000 paid) over five years. The Company may acquire the surface rights to the patent parcels by making additional annual payments of $1,000 ($3,000 paid to date), and reimbursing applicable taxes on the property. The vendor retains a 1% net smelter royalty, which the Company may purchase at any time prior to commercial production for $250,000. During the year, $32,937 was capitalized to the property, (2011 - $214,010).

(iv) Cairo Property

Commencing November 2009, the Company has incurred $3,937 to stake three claim blocks comprised of 34 units (approximately 5.4 km^2) in the Alma and Cairo Townships west of Kirkland Lake, Ontario, Canada. The Company capitalized $3,535 in exploration costs to the property during the year, (2011 - $48,826).

During the year the Flavelle, Goldbanks, Holmes, Island 27 and Hill properties were all written down with $2,083,690 in exploration costs and $673,424 in acquisition costs, written off for a total write down of $2,757,114.

6. Notes Payable

On December 18, 2012, the company entered into a loan agreement in the principal amount of $90,000 with a director of the Company, and a second loan agreement, also in the principal amount of $90,000 with a company controlled by a director of the Company. The loans were repaid on February 8, 2013. Interest on both notes accrued at a rate of 12% per annum from the date of advance and compounds annually. Interest of $414 was accrued on each note at year end. Subsequent to December 31, 2012, the company repaid these amounts in full (see subsequent events Note 14).

7. Reclamation Provision

The reclamation provision represents the estimated costs required to provide adequate restoration and rehabilitation of drilling activities in Nevada and Utah. The Company measures the reclamation costs at fair value, which is based on the net present value of future cash expenditures upon reclamation of drilling sites and related lands. Reclamation costs are capitalized to mineral properties and will be amortized over the life of the related mine once the mine commences commercial production.

The provision of $80,972, established at December 31, 2012 for reclamation cost obligations, has been adjusted to reflect risk. The estimate has been discounted at its present value at a rate of approximately 2.95% per annum being an estimate of the long-term, risk-free, pre-tax costs of borrowing. The undiscounted balance of the reclamation provision is $84,567 at December 31, 2012 and is expected to be incurred on average in 2015.

8. Share Capital

The authorized share capital consists of an unlimited number of common shares without par value.

At December 31, 2012 the Company had 37,893,336 shares outstanding.

During the year ended December 31, 2012 the Company issued common shares pursuant to the following:

On July 20, 2012 the Company completed a brokered, private placement of 4,828,603 units of the Company at a price of $0.35 per unit for gross proceeds of $1,690,011. The units consist of one common share and one half of one common share purchase warrant, with each full purchase warrant entitling the holder to purchase one common share of the Company at a price of $0.60 for a period of 18 months after the closing date. The value of the warrants is estimated using the Black-Scholes pricing model with further details of the assumptions used found in the warrant reserve section. The brokers received a cash commission of $133,635 representing 7% of the gross proceeds raised plus additional fees.

240,000 options were exercised at a price of $0.20 for one common share for gross proceeds of $48,000. Fair value of the options was $75,330.

During the year ended December 31, 2011, the Company issued common shares pursuant to the following:

On November 22, 2011, the Company completed a bought deal private placement of 6,807,500 common shares to raise gross proceeds of $7,756,000. The initial offering consisted of the issuance of 4,550,000 non flow-through units and 1,575,000 flow-through shares of the Company at a price of $1.10 and $1.27 respectively. A further over-allotment option of an additional 682,500 units was also issued. The non flow-through units consist of one common share and one half of one common share purchase warrant, with each full purchase warrant entitling the holder to purchase one common share of the Company at a price of $1.50 for a period of 12 months after the closing date. The underwriters received a cash commission representing 7% of the gross proceeds raised in the offering and broker's warrants equal to 5% of the securities sold under the offering exercisable at $1.50 for a period of 12 months after the closing date. The fair value of these compensation warrants were estimated using the Black-Scholes pricing model and recorded as share issuance costs, (see the warrant reserve section for assumptions used).

The gross proceeds of the flow-through financing must be used to incur Canadian exploration expenditures as defined by the Income Tax Act (Canada) by December 31, 2012. The Flow-Through share premium of $0.32 per share is calculated as the difference between the value allocated to common shares of $0.95 and the price of the flow-through shares of $1.27. At December 31, 2012, the Company had incurred its required flow through expenditures of $2,000,250 and the flow through share premium was fully recognized as finance income.

301,425 warrants were exercised at a price of $0.75 for one common share for gross proceeds of $226,069. Fair value of the warrants was $6,316.

92,500 options were exercised at a price of $0.60 for one common share for gross proceeds of $55,500. Fair value of the options was $15,204.

Warrant Reserve

	Number of warrants		Amount		Weighted Average Exercise Price
Balance, January 1, 2011	401,425	$	9,617	$	0.87
Warrants exercised	(301,425)		(6,315)		0.75
Warrants expired	(100,000)		(3,302)		1.25
Broker's warrants issued	340,000		51,600		1.50
Private placement warrants issued	2,616,250		396,619		1.50
Balance, December 31, 2011	**2,956,250**	**$**	**448,219**	$	**1.50**
Private placement warrants issued	2,414,301		82,606		0.60
Warrants expired	(2,956,250)		(448,219)		1.50
Balance December 31, 2012	**2,414,301**	**$**	**82,606**	$	**0.60**

During the year ended December 31, 2012 the Company issued warrants pursuant to the following:

The Company issued 2,414,301 warrants in connection with the private placement completed on July 20, 2012. Each warrant is exercisable at $0.60 per warrant for one common share of the Company of a period of 18 months.

The fair values of the warrants issued in 2012 were estimated using the Black-Scholes pricing model with the following weighted average assumptions:

Expected life	1.5 years
Risk-free interest rate	0.99%
Expected volatility	78%
Expected dividends	-
Weighted average fair value of warrant granted	$0.03

During the year ended December 31, 2011 the Company issued warrants pursuant to the following:

The Company issued 2,616,250 warrants in connection with the private placement completed on November 22, 2011. Each warrant is exercisable at $1.50 per warrant for one common share of the Company for a period of 12 months.

The Company issued 340,000 brokers warrants in connection with the private placement completed on November 22, 2011. Each warrant is exercisable at $1.50 per warrant for one common share of the Company for a period of 12 months.

The fair values of the warrants issued in 2011 were estimated using the Black-Scholes pricing model with the following weighted average assumptions:

Expected life	1 year
Risk-free interest rate	0.92%
Expected volatility[1]	77%
Expected dividends	-
Weighted average fair value of warrant granted	$0.15

[1]Expected volatility is based on the trading history of the Company. Given the limited trading history for the Company, this volatility was then compared to the historical volatility of a peer group of companies with a similar corporate structure and operating in similar regions as the Company. The volatility from the Company's limited trading history was similar to the peer group compared to.

During the year ended December 31, 2011, 301,425 warrants were exercised at $0.75 per warrant for one common share. The fair value of the warrants exercised was $6,315.

Share based payment reserve

The Company established a stock option plan (the "Plan") on May 1, 2007, whereby options can be granted to directors, officers, employees and consultants at the discretion of the Board of Directors. The number of options that can be granted is limited to 10% of the total shares issued and outstanding.

The following table summarizes the Company's outstanding share options:

Exercise Price	Number Outstanding at December 31, 2012	Weighted Average Remaining Contractual Life (Years)	Number Exercisable at December 31, 2012
$1.15	200,000	2.75	200,000
$1.10	280,000	3.72	280,000
$1.00	100,000	3.88	100,000
$0.90	100,000	2.42	100,000
$0.75	50,000	2.61	50,000
$0.60	865,000	2.41	865,000
	1,595,000		1,595,000

The weighted average exercise price for both the outstanding and exercisable shares is $0.81.

The following table summarizes the Company's share based payment reserve:

Balance, January 1, 2011	$	395,118
Share compensation expense [1]		274,900
Share options cancelled		(4,538)
Share options exercised		(15,204)
Balance, December 31, 2011		650,276
Share compensation expense		12,759
Share options expired or cancelled		(67,138)
Share options exercised		(75,330)
Balance December 31, 2012	**$**	**520,567**

[1] $112,518 capitalized to mineral properties

As a result of previously granted share options vesting during the year ended December 31, 2012, $12,759 of share compensation expense was recorded in the share based payment reserve.

During the year ended December 31, 2012, 60,000 share options were cancelled and 200,000 share options expired valued at $37,081 and $30,057 respectively. The fair value of these options was transferred from share based payment reserve to deficit on expiry.

A total of 240,000 share options were exercised at $0.20 per share for total proceeds of $48,000. Fair value of $75,330 was attributed to the exercises.

During the year ended December 31, 2011 the following transactions took place in the share based payment reserve:

A total of 92,500 share options were exercised at $0.60 per share for total proceeds of $55,500. Fair value of $15,204 was attributed to the exercises.

A total of 455,000 share options were issued. The Company expensed $270,362 related to those options granted or vesting in the period. The Company used the Black-Scholes model to determine the grant date fair value of the options granted. The following weighted average assumptions were used in valuing the share options granted in the period:

Expected life	5.08
Risk-free interest rate	1.63%
Expected volatility[1]	80%
Expected dividends	-

[1]Expected volatility is based on the trading history of the Company. Given the limited trading history for the Company, this volatility was then compared to the historical volatility of a peer group of companies with a similar corporate structure and operating in similar regions as the Company. The volatility from the Company's limited trading history was similar to the peer group compared to.

As at December 31, 2012, the weighted average fair value per option outstanding was $0.31.

	Number	Weighted average exercise price
Balance, January 1, 2011	1,822,500	$0.67
Cancelled	(90,000)	$1.15
Granted	455,000	$1.07
Exercised	(92,500)	$0.60
Balance December 31, 2011	2,095,000	$0.74
Cancelled or expired	(260,000)	$0.85
Exercised	(240,000)	$0.20
Balance December 31, 2012	**1,595,000**	**$0.81**

The weighted average remaining contractual life of the options outstanding at December 31, 2012, is 2.78 years.

9. Capital Risk Management

The Company's objectives in managing its liquidity and capital are to safeguard the Company's ability to continue as a going concern and to provide financial capacity to meet its strategic objectives. The capital structure of the Company consists of equity attributable to common shareholders, comprising of issued share capital, reserves and accumulated deficit.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt and acquire or dispose of mineral rights.

As at December 31, 2012 the Company does not have any long-term debt and is not subject to any externally imposed capital requirements.

The Company completed a private placement financing in the first quarter of 2013 (see Subsequent Events Note 15) to address the immediate cash requirements of the Company at year end.

10. Financial Risk Management

The Company examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks.

(a) Fair Value

As at December 31 2012, the Company's financial instruments consist of cash, accounts receivable, reclamation bonds, accounts payable, accrued liabilities and notes payable. The fair values of accounts

receivable, accounts payable, accrued liabilities and notes payable approximate their carrying values due to the short-term nature of these instruments and the fair value of the reclamation bonds approximates their fair value due to the fact they earn interest at rates approximating market rates.

(b) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to the short-term interest rates through the interest earned on cash balances; however, management does not believe this exposure is significant.

(c) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer fails to meet its contractual obligations. The Company is exposed to credit risk through its cash which is held in large Canadian financial institutions and accounts receivable. The Company believes this credit risk is insignificant.

(d) Foreign Currency Risk

Foreign currency risk is the risk that the fair value of financial instruments or future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company operates in Canada and the United States and is therefore exposed to foreign currency risk arising from transactions denominated in U.S. dollars. Certain amounts of the Company's accounts payable and accrued liabilities are denominated in U.S. dollars. A 10% change in the exchange rate between the Canadian and United States dollar would have an effect on the loss before income taxes for the period ended December 31, 2012 of approximately $32,041. The Company monitors its net exposure to foreign currency fluctuations and adjusts its cash held in U.S. dollars accordingly. The following table lists the Canadian dollar equivalent of financial instruments and other current assets denominated in U.S. dollars as of December 31, 2012:

	December 31, 2012	December 31, 2011
Cash	$ 86,050	$ 51,774
Accounts receivable	84,494	70,499
Prepaids and other	9,585	10,426
Reclamation bond	125,082	127,311
Accounts payable and accrued liabilities	689,550	324,005

(e) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure.

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

11. Segmented Information

The Company operates in one segment, being the exploration of mineral properties with two geographic locations: Ontario, Canada and Eastern Nevada / Western Utah, USA. The Company's cumulative mineral properties expenditures in Ontario, Canada total $6,226,623 and in Nevada and Utah, USA total $9,424,053. The Company's executive and head office is located in Vancouver, British Columbia, Canada.

	Canada	United States	Total
As at December 31, 2012			
Current Assets	$ 186,957	$ 165,204	$ 352,161
Mineral Properties	3,090,751	7,953,682	11,044,433
Other Assets	56,373	192,111	248,484
Total Assets	3,334,081	8,310,997	11,645,078
Accounts payable and accrued liabilities	749,559	689,550	1,439,109
For the year ended December 31, 2012			
Net Loss	$ 3,847,633	$ 320,407	$4,168,040

	Canada	United States	Total
As at December 31, 2011			
Current Assets	$ 5,030,822	$ 132,699	$ 5,163,521
Mineral Properties	4,410,094	4,333,524	8,743,618
Other Assets	106,797	232,260	339,057
Total Assets	9,547,966	4,698,230	14,246,196
Accounts payable and accrued liabilities	528,032	324,005	852,037
For the year ended December 31, 2011			
Net Loss	$ 2,361,005	$ 1,913,637	$ 4,274,642

12. Related Party Transactions

The Company paid remuneration for the following items with companies related by way of directors in common:

	December 31, 2012	December 31, 2011
Administration fees	$ 42,000	$ 42,000
Professional fees	60,000	60,000
Consulting Fees	-	6,576
Rent	89,153	87,586
Interest on notes payable (Note 6)	414	-
Total Related Party Transactions	$ 191,567	$ 196,162

For the period ended December 31, 2012, the Company accrued $42,000 (December 31, 2011 - $42,000) for day-to-day administration, reception and secretarial services and $60,000 (December 31, 2011 - $60,000) for accounting services; and $Nil (December 31, 2011 - $6,576) in consulting fees for geographical information systems and mapping to Platinum Group Metals Ltd., a company related by virtue of common directors and officers. All of these amounts were charged at fair market rates and were paid subsequent to year-end.

For the period ended December 31, 2012, the Company paid or accrued $89,153 (December 31, 2011 - $87,586) for rent to Anthem Properties Group Ltd. and Anthem Works Ltd. respectively, companies related by virtue of a common director. The rental rate was negotiated on an arm's length basis and is set at a fair market rate.

These transactions are in the normal course of operations and are measured at the exchange amount of consideration established and agreed to by the parties.

Compensation of Key Management Personnel

	December 31, 2012	December 31, 2011
Salaries and management fees	$ 188,423	$ 212,924
Directors Fees	126,000	118,250
Share-based payments	-	-
Total compensation of key management personnel	$ 314,423	$ 331,174

13. Commitments and Contingencies

The Company had a firm commitment to a first year exploration expenditure of US$2,000,000 to be made by October 31, 2012 (previously June 23, 2012) on the Rubicon mineral property package in Nevada, including a provision for 7% overhead. This commitment was satisfied and Rubicon has acknowledged satisfaction of this commitment.

The Company is committed under the terms of an operating lease for office premises to total aggregate payments of US$44,308 expiring in 2013.

To acquire certain other mineral property interests in Ontario and Nevada the Company must make optional acquisition and exploration expenditures in order to satisfy the terms of existing option agreements, failing which the rights to such mineral properties will revert back to the property vendors. For details of the Company's mineral property acquisitions and optional expenditure commitments see Note 5. The Company has no other identified commitments or contingencies.

14. Deferred Taxes

As of January 1, 2012, the applicable federal income tax rate in Canada was reduced by 1.5%. In addition the Province of Ontario froze the applicable provincial income tax rate at 11.5%. This rate was scheduled to decrease to 10% by July 2013. Income tax expense (recovery) varies from the amount that would be computed by applying the basic federal and provincial income tax rates applicable to the Company to the loss before the tax provision due to the following:

	2012	2011
Net loss before income taxes	$ (4,185,742)	$ (4,128,847)
Canadian federal and provincial income tax rates	25.6%	26.5%
Income tax expense based on Canadian federal and provincial income tax rates	(1,070,550)	(1,094,145)
Increase (decrease) attributable to:		
Non-deductible (taxable) expenditures	15,319	(876)
Non-deductible share based payments	3,265	79,618
Changes in unrecognized deferred tax assets	631,622	384,700
Effect of flow through share renunciation	511,783	646,870
Effect of items recognized directly in equity	(17,702)	144,795
Effects of different statutory tax rates on earnings of subsidiaries	(37,604)	(135,004)
Effect of foreign currency exchange rate change	(19,834)	18,006
Impact of deferred income tax rates applied versus current statutory rates	-	31,074
Other	(33,001)	70,757
Income tax (recovery) expense	$ (17,702)	$ 145,795

The significant components of the Company's deferred tax assets and liabilities are as follows:

		December 31, 2012		December 31, 2011
Deferred tax assets				
Non-capital and net operating loss carry fowards	$	2,279,164	$	1,496,237
Share issue costs		82,535		68,153
Total deferred tax assets		2,361,699		1,564,390
Deferred tax liabilities				
Mineral properties	$	(2,361,699)	$	(1,564,390)
Total deferred tax liabilities		(2,361,699)		(1,564,390)
Net deferred taxes	$	-	$	-

During 2012, the Company renounced $2.0 million (2011 – $2.6 million) of Canadian Exploration Expenditures to flow-through shareholders. The result of this renunciation was that the "Cumulative Canadian Exploration Expenditures" pool of the Company was reduced and a $0.5 million (2011 - $0.6 million) deferred tax liability was recorded on the date of filing the renunciation and a deferred tax expense recognized. As a result of this liability being recognized, the Company recognized an equal and offsetting deferred tax asset, which resulted in a deferred tax recovery through comprehensive income, as well as an amount recognized directly in equity as indicated above in the rate reconciliation.

Unrecognized deductible temporary differences, unused tax losses, and unused tax credits are attributable to the following:

		2012		2011
Non-capital and net operating loss carry forwards[1]	$	5,238,004	$	2,865,125
Share issuance costs		584,902		760,224
Mineral properties		199,362		30,632
Pre-production investment tax credits[1]		75,674		120,807
Tax value of property and equipment in excess of book		106,117		28,728
Other temporary differences		396,863		216,200
	$	6,600,922	$	4,021,716

[1]The unrecognized tax losses and investment tax credits will expire between 2029 and 2032

15. Subsequent Events

The following events occurred subsequent to year end. These events and other non-material subsequent events may be mentioned elsewhere in these financial statements:

- The Company completed a brokered, best efforts private placement of 22,400,000 units at a price of $0.25 per unit for gross proceeds of $5,600,000. The units consist of one common share and one share purchase warrant entitling the holder to purchase one common share of the Company at a price of $0.40 for a period of one year after the closing date. The brokers received a cash commission of $392,000 representing 7% of the gross proceeds raised.
- Subsequent to year end the Company repaid in full two notes payable of $90,000 each that were outstanding at December 31, 2012. Accrued interest of $3,078, of which $828 was accrued at year end was also repaid in full
- The Company granted 500,000 incentive stock options at a price of $0.22 to an employee.
- The Company negotiated a change of option agreement terms with Rubicon Minerals making its future minimum work requirements due by the end of each calendar year starting in December 2013 as opposed to the June 23rd anniversary date of the agreement.