ANSELL CAPITAL CORP.

FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED JANUARY 31, 2013

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed interim financial statements, they must be accompanied by a notice indicating that the condensed interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of Ansell Capital Corp. (the “Company”) for the three and six months ended January 31, 2013 have been prepared by and are the responsibility of the Company’s management, and have not been reviewed by the Company’s auditors.

ANSELL CAPITAL CORP.

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited)
(Expressed in Canadian Dollars)

	JANUARY 31, 2013	JULY 31, 2012
ASSETS		
Current assets		
Cash and cash equivalents	**$ 1,155,628**	$ 1,504,878
Short term investments	**$ 567,794**	566,000
Receivables	**12,633**	57,858
Prepaid expenses	**8,175**	6,174
Total current assets	**1,744,230**	2,134,910
Exploration and acquisition advances	**-**	70,000
Equipment (Note 5)	**1,411**	4,697
Investments (Note 6)	**37,000**	66,000
Exploration and evaluation assets (Note 7)	**8,106,268**	8,061,759
Total assets	**$ 9,888,909**	$ 10,337,366
EQUITY AND LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	**$ 28,794**	$ 284,453
Total liabilities	**28,794**	284,453
Shareholders' equity		
Share capital (Note 8)	**12,772,288**	12,767,413
Share-based payment reserve	**636,025**	762,464
Obligation to issue shares	**-**	4,875
Accumulated other comprehensive income	**(139,000)**	(110,000)
Deficit	**(3,409,198)**	(3,371,839)
Total shareholders' equity	**9,860,115**	10,052,913
Total liabilities and shareholders' equity	**$ 9,888,909**	$ 10,337,366

Nature of operations (Note 1)

These financial statements were approved and authorized for issue on behalf of the Board of Directors on March 28, 2013by:

On behalf of the Board:

"JevinWerbes"	*"Matthew G. Wright"*
Director	Chief Financial Officer

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

ANSELL CAPITAL CORP.

CONDENSED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Unaudited)
(Expressed in Canadian Dollars)

	THREE MONTHS ENDED JANUARY 31		SIX MONTHS ENDED JANUARY 31	
	2013	2012	**2013**	2012
Expenses				
Amortization	**$ 101**	$ 432	**$ 202**	$ 864
Consulting	**24,000**	28,500	**48,000**	57,000
Management fees	**18,000**	18,000	**36,000**	36,000
Office expenses	**15,646**	11,863	**36,184**	22,044
Professional fees	**9,767**	14,971	**16,086**	32,673
Regulatory and filing fees	**2,810**	2,821	**2,898**	3,122
Rent, net of recoveries	**3,186**	1,536	**2,372**	(828)
Shareholder communications	**2,226**	30,340	**8,506**	56,541
Share-based payments	**-**	4,600	**-**	23,300
Transfer agent fees	**2,022**	1,230	**2,763**	6,172
Travel and property evaluation	**12,200**	9,365	**25,778**	18,484
Wages and salaries	**19,192**	18,438	**36,763**	35,689
	(109,150)	(142,096)	**(215,552)**	(291,061)
Interest income	**1,169**	3,166	**7,226**	17,824
Exploration and evaluation asset recovery	**22,862**	-	**47,612**	-
Loss on disposal of asset	**-**	-	**(3,084)**	-
Other income	**-**	150,000	**-**	150,000
Net Income (Loss) For The Period	**(85,119)**	$ 11,070	**(163,798)**	$ (123,237)
Other Comprehensive Income (Loss)				
Net unrealized losses on available for sale investments during the period	**(9,000)**	(9,000)	**(29,000)**	(60,000)
Comprehensive Income (Loss) For ThePeriod	**$ (94,119)**	$ 2,070	**$ (192,798)**	$ (183,237)
Basic and Fully Diluted Earnings (Loss) per Share	**$ (0.00)**	$ 0.00	**$ (0.00)**	$ (0.00)
Weighted Average Number Of Shares Outstanding	**57,384,617**	57,375,344	**57,527,681**	57,306,186

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

ANSELL CAPITAL CORP.

CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited)
(Expressed in Canadian Dollars)

	SIX MONTHS ENDED JANUARY 31	
	2013	2012
Cash Provided By (Used In):		
Operating Activities		
Net loss for the period	**$ (163,798)**	$ (123,237)
Amounts not affecting cash:		
Accrued interest	**-**	16,964
Depreciation	**202**	864
Loss on disposal of assets	**3,084**	
Share-based payments	**-**	23,300
Other income	**-**	(150,000)
Net changes in non-cash operating working capital items:		
Amounts receivable	**45,225**	18,457
Prepaid expenses	**(2,001)**	96,530
Accounts payable and accrued liabilities	**(49,621)**	(28,880)
Advance repayable	**70,000**	-
Net cash outflow from operating activities	**(96,909)**	(146,002)
Investing Activities		
Investment in exploration and evaluation assets	**(500,547)**	(1,313,631)
Mineral property recoveries	**250,000**	100,000
Short term investments (net)	**(1,794)**	(2,749)
Total cash outflow from investing activities	**(252,341)**	(1,216,380)
Financing Activities		
Issuance of share capital	**-**	25,000
Total cash inflow from financing activities	**-**	25,000
Change in cash and cash equivalents	**(349,250)**	(1,337,382)
Cash and cash equivalents, beginning of period	**1,504,878**	3,767,368
Cash and cash equivalents, end of period	**$ 1,155,628**	$ 2,429,986
Supplemental cash flow information		
Interest paid	**$ -**	$ -
Income taxes paid	**$ -**	$ -

(See Note 14)

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

ANSELL CAPITAL CORP.

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD FROM AUGUST 1, 2011 TO JANUARY 31, 2013
(Unaudited)
(Expressed in Canadian Dollars)

	SHARE CAPITAL		SHARE-BASED PAYMENT	OBLIGATION TO	ACCUMULATED OTHER COMPREHENSIVE	ACCUMULATED	TOTAL SHAREHOLDERS'
	SHARES	AMOUNT	RESERVE	ISSUE SHARES	INCOME	DEFICIT	EQUITY
Balance, August 31, 2011	57,125,344	$ 12,628,779	$ 868,153	$ 30,250	$ (20,000)	$ (2,413,653)	$ 11,093,529
Exercise of stock options	250,000	40,993	(15,993)	-	-	-	25,000
Share – based payments	-	-	23,300	-	-	-	23,300
Revaluation of investments to market value	-	-	-	-	(60,000)	-	(60,000)
Loss for the period	-	-	-	-	-	(123,237)	(123,237)
Balance, January 31, 2013	57,375,344	12,669,772	875,460	30,250	(80,000)	(2,536,890)	10,958,592
Shares issued for property and related finders fees	150,000	19,500	-	-	-	-	19,500
Share – based payments	-	-	4,475	-	-	-	4,475
Obligation to issue shares	-	-	-	(25,375)	-	-	(25,375)
Revaluation of investments to market value	-	-	-	-	(30,000)	-	(30,000)
Expiry of agents warrants	-	78,141	(78,141)	-	-	-	-
Expiry of options	-	-	(39,330)	-	-	39,330	-
Loss for the period	-	-	-	-	-	(874,279)	(874,279)
Balance, July 31, 2012	57,525,344	12,767,413	762,464	4,875	(110,000)	(3,371,839)	10,052,913
Shares issued for finders fees	12,188	4,875	-	(4,875)	-	-	-
Revaluation of investments to market value	-	-	-	-	(29,000)	-	(29,000)
Expiry of options	-	-	(126,439)	-	-	126,439	-
Loss for the period	-	-	-	-	-	(163,798)	(163,798)
Balance, January 31, 2013	**57,537,532**	**$ 12,772,288**	**$ 636,025**	**$ -**	**$ (139,000)**	**$ (3,409,198)**	**$ 9,860,115**

The accompanying notes are an integral part of these financial statements

ANSELL CAPITAL CORP.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JANUARY 31, 2013
(Unaudited)
(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS

a) Nature of Operations

Ansell Capital Corp. ("Company") was incorporated under the Business Corporations Act (BC) on July 26, 2006 and is listed on the TSX Venture Exchange.

The Company's principal business activity is the acquisition and exploration of resource properties. The Company presently has no proven or probable reserves and on the basis of information to date, it has not yet determined whether these properties contain economically recoverable ore reserves. Consequently, the Company considers itself to be an exploration stage company.

The address of the Company's corporate office and principal place of business is Suite 300 – 235 West 15th Street, West Vancouver, British Columbia, V7T 2X1.

2. BASIS OF PRESENTATION

a) Statement of Compliance

These condensed interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting ("IAS34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). They do not include all information required for full annual financial statements and should be read in conjunction with the Audited Financial Statements of the Company for the year ended July 31, 2012.

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors on March 28, 2013.

b) Going Concern

The financial statements are prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. The Company has working capital at January 31, 2013of $1,715,436 (July 31, 2012 - $1,850,457) and management believes the Company has sufficient cash to maintain current operations for the next twelve months.

c) Basis of Measurement

These financial statements have been prepared on a historical cost basis except for certain financial instruments that have been measured at fair value.

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses.

2. BASIS OF PRESENTATION (Continued)

c) Basis of Measurement (Continued)

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods. See Note 4 for Use of Estimates and Judgments made by management in the application of IFRS.

3. SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited financial statements as at July 31, 2012. The accompanying condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended July 31, 2012.

International Financial Reporting Standard 9, Financial Instruments ("IFRS 9"), was issued in November 2009. It addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: Amortized cost and Fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends, to the extent not clearly representing a return of investment, are recognized in profit or loss; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely. This standard is required to be applied for accounting periods beginning on or after January 1, 2015, with earlier adoption permitted.

Accounting Standards Issued But Not Yet Applied

The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

The following new standards, amendments and interpretations, which have not been early adopted in these interim financial statements, will not have an effect on the Company's future results and financial position:

- IFRS 10 Establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities (Effective for annual periods beginning on or after January 1, 2013)
- IFRS 11 Establishes principles for financial reporting by parties to a joint arrangement (Effective for annual periods beginning on or after January 1, 2013)
- IFRS 12 Applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity(Effective for annual periods beginning on or after January 1, 2013)
- IFRS 13 Defines fair value, sets out in a single IFRS framework for measuring value and requires disclosures about fair value measurements (Effective for annual periods beginning on or after January 1, 2013)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Standards Issued but Not Yet Applied (Continued)

- IAS 27 Contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements (Effective for periods beginning on or after January 1, 2013)
- IAS 28 Sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures (Effective for periods beginning on or after January 1, 2013)
- Amendments to IAS 1, Presentation of Financial Statements (Effective July 1, 2012 and may be early adopted)

4. USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the following notes:

i) Impairment

At each reporting period, assets, specifically in exploration and evaluation are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts exceed their recoverable amounts. The assessment of the carrying amount often requires estimates and assumptions such as discount rates, exchange rates, commodity prices, future capital requirements and future operating performance.

Information about assumptions and estimation uncertainties that have a significant risk in resulting in material adjustments

i) Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Notes 8 and 9.

ii) Income taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

4. USE OF ESTIMATES AND JUDGEMENTS (Continued)

ii) Income taxes (Continued)

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

5. EQUIPMENT

	OFFICE EQUIPMENT	VEHICLE	TOTAL
Cost			
Balance, August 1, 2012	$ 3,317	$ 7,000	$ 10,317
Additions	-	-	-
Disposals	-	(7,000)	(7,000)
Balance January 31, 2013	$ 3,317	$ -	$ 3,317
Amortization			
Balance, August 1, 2012	$ 1,704	$ 3,916	$ 5,620
Charge for the period	202	-	202
Disposals	-	(3,916)	(3,916)
Balance January 31, 2013	$ 1,906	$ -	$ 1,906
Net Book Value, January 31, 2013	**$ 1,411**	**$ -**	**$ 1,411**

	OFFICE EQUIPMENT	VEHICLE	TOTAL
Cost			
Balance, August 1, 2011	$ 3,317	$ 7,000	$ 10,317
Additions	-	-	-
Disposals	-	-	-
Balance July 31, 2012	$ 3,317	$ 7,000	$ 10,317
Amortization			
Balance, August 1, 2011	$ 1,300	$ 2,592	$ 3,892
Charge for the year	404	1,324	1,728
Disposals	-	-	-
Balance July 31, 2012	$ 1,704	$ 3,916	$ 5,620
Net Book Value, July 31, 2012	$ 1,613	$ 3,084	$ 4,697

6. INVESTMENTS

	JANUARY 31 2013	JULY 31 2012
Driven Capital Corp. ("Driven") - 400,000 common shares* (2011 – 200,000 common shares)	**$ 8,000**	$ 28,000
Great Bear Resources Ltd. ("Great Bear") – 500,000 common shares**	**20,000**	20,000
Entourage Mining Ltd. ("Entourage") – 300,000 common shares***	**9,000**	18,000
	$ 37,000	$ 66,000

* The Driven common shares were received pursuant to a mineral property option agreement as follows:
200,000 common shares at a value of $50,000 (Note 7(a)).
200,000 common shares at a value of $16,000 (Note 7(a)).

** The Great Bear common shares were received pursuant to a mineral property option agreement at a value of $95,000 (Note 7(d)).

*** The Entourage common shares were received at a value of $15,000.

7. EXPLORATION AND EVALUATION ASSETS

Mineral property costs for thesix month period ended January 31, 2013are as follows:

	BALANCE JULY 31 2012	ADDITIONS	COST RECOVERY	WRITE OFFS	**BALANCE JANUARY 31 2013**
Property Acquisition Costs					
Kuyakuz, Canada (a)	$ 5,250	$ -	$ (5,250)	$ -	**$ -**
Charlotte, Canada (b)	4,840,000	-	-	-	**4,840,000**
Dal, Canada (c)	284,969	-	-	-	**284,969**
Etzel, Canada (d)	250,000	-	(250,000)	-	**-**
	5,380,219	-	(255,250)	-	**5,124,969**
Deferred Exploration Expenditures					
Kuyakuz, Canada (a)	-	-	-	-	**-**
Charlotte, Canada (b)	2,546,211	290,933	-	-	**2,837,144**
Dal, Canada (c)	135,329	8,826	-	-	**144,155**
Etzel, Canada (d)	-	-	-	-	**-**
	2,681,540	299,759	-	-	**2,981,299**
Total	$ 8,061,759	$ 299,759	$ (255,250)	$ -	**$ 8,106,268**

7. EXPLORATION AND EVALUATION ASSETS(Continued)

Mineral property cost for the year ended July 31, 2012are as follows:

	BALANCE JULY 31 2011	ADDITIONS	COST RECOVERY	WRITE OFFS	BALANCE JULY 31 2012
Property Acquisition Costs					
Kuyakuz, Canada (a)	$ 10,043	$ -	$ (4,793)	$ -	$ 5,250
Charlotte, Canada (b)	4,340,000	500,000	-	-	4,840,000
Dal, Canada (c)	225,719	59,250	-	-	284,969
Discovery Creek, Canada	230,250	-	-	(230,250)	-
Etzel, Canada (d)	835,000	-	(195,000)	(390,000)	250,000
	5,641,012	559,250	(199,793)	(620,250)	5,380,219
Deferred Exploration Expenditures					
Kuyakuz, Canada (a)	31,207	-	(31,207)	-	-
Charlotte, Canada (b)	1,012,372	1,533,839	-	-	2,546,211
Dal, Canada (c)	-	135,329	-	-	135,329
Discovery Creek, Canada	-	57,758	-	(57,758)	-
Etzel, Canada (d)	-	-	-	-	-
	1,043,579	1,726,926	(31,207)	(57,758)	2,681,540
Total	$ 6,684,591	$ 2,286,176	$ (231,000)	$ (678,008)	$ 8,061,759

Write-offs of $678,008 consist of a write-off of $647,758 recorded in the statement of loss and comprehensive loss and $30,250 reversal of obligation to issue shares through equity.

a) Kuyakuz Mountain Project, British Columbia, Canada

The Company acquired, for the cost of staking, certain mineral tenures located in the Province of British Columbia.

During the year ended July 31 2011, the Company entered into an option agreement with Driven Capital Corp. (“Driven”), whereby Driven was granted the option to acquire an undivided 70% interest in the Company’s Kuyakuz Mountain property.

In order for Driven to earn its 70% interest in the property the Company will receive consideration aggregating $160,000 cash and 800,000 shares of Driven in staged tranches, and Driven has an obligation to incur aggregate exploration expenditures of $1,000,000 in staged tranches as follows:

7. EXPLORATION AND EVALUATION ASSETS (Continued)

a) Kuyakuz Mountain Project, British Columbia, Canada (Continued)

i) Cash consideration;

$15,000 as a refundable deposit, (received);
$20,000 within five days of the approval date (being April 2011), (received)
$50,000 on or the first anniversary of the approval date (see below)
$75,000 on or before the second anniversary of the approval date

In March 2012, the terms of the agreement were renegotiated such that the payment of $50,000 originally due on the first anniversary of the approval date became due as follows:

i) $20,000 upon April 4, 2012 (received)
ii) $30,000 on October 4, 2012 (received)

ii) Stock consideration

200,000 shares within 5 days of approval date, (received at a value of $50,000)
200,000 shares on or before the first anniversary of the approval date (received at a value of $16,000)
400,000 shares on or before the second anniversary of the approval date

iii) Property exploration commitment aggregating $1,000,000 as follows:

$ 100,000 in aggregate on or before the first anniversary of the approval date
$ 300,000 in aggregate on or before the second anniversary of the approval date
$1,000,000 in aggregate on or before the third anniversary of the approval date

Driven has the further option to acquire the remaining 30% undivided interest in the property by issuing an additional 1,200,000 shares to the Company on or before the third anniversary of the approval date.

The Company will retain a 2% net smelter return royalty ("NSR") upon commercial production. Driven also has the right to acquire the entire NSR by paying the Company $1,000,000 on or before the sixth anniversary of the approval date.

b) Charlotte Property, Yukon Territory, Canada

In March 2011, the Company entered into an option agreement with Eagle Trail Properties Inc. ("Eagle Trail") and Guinness Exploration, Inc. ("Guinness") to acquire up to an 85% undivided interest in the Charlotte project in the Yukon Territory (the "property").

The Company can acquire a 49% interest by paying Eagle Trail $1,000,000, issuing 12,000,000 units to Eagle Trail and spending $5,000,000 on expenditures on the property over 3 years, of which $2,000,000 is to be spent in the first year. Of the cash consideration, $500,000 is payable on the effective date and the remainder is payable 14 months thereafter. The 12,000,000 units are issuable on the effective date.

Each unit consisted of one common share and 0.67 share purchase warrants with one full warrant being exercisable to purchase one additional common share of the Company at a price of $0.35 for two years. During the year ended July 31, 2011, the Company had issued 12,000,000 units valued at $3,840,000 (Note 9(iii))and made cash payments aggregating $500,000 pursuant to the agreement. During the year ended July 31, 2012, the Company made an additional cash payment of $500,000.

7. EXPLORATION AND EVALUATION ASSETS (Continued)

b) Charlotte Property, Yukon Territory, Canada (Continued)

The Company will be the operator of the project.

The Company can increase its interests to 85% of which 26% can be earned by the Company delivering to Eagle Trail and Guinness a bankable Feasibility Study on the property within five years of obtaining its 49% interest and the final 10% can be earned by arranging for the production financing to place the property into commercial production.

The property is encumbered with a 3% NSR due and payable to Eagle Trail of which 1% can be purchased by the Company for $1,500,000 provided the Company has first acquired a 75% undivided interest in and to the Property.

During the year ended July 31, 2011, the Company incurred $52,454 of investigation costs on the property prior to acquisition which were expensed as property evaluation.

The agreement also gives Eagle Trail and Guinness the right, until the Company acquires a 75% interest, to elect to include any properties acquired from Aurchem, including the Discovery Creek and Etzel properties, as part of the properties subject to this agreement.

c) Dal Property, Yukon Territory, Canada

In March 2011, the Company entered into an option agreement (amended in April 2012) with Shawn Ryan and Wildwood Exploration Inc. to aquire mining claims located in the Yukon Territory.

In order to earn its 100% interest in the property, according to the amended agreement the Company will pay the vendors in staged payments $440,000 cash, 2,000,000 common shares and incur expenditures on the property of $2,150,000 by October 2015 as follows:

i) Cash consideration;

$125,000 on the effective date, (paid);
$30,000 on or before May 1, 2012, (paid)
$35,000 on or before May 1, 2013;
$75,000 on or before May 1, 2014;
$75,000 on or before May 1, 2015;
$100,000 on or before May 1, 2016;

ii) Stock consideration

300,000 on the effective date, (issued at a value of $90,000);
150,000 shares on or May 1, 2012 (issued at a value of $19,500)
150,000 shares on or May 1, 2013
300,000 shares on or May 1, 2014
300,000 shares on or May 1, 2015
300,000 shares on or May 1, 2016
250,000 shares upon incurring cumulative exploration expenditures $4,000,000
250,000 shares upon incurring cumulative exploration expenditures $7,500,000

7. EXPLORATION AND EVALUATION ASSETS (Continued)

c) Dal Property, Yukon Territory, Canada (Continued)

iii) Property exploration expenditures

$ 75,000 in aggregate on or before October 15, 2012
$1,775,000 in aggregate on or before October 15, 2016

From 2016 until commercial production, the Company must make annual advance royalty payments of $30,000. The interest is subject to a 2% NSR of which the Company can purchase 1% for $2,500,000 upon commercial production.

Finders fees are also payable by the Company in staged payments comprising an aggregate of $26,375 cash ($11,000 paid) and the issuance of 65,938 shares (issued 27,500 shares at a value of $9,469).

d) Etzel Property, Yukon Territory, Canada

June 2011, the Company entered into a Mineral Property purchase agreement with Aurchem to acquire up to a 100% interest in certain mineral claims in the Yukon Territory for $835,000 (paid).

The property is subject to 1.5% NSR upon commercial production.

In August 2011, the Company entered into an Option and Joint Venture Agreement with Great Bear Resources Ltd, ("Great Bear") whereby Great Bear would acquire up to a 65% undivided interest in the Etzel mineral claims.

In order for Great Bear to earn its 65% interest in the property the Company is to receive consideration aggregating $500,000 cash and 2,500,000 shares of Great Bear in staged tranches, and Great Bear has an obligation to incur aggregate exploration expenditures of $9,750,000.

During the year ended July 31, 2012, prior to Great Bear giving notice to terminate the agreement, the Company received $100,000 and 500,000 common shares of Great Bear with a value of $95,000 pursuant to the agreement.

In November 2012, the Company sold the property for $250,000. At at July 31, 2012 the Company recorded a property impairment of $390,000.

8. SHARE CAPITAL

a) Authorized

Unlimited number of common shares without par value

b) Issued

As at January 31, 2013, there were 57,537,532 (July 31, 2011 – 57,525,344) common shares outstanding.

During the six month period ended January 31, 2103, the Company issued 12,188 Common sharespursuant to a finders fee agreement on thte Dal property with a recorded value of $4,875.

During the year ended July 31, 2012 the Compnay had the following share transactions:

i) Issued 250,000 common shares pursuant to the exercise of stock options at $0.10 per share for aggregate proceeds of $25,000, The Company also recorded a reallocation of share-based payment reserve to share capital of $15,993 as a result of the options being exercised.

ii) Issued 150,000 common shares with a fair value of $19,500 pursuant to the Dal propertyagreement (Note 7c).

c) Shares held in escrow

As at January 31, 2013 and July 31, 2012, no common shares were subject to escrow arrangements.

d) Share purchase warrants

As at January 31, 2013, the following share purchase warrants were outstanding:

NUMBER OF WARRANTS	PRICE PER SHARE	NUMBER EXERCISABLE AT JANUARY 31, 2013	EXPIRY DATE
7,550,000	$ 0.50	7,550,000	April 29, 2013
937,500	$ 0.50	937,500	April 29, 2013
8,040,000	$ 0.35	8,040,000	April 29, 2013
16,527,500		16,527,500	

8. SHARE CAPITAL(Continued)

d) Share purchase warrants (Continued)

A summary of changes in share purchase warrants for the six month period ended January31, 2013 and the year ended July 31, 2012is presented below:

	SIX MONTHS ENDED JANUARY31, 2013		YEAR ENDED JULY 31, 2012	
	NUMBER	**WEIGHTED AVERAGE EXERCISE PRICE**	NUMBER	WEIGHTED AVERAGE EXERCISE PRICE
Balance, beginning of period	**16,527,500**	**$ 0.43**	19,662,500	$ 0.38
Granted	**-**	**-**	-	-
Exercised	**-**	**-**	-	-
Expired	**-**	**-**	(3,135,000)	(0.35)
Balance, end of period	**16,527,500**	**$ 0.43**	16,527,500	$ 0.43

e) Brokers' warrants

As at January 31, 2013, no brokers warrants were outstanding:

A summary of changes in broker's warrants for the six month period ended January 31, 2013 and the year ended July 31, 2012 is presented below:

	SIX MONTHS ENDED JANUARY 31, 2013		YEAR ENDED JULY 31, 2012	
	NUMBER	**WEIGHTED AVERAGE EXERCISE PRICE**	NUMBER	WEIGHTED AVERAGE EXERCISE PRICE
Balance, beginning of period	**-**	**$ -**	257,500	$ 0.20
Exercised	**-**	**-**	-	-
Expired	**-**	**-**	(257,500)	(0.20)
Balance, end of period	**-**	**$ -**	-	$ -

f) Agents' warrants

As at January 31, 2013, the following agents' warrants were outstanding:

NUMBER OF AGENTS' WARRANTS	**PRICE PER SHARE**	**NUMBER EXERCISABLE AT JANUARY 31, 2013**	**EXPIRY DATE**
1,093,873	$ 0.50*	1,093,873	April 29, 2013

* Theses agent warrants are exercisable at $0.40 in the first year an $0.50 in the second year.

8. SHARE CAPITAL (Continued)

f) Agents' warrants (Continued)

A summary of changes in agent's warrants for thesix month period ended January 31, 2013 and the year ended July 31, 2012 is presented below:

	SIX MONTHS ENDED JANUARY 31, 2013		YEAR ENDED JULY 31, 2012	
	NUMBER	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER	WEIGHTED AVERAGE EXERCISE PRICE
Balance, beginning of period	**1,093,873**	**$ 0.40**	1,093,873	$ 0.40
Granted	**-**	**-**	-	-
Balance, end of period	**1,093,873**	**$ 0.50**	1,093,873	$ 0.50

9. SHARE - BASED PAYMENTS

The Company has a Stock Option Plan under which it is authorized to grant options to officers, directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company.

The options can be granted for a maximum of 5 years and vest as determined by the board of directors. Options granted for investor relations services vest over a 12 month period with no more than ¼ of any grant vesting in a three month period. The exercise price of each option may not be less than the fair market value of the common shares.

As at January 31, 2013 the following stock options are outstanding:

NUMBER OF STOCK OPTIONS	PRICE PER SHARE	NUMBER EXERCISABLE AT JANUARY 31, 2013	EXPIRY DATE
275,000	$ 0.12	475,000	May 14, 2014
50,000	$ 0.40	50,000	December 2, 2013
200,000	$ 0.40	700,000	March 4, 2014
800,000	$ 0.38	800,000	June 17, 2016
1,325,000		2,125,000	

9. SHARE - BASED PAYMENTS(Continued)

A summary of changes in stock options for the six month period ended January 31, 2013 and theyear ended July 31, 2012 is presented below:

	SIX MONTHS ENDED JANUARY 31, 2013		YEAR ENDED JULY 31, 2012	
	NUMBER	**WEIGHTED AVERAGE EXERCISE PRICE**	NUMBER	WEIGHTED AVERAGE EXERCISE PRICE
Balance, beginning of period	**2,125,000**	**$ 0.33**	2,475,000	$ 0.30
Granted	**-**	**-**	100,000	0.40
Exercised	**-**	**-**	(250,000)	(0.10)
Expired	**(700,000)**	**(0.33)**	(200,000)	(0.25)
Balance, end of period	**1,325,000**	**$ 0.31**	2,125,000	$ 0.33

During the six month period ended January 31, 2013, the Company recorded $nil (six month period ended January31, 2012 - $23,300) in share based payments for options granted and vested during the period.

The fair value of each option granted is estimated on the grant date using the Black-Scholes option pricing model. The weighted average assumptions used in calculating fair value of options granted are as follows:

	SIX MONTHS ENDED JANUARY 31	
	2013	2012
Risk free interest rate	**-**	1.34%
Expected life	**-**	2.8 years
Expected volatility	**-**	122%
Expected dividend yield	**-**	-
Weighted average of fair value per option granted	**-**	$0.17

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair Value

IFRS 7 establishes a fair value hierarchy that priorities the input to valuation techniques used to measure fair value as follows:

Level 1 – Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2 – Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.

Level 3 – Applies to assets or liabilities for which there are unobservable market data.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Due to the relatively short term nature of receivables and accounts payable and accrued liabilities, the fair value of these instruments approximates their carrying value. The Company measures the fair value of its cash and cash equivalents, short term investments and investments using Level 1 inputs.

Risk management is carried out by the Company's management team with guidance from the Board of Directors. The Company's risk exposures and their impact on the Company's financial instruments are summarized below:

a) Credit risk

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations.

The Company's cash and cash equivalents and short term investments are primarily held in large Canadian financial institutions. The Company's receivables consist mainly of GST/HST receivable due from the Federal Government of Canada. Management believes that the credit risk with respect to cash and cash equivalents, short term investments and receivables is remote.

b) Liquidity risk

The Company ensures that there is sufficient capital in order to meet short term business requirements, after taking into account the Company's holdings of cash. As at January 31, 2013, the Company had cash and short term investments totaling 1,723,422 (July 31, 2012 - $2,070,878) to settle current liabilities of $28,794 (July 31, 2012 - $284,453). All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. The Company believes that its sources of financing will be sufficient to cover the expected short term cash requirements.

c) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

i) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

ii) Foreign currency risk

The Company's functional currency and the reporting currency is the Canadian dollar ("CDN$"). Periodically the Company incurs charges on its operations for settlement in currencies other than its functional currency and any gain or loss arising on such transactions is recorded in operations for the year.

The Company does not participate in any hedging activities to mitigate any gains or losses which may arise as a result of exchange rate changes.

As at January 31, 2013, the Company held no material financial assets or liabilities which were denominated in currencies other than the Canadian dollar.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

c) Market risk (Continued)

iii) Commodity Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. To mitigate price risk, the Company closely monitors commodity prices of precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

11. CAPITAL MANAGEMENT

The Company defines its capital as shareholder's equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company has historically relied on the equity markets to fund its activities. In addition, the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

12. RELATED PARTY TRANSACTIONS

Key management personnel are the persons responsible for the planning, directing and controlling the activities of the Company and includes both executive and non-executive directors, and entities controlled by such persons. The Company considers all Directors and Officers of the Company to be key management personnel.

Except as disclosed elsewhere in these financial statements, related party transactions are detailed below.

Included in accounts payable and accrued liabilities are amounts owing to a company controlled by an officer of $6,480 (July 31, 2012 - $11,684) for accounting fees; amounts owing to three companies controlled by individual directors for fees of $9,680 (July 31, 2012–one company - $2,856) and an amount owing to a director for expense reimbursement of $nil (July 31, 2012 - $3,002).

Amounts capitalized into exploration and evaluation assets for the six month period ended January 31, 2013including fees charged by companies controlled by directors aggregated $6,375 (six month ended January 31, 2012 - $26,950).

12. RELATED PARTY TRANSACTIONS(Continued)

During the six month periods ended January31, 2013 and 2012, the Company also incurred the following expenses charged by key management personnel or companies controlled by them.

a) Paid or accrued management fees of $36,000 (2012 - $36,000) to a company controlled by a director.

b) Received rent recoveries of $48,600 (2012 - $36,200) from companies with directors and officers in common.

c) Paid or accrued professional fees of $8,300 (2012 - $13,700) to a company controlled by an officer of the Company.

d) Paid or accrued wages of $24,300 (2013 - $24,300) to a director and the secretary of the Company.

e) Paid or accrued consulting fees of $48,000 (2012 - $48,000) to a company controlled by a director of the Company.

f) Incurred share based payments upon the granting and vesting of stock options to key management personnel amounting to $nil (2012 - $18,900).

13. SEGMENTED INFORMATION

The Company has one reportable operating segment, being the acquisition and exploration of mineral properties. All of the Company's operations are located in Canada.

14. SUPPLEMENTARY CASH FLOW INFORMATION

	SIX MONTHS ENDED JANUARY31	
	2013	2012
Supplementary disclosure for non-cash investing and financing activities		
Transfer from share-based payment reserve to share capital on exercise of options and brokers warrants	**$ -**	$ 15,933
Transfer from share-based payment reserve to share capital on expiry of options	**$ 126,469**	$ -
Stock issued pursuant to finders fee agreement	**4,875**	-
Fair value of shares received pursuant to granting option on exploration and evaluation assets	**$ -**	$ 95,000

As of January 31, 2013 and July 31, 2012, cash and cash equivalents consisted entirely of cash.

15. COMPARATIVE FIGURES

Certain of the comparative figuers have been reclassified to conform with the presentation adopted for the current period.