GOLDEN VIRTUE RESOURCES INC.

(Formerly First Lithium Resources Inc.)
An Exploration Stage Company

Condensed Interim Financial Statements

Three Months Ended March 31, 2013

These condensed interim financial statements have not been reviewed by the Company's auditors

(Unaudited - Expressed in Canadian Dollars)

Golden Virtue Resources Inc.
(Formerly First Lithium Resources Inc.)
An Exploration Stage Company
Condensed Interim Statements of Financial Position
(Unaudited - Expressed in Canadian Dollars)

		March 31, 2013		December 31, 2012
Assets				
Current				
Cash	$	**3,865**	$	11,692
GST/HST receivable		**3,011**		6,048
Other receivables (note 11)		**33,029**		41,896
Prepaid expenses		**7,950**		4,236
		47,855		63,872
Reclamation Bond (note 5)		**-**		6,036
Equipment (note 7)		**1,989**		2,183
Exploration and Evaluation Assets (note 6)		**578,376**		597,751
	$	**628,220**	$	669,842
Liabilities				
Current				
Accounts payable and accrued liabilities	$	**81,278**	$	40,157
		81,278		40,157
Shareholders' Equity				
Capital Stock (note 8)		**5,501,600**		5,501,600
Share-based Payments Reserve (note 9)		**887,241**		887,241
Deficit		**(5,841,899)**		(5,759,156)
		546,942		629,685
	$	**628,220**	$	669,842

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

Approved by the Board:

"Craig Naughty"
…… Director
Craig Naughty

"J. Wayne Murton"
…… Director
J. Wayne Murton

Golden Virtue Resources Inc.
(Formerly First Lithium Resources Inc.)
An Exploration Stage Company
Statements of Comprehensive Loss
For the three months ended March 31,
(Unaudited - Expressed in Canadian Dollars)

	2013	2012
Expenses		
Accounting and audit fees	$ 3,000	$ 3,000
Advertising and promotion	785	1,503
Amortization	194	372
Consulting fees (note 11)	23,571	52,384
Insurance	1,236	1,236
Legal fee recovery	(14,425)	-
Management fees (note 11)	30,000	28,500
Office	468	1,066
Rent	30,552	6,616
Transfer agent and filing fees	7,245	6,446
Stock based compensation	-	56,302
Operating Expenses	82,626	157,425
Other (income) expenses		
Foreign exchange loss	117	-
Net Loss and Comprehensive Loss for the Period	$ 82,743	$ 157,425
Basic and Diluted Loss Per Share	$ 0.014	$ 0.003
Weighted Average Number of Common Shares Outstanding – Basic and Diluted	5,943,550	5,874,931

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

Golden Virtue Resources Inc.
(Formerly First Lithium Resources Inc.)
An Exploration Stage Company
Condensed Interim Statements of Changes in Equity
(Unaudited - Expressed in Canadian Dollars)

	Capital Stock		Share Subscriptions	Share-based Payments		
	Common shares	Amount	Received	Reserve	Deficit	Total
Balance, January 1, 2012	**5,893,550**	**5,479,100**	**-**	**830,939**	**(4,355,682)**	**1,954,357**
Issuance of shares for mineral property interests	50,000	22,500	-	-	-	22,500
Net loss for period	-	-	-	-	(157,425)	(157,425)
Balance, March 31, 2012	**5,943,550**	**5,501,600**	**-**	**887,241**	**(4,513,107)**	**1,875,734**
Balance, January 1, 2013	**5,943,550**	**5,501,600**	**-**	**887,241**	**(5,759,156)**	**629,685**
Net loss for period	-	-	-	-	(82,743)	(82,743)
Balance, March 31, 2013	**5,943,550**	**$ 5,501,600**	**$ -**	**$ 887,241**	**$ (5,841,899)**	**$ 546,942**

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

Golden Virtue Resources Inc.
(Formerly First Lithium Resources Inc.)
An Exploration Stage Company
Condensed Interim Statements of Cash Flows
For the three months ended March 31,
(Unaudited - Expressed in Canadian Dollars)

	2013	2012
Operating Activities		
Net loss	$ **(82,743)**	$ **(157,425)**
Items not involving cash		
Amortization	**194**	**372**
Stock-based compensation	**-**	**56,302**
Changes in non-cash working capital		
GST/HST receivable	**3,037**	**(1,962)**
Other receivables	**8,867**	**(6,190)**
Prepaid expenses	**(3,714)**	**(5,214)**
Accounts payable and accrued liabilities	**41,121**	**(19,803)**
Income tax	**-**	**(1,797)**
Cash Used in Operating Activities	**(33,238)**	**(135,717)**
Investing Activities		
Proceeds from sale of assets	**20,000**	**-**
Reclamation bond	**6,036**	**-**
Exploration and evaluation assets	**(625)**	**(20,384)**
Cash Used in Investing Activities	**25,411**	**(20,384)**
Outflow of Cash	**(7,827)**	**(156,101)**
Cash, Beginning of Period	**11,692**	**576,439**
Cash, End of Period	$ **3,865**	$ **420,338**

Supplemental Disclosure with Respect to Cash Flows (note 12)

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

1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

Golden Virtue Resources Inc. (formerly First Lithium Resources Inc.) (the "Company" or "Golden Virtue") is a publicly-listed company incorporated in British Columbia with limited liability under the legislation of the province of British Columbia and its shares are listed on the TSX Venture Exchange (the "Exchange"). The Company is principally engaged in the acquisition, exploration, development and mining of mineral properties.

The head office and principal address of the Company is situated at Suite 2007 – 1177 Hastings Street, Vancouver, British Columbia, Canada, V6E 2K3.

The Company is in the process of exploring its mineral property interests and has not yet determined whether the properties contain mineral reserves that are economically recoverable. The Company's continuing operations and the underlying value and recoverability of the amounts shown for the investment in these properties is entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of the investment in these properties, obtaining the necessary permits to mine, and on future profitable production or proceeds from the disposition of the properties.

2. GOING CONCERN

These financial statements have been prepared on the basis of accounting principles applicable to a "going concern", which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

Several adverse conditions cast substantial doubt on the validity of this assumption. The Company has incurred significant operating losses since inception, has a deficit of $5,841,899 (2012 - $5,759,156), has limited resources, no sources of operating cash flow and no assurances that sufficient funding will be available to continue operations for an extended period of time. The Company is in the exploration stage and, accordingly, has not yet commenced revenue-producing operations.

The application of the going concern concept is dependent upon the Company's ability to satisfy its liabilities as they become due and to obtain the necessary financing to complete the exploration and development of its mineral property interests, the attainment of profitable mining operations or the receipt of proceeds from the disposition of its mineral property interests. Management is actively engaged in the review and due diligence on opportunities of merit in the mining sector and is seeking to raise the necessary capital to meet its funding requirements. There can be no assurance that management's plan will be successful.

If the going concern assumption were not appropriate for these financial statements then adjustments may be necessary to the carrying values of assets and liabilities, the reported expenses and the statement of financial position classifications used. Such adjustments could be material.

3. BASIS OF PREPARATION

a) Statement of compliance

These condensed interim statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), applicable to the presentation of interim financial statements, including IAS 34, Interim Financial Reporting.

The policies applied in these condensed interim financial statements are consistent with policies disclosed in Note 4 of the financial statements for the year ended December 31, 2012. These condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2012.

3. BASIS OF PRESENTATION (Continued)

b) Basis of measurement

These financial statements have been prepared under the historical cost basis, except for financial instruments classified as available-for-sale ("AFS") and fair value through profit or loss ("FVTPL"). These financial statements have been prepared under the accrual basis of accounting, except for cash flow information.

c) Approval of the financial statements

The financial statements of Golden Virtue Resources Inc. for the three months ended March 31, 2013 were approved and authorized for issue by the Board of Directors May 28, 2013.

d) Use of estimates

The preparation of financial statements requires management to make estimates that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of estimates and assumptions relate to the review of carrying values and determination of impairment of non-current assets, valuation of share-based payments, recoverability of deferred tax assets and provision for reclamation costs, among others. Actual results could differ from those estimates. Key judgments and estimates made by management with respect to those areas noted previously have been disclosed in the notes to the financial statements as appropriate.

4. FINANCIAL INSTRUMENTS

Financial instruments are agreements between two parties that result in promises to pay or receive cash or financial instruments. The Company classifies its financial instruments as follows: cash and cash equivalents are classified as a financial asset at FVTPL; and accounts payable and accrued liabilities, as other financial liabilities, which are measured at amortized cost. The carrying value of these instruments approximates their fair values due to their short term to maturity.

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash is held in a Canadian financial institution. The Company does not have any asset-backed commercial paper. The Company has minimal credit risk.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The contractual financial liabilities of the Company as of March 31, 2013 equal $81,278 (December 31, 2012 - $40,157). All of the liabilities presented as accounts payable are due within 90 days of March 31, 2013.

4. FINANCIAL INSTRUMENTS (Continued)

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on capital.

i) Currency risk

The Company is exposed to currency risk to the extent that expenditures incurred on certain mineral properties are denominated in US dollars. The Company does not manage currency risk through hedging or other currency management tools. As at March 31, 2013 and December 31, 2012, the Company's net exposure to foreign currency risk is $nil.

ii) Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Interest earned on cash is at nominal interest rates and, therefore, the Company does not consider interest rate risk to be significant. The Company has no interest-bearing financial liabilities.

iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk. The Company is not exposed to significant other price risk.

5. RECLAMATION BOND

The Company was required to make a cash payment of $6,036 towards the anticipated reclamation requirements with respect to certain of the Company's mineral properties. This served as a guarantee pursuant to a condition of receiving consent from a government agency to explore its resource property interests. During the three months ended March 31, 2013, the full amount of $6,036 was returned to the Company.

6. EXPLORATION AND EVALUATION ASSETS

The following is a description of the Company's most significant property interests and related spending commitments:

a) Vermilion 15 Property, Alberta

On August 29, 2008, the Company entered into a Mineral Property Acquisition Agreement with Zimtu Capital Corp., Jody Dahrouge and Spectre Investments Inc. (collectively, the "Vendors") to purchase a 100% interest in the Vermilion 15 Potash Property located in Alberta approximately 30 kilometres west to southwest of Lloydminster, Saskatchewan.

6. EXPLORATION AND EVALUATION ASSETS (Continued)

On March 24, 2009, the Company signed an Amending Agreement with respect to the terms of the purchase. In order to fulfill the terms of the Amending Agreement, the Company is required to make payments and issue shares as follows:

- Cash payment to the Vendors of $100,000 on signing (paid);
- Cash payment to the Vendors of $30,000 within three business days of June 4, 2009 (the "Approval Date") (paid);
- Upon the Approval Date, issue to the Vendors an aggregate 1,683,334 units of the Company (issued). Each unit consists of one fully paid and non-assessable common share with a value of $0.08 for a total value of $134,666 and one share purchase warrant with a fair value of $0.0364 for a total value of $61,273. Each warrant is exercisable at $0.25 in the first year and $0.35 in the second year, expiring June 3, 2011; and
- Upon the commencement of commercial production, the Company shall pay to the Vendors a 2% net smelter return royalty ("NSR"), 50% of which (or 1%) can be purchased by the Company from the Vendors for $2,000,000.

On June 5, 2009, the Exchange approved a 7% finder's fee comprising $16,600 cash and 207,500 (post share consolidation – 20,750) shares valued at $0.08 per share for a total of $16,600 to an arm's length third party (paid and issued).

b) Godslith Property, Manitoba

On February 15, 2009, the Company entered into an option agreement to acquire a 100% interest in the Godslith Property located near Thompson, Manitoba.

The terms of the option agreement require that the Company:

- Pay $10,000 upon execution of this agreement (paid);
- Pay $40,000 and issue 500,000 (post share consolidation – 50,000) shares with a total value of $62,500 on or before March 26, 2009 (date of Exchange approval) of this agreement (paid and issued);
- Pay $40,000 and issue 500,000 (post share consolidation – 50,000) shares with a total value of $62,500 on or before September 26, 2009 (paid and issued);
- Issue an additional 250,000 (post share consolidation – 25,000) shares on or before March 26, 2010 (issued and valued at $31,250);
- Work expenditures of $300,000 to commence within 18 months of the government exploration permits being granted;
- Issue an additional 250,000 shares on or before March 26, 2011 (issued and valued at $25,000); and
- Cash payment of $250,000 to the Vendors upon receipt of a feasibility study on or before March 26, 2013.

The Vendors will retain a 2% NSR, which can be reduced to 1% by the Company paying $1,000,000.

A 7% finder's fee comprising $8,619 cash (paid) and 68,950 (post share consolidation – 6,895) shares valued at $0.125 per share (issued) for a total of $8,618 has been approved by the Exchange as payment to a third party on March 26, 2009.

The Company has not been able to gain title to the property due to the inability of the Manitoba Government to resolve issues with the First Nations. As a result, no further expenditures were incurred on this property and all costs were written off during the year ended December 31, 2012.

6. EXPLORATION AND EVALUATION ASSETS (Continued)

c) Valleyview Properties, Alberta

On February 26, 2009, the Company entered into a property acquisition agreement to acquire a 100% interest in 41 metallic and industrial minerals permits ("MAIM") located west to northwest of Edmonton, Alberta.

The terms of the agreement require that the Company:

- Pay $45,000 upon execution of this agreement (paid); and
- Pay $45,000 and issue 1,200,000 (post share consolidation – 120,000) common shares for a total value of $150,000 and 1,200,000 warrants with a fair value of $28,920, exercisable at $0.25 for two years, expiring April 6, 2011 (paid and issued).

The vendors will retain a 3% NSR, which can be reduced to 1% by the Company paying $1,000,000 and a 5% gross overriding royalty on the gross production of diamonds.

A 7% finder's fee comprising $8,400 cash and 67,200 (post share consolidation – 6,720) shares for a total value of $8,400 was paid on the transaction to an arm's length third party on April 7, 2009, the day the Exchange accepted the option agreement.

On October 6, 2010, the Company entered into an Option Agreement with Lithium Explorations VIII Ltd. (the "Optionee") whereby the Optionee has the option to acquire a 100% right, title and interest to five MAIM permits owned by the Company on the following basis:

- Pay to the Company $40,000 upon execution of the Agreement (received);
- Pay to the Company $60,000 on or before January 1, 2012 (received);
- Pay to the Company $100,000 on or before January 1, 2013 (see disclosure below);
- Pay to the Company $300,000 on or before January 1, 2014;
- Pay all such property payments as required to maintain the mineral permits in good standing; and
- Provide to the Company the refundable amount of $50,000 by November 2, 2010 (received) to be applied towards work assessment expenses acceptable to the Government of Alberta with any unused portion to be applied against payments required to maintain the most highly prospective permits underlying the Property in good standing (amounts have been applied and such permits are in good standing).

On July 29, 2011, the Company announced that it has staked an additional 2 MAIM permits approximately 30 kilometres east of the Company's existing Fox Creek claims in the region of the Valleyview Lithium Property.

On August 19, 2011, the Company received notice that three more permit applications in the vicinity were approved and three more MAIM permits were issued to the Company by the Government of Alberta.

On December 31, 2012, the Company amended the option agreement dated October 6, 2012. The required payment of $100,000 due on or before January 1, 2013 has been amended to the following:

- Pay to the Company $20,000 on January 1, 2013 (received); and
- Issue to the Company on January 1, 2013 a 15% one year promissory note in the amount of $80,000, which may be converted into common shares of the Optionee at 75% of the closing market price of the Optionee's common shares on the first day the Company elects to receive shares in lieu of the cash payment.

6. EXPLORATION AND EVALUATION ASSETS (Continued)

d) Teels Lithium Project, Nevada, USA

The Company entered into an Option Agreement on February 24, 2010 with Ashburton Ventures Inc. ("Ashburton"), and received Exchange approval on March 5, 2010 to acquire an 80% interest in the Teels lithium prospect located in Teels Marsh, Mineral County, Nevada, USA.

The terms of the Option Agreement require that the Company:

- Pay $40,000 (paid) and issue 250,000 (post share consolidation – 25,000) common shares (issued) in the capital of the Company valued at $0.105 per share, or $26,500, within three days of Exchange acceptance;
- Pay $50,000 (paid), issue 500,000 (post share consolidation – 50,000) common shares (issued) at $0.105 per share, or $52,500, and incur $100,000 in exploration expenditures on or before March 15, 2011, the first anniversary of the registration date of the claims;
- Pay $85,000 ($20,000 paid), issue 500,000 (post share consolidation – 50,000) common shares (issued) and incur an additional $150,000 in exploration expenditures on or before March 15, 2012, the second anniversary of the registration date of the claims; and
- Incur an additional $200,000 in exploration expenditures on or before March 15, 2013, the third anniversary of the registration date.

The parties amended the terms of the Agreement on March 15, 2011 whereby the requirement to expend $100,000 in exploration expenditures on or before March 15, 2011 was waived.

The parties further amended the Agreement on February 21, 2012 whereby the requirement to expend $150,000 in exploration expenditures by the Company on or before March 15, 2012 was waived.

Furthermore, the Company is only required to pay $20,000 (paid) by the second anniversary of the Registration Date (March 15, 2012) and pay the balance owing ($65,000) on or before September 1, 2012 provided that the Agreement has not been terminated by the Company prior to September 1, 2012. The Company terminated the Agreement on August 30, 2012 and has written off the property.

e) Whitesides Gold, Nickel, Copper Property, Ontario

The Company entered into an Option Agreement with Mhakari Gold Corp. ("Mhakari") on December 13, 2010 whereby the Company can earn up to a 80% interest in Mhakari's Whitesides Gold, Nickel, Copper property (the "Property") by incurring $250,000 in exploration expenditures on the Property on or before December 13, 2011 (incurred), an additional $250,000 on or before December 13, 2012 and an additional $350,000 on or before December 13, 2013 (totalling $850,000 over three years). Per the Option Agreement, Mhakari agreed to finance the Company in two non-brokered private placements for a total of $500,000. Mhakari declined to participate in the second non-brokered private placement, resulting in the Company immediately earning an 80% interest in the property, and resulting in the commencement of a joint venture arrangement between Mhakari and the Company.

As at December 31, 2012, the Company does not have title to the property as Mhakari has failed to file the required documents to transfer the requisite interest to the Company. As a result, all costs were written off.

6. **EXPLORATION AND EVALUATION ASSETS** (Continued)

The following shows the property spending for the three months ended March 31, 2013 and the year ended December 31, 2012:

	Vermilion Property (note 6(a))	Godslith Property (note 6(b))	Valleyview Properties (note 6(c))	Teels Lithium Project (note 6(d))	Whitesides Property (note 6(e))	Total
Balance, December 31, 2011	376,054	314,771	210,113	247,808	255,336	1,404,082
Additions during the year –						
Acquisition costs						
Cash	-	-	-	20,000	-	20,000
Shares	-	-	-	22,500	-	22,500
Staking	-	-	-	1,558	-	1,558
Property exploration costs						
Geological and field personnel	-	-	384	-	-	384
Geophysical survey	-	-	-	-	1,500	1,500
Permitting	11,200	-	-	21,021	-	32,221
Travel and accommodation	-	-	-	76	-	76
Total additions during the year	11,200	-	384	65,155	1,500	78,239
Write-off mineral property	-	(314,771)	-	(312,963)	(256,836)	(884,570)
Balance, December 31, 2012	$387,254	$ -	$210,497	$ -	$ -	$597,751
Additions during the period –						
Acquisition costs						
Staking	625	-	-	-	-	625
Total additions during the period	625	-	-	-	-	625
Proceeds from option agreement	-	-	(20,000)	-	-	(20,000)
Balance, March 31, 2013	$387,879	$ -	$190,497	$ -	$ -	$578,376

7. EQUIPMENT

	Computer Equipment	Office Furniture	Total Equipment
	COST		
January 1, 2012	$ 5,342	$ 1,847	$ 7,189
Additions/Disposals	-	-	-
December 31, 2012 and March 31, 2013	$ 5,342	$ 1,847	$ 7,189
	ACCUMULATED AMORTIZATION		
January 1, 2012	$ 3,185	332	3,517
Additions	1,186	303	1,489
December 31, 2012	4,371	$ 635	$ 5,006
Additions	133	61	194
March 31, 2013	$ 4,504	$ 696	$ 5,200
	CARRYING VALUE		
December 31, 2012	$ 971	$ 1,212	$ 2,183
March 31, 2013	$ 838	$ 1,151	$ 1,989

8. CAPITAL STOCK

a) Authorized - Unlimited number without par value

b) Share consolidation

On October 11, 2012, pursuant to Exchange and shareholder approval, the Company changed its name from First Lithium Resources Inc. to Golden Virtue Resources Inc. and consolidated its outstanding common shares on a ten old for one new basis whereby the number of issued and outstanding common shares of the Company was reduced from 59,435,502 common shares without par value to 5,943,550 common shares without par value. All common shares and per share amounts have been restated to give retroactive effect to the share consolidation.

c) Issued

During the year ended December 31, 2012

On March 15, 2012, the Company issued to Ashburton 500,000 common shares (50,000 post-consolidation shares) in the capital of the Company valued at $0.045 ($0.45 post-consolidation) per share in accordance with the Teels Lithium project (note 6(d)).

8. CAPITAL STOCK (Continued)

d) Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

	March 31, 2013		December 31, 2012	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of year	185,185	$ 3.00	208,518	$ 2.50
Expired	(185,185)	$ 3.00	(23,333)	$ 3.50
Outstanding, end of period	-	-	185,185	$ 3.00

There were nil warrants were outstanding and exercisable at March 31, 2013.

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	March 31, 2013	December 31, 2012
January 4, 2013	0.00	$ 3.00	-	185,185

e) Agent warrants

There were nil agent warrants outstanding and exercisable at March 31, 2013 and December 31, 2012.

9. SHARE-BASED PAYMENTS

The Company's stock option plan reserves for issuance a fixed maximum number of common shares equal to 20% of the number of issued and outstanding common shares of the Company. The exercise price of each option is to be determined by the Board of Directors, but shall not be less than the discounted market price as defined by the Exchange. The expiry date for each option should be for a maximum term of five years. All options granted vest immediately with the exception of those granted to investor relations consultants, which vest according to Exchange policy.

The following is a summary of option transactions under the Company's stock option plan for the three months ended March 31, 2013 and the year ended December 31, 2012:

	March 31, 2013		December 31, 2012	
	Number of Options	Weighted Average Exercise Price*	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	698,750	$ 0.20	573,750	$ 0.20
Issued	-	-	125,000	$ 0.20
Outstanding, end of period	698,750	$ 0.20	698,750	$ 0.20

*On November 16, 2012, the Company received shareholder and Exchange approval for its new 2012 "Rolling" stock option plan and to re-price 698,750 post-consolidation stock options to the amended exercise price of $0.20 per common share.

9. SHARE-BASED PAYMENTS (Continued)

The following table summarizes information about stock options outstanding and exercisable:

Expiry Date	Revised Exercise Price	Original Exercise Price	Number of Options	
			March 31, 2013	**December 31, 2012**
July 29, 2013	$ 0.20	$ 1.70	25,000	25,000
January 20, 2014	$ 0.20	$ 1.00	20,000	20,000
August 24, 2014	$ 0.20	$ 1.50	149,250	149,250
July 25, 2015	$ 0.20	$ 1.00	379,500	379,500
March 19, 2017	$ 0.20	$ 1.00	125,000	125,000
			698,750	698,750
Weighted average remaining contractual life of options			2.30 years	2.55 years

During the year ended December 31, 2012

On March 20, 2012, the Company issued 1,250,000 incentive share purchase options (125,000 post-consolidation options) pursuant to the Company's stock option plan. Each option is exercisable at $0.10 (post-consolidation exercise price is 1.00) to March 19, 2017. The exercise price of these options was amended to $0.20 per common share.

The Company applies the fair value method using the Black-Scholes option pricing model in accounting for its stock options granted. Accordingly, compensation of $nil (2012 - $56,302) was recognized during the three months ended March 31, 2013. The fair value of each option grant was calculated using the following weighted average assumptions:

	March 31, 2013	**December 31, 2012**
Expected life	N/A	5 years
Risk-free interest rate	N/A	1.74%
Annualized volatility	N/A	160%
Dividend rate	N/A	N/A
Fair value of shares at grant date	N/A	$0.05

Option pricing models require the input of highly subjective assumptions regarding volatility. The Company has used historical volatility to estimate the volatility of the share price.

10. INCOME TAX EFFECT ON FLOW-THROUGH SHARE RENUNCIATION

Funds raised through the issuance of flow-through shares are required to be expended on qualified Canadian mineral exploration expenditures, as defined pursuant to Canadian income tax legislation. The flow-through gross proceeds less the qualified expenditures made to date represent the funds received from flow-through share issuances that have not been spent. During the year ended December 31, 2012, the Company reduced the previously renounced expenses by $12,932. As at March 31, 2013, the amount of flow-through proceeds remaining to be expended is $nil (2012 - $nil).

11. RELATED PARTY TRANSACTIONS

The Company incurred the following fees and expenses in the normal course of operations.

	March 31, 2013	March 31, 2012
Rent charged (reimbursed) to entities controlled by key management	$ (11,556)	$ 12,380

These amounts of key management compensation are included in the amounts shown on the statements of comprehensive loss:

	March 31, 2013	March 31, 2012
Short-term compensation	$ 30,000	$ 28,500
Share-based payments	$ -	$ 38,285

a) The Company entered into a management services agreement dated May 1, 2009 with the President and CEO of the Company at a monthly rate of $7,500. On January 1, 2012, the management services agreement was renewed for an additional year and may be renewed for a second year by mutual consent. On January 1, 2013, the agreement was renewed for a second year.

b) The Company entered into a management services agreement dated July 1, 2010 for a period of one year with the Secretary and CFO of the Company at a monthly rate of $2,000. On January 1, 2012, the management services agreement was renewed for an additional year and may be renewed for a second year by mutual consent. On January 1, 2013, the agreement was renewed for a second year.

c) The Company entered into a consulting services agreement dated April 1, 2012 with a new director at a monthly rate of $500 with a term of one year, which may, by mutual consent, be renewed for an additional term of one year.

d) As at March 31, 2013, the Company has outstanding amounts payable to directors of the Company of $32,300 (2012 - $732) and amounts receivable from entities controlled by key management personnel of $31,524 (2012 - $40,394).

The amounts payable to directors of the Company represent non-interest-bearing loans the Company borrowed from the directors. The loans are uncollateralized and are repayable on demand.

12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	March 31, 2013	March 31, 2012
Income tax paid	$ -	$ -
Interest paid	$ -	$ -
Shares issued for property	$ -	$ 22,500

13. COMMITMENTS

The Company entered into a rental lease agreement effective July 1, 2012 through June 30, 2013 at a monthly rate of $6,332. From July 1, 2012 through December 31, 2012, the Company shared its premises with two related companies and charged them a combined monthly rent of $4,221. From January 1, 2013 through March 31st, 2013, the Company shared its premises with one related company and charged a monthly rent of $3,166. Due to a lack of cash flow, the Company gave notice to the landlord to vacate these premises as early as February 14, 2013 and was able to reduce rent payable for April, May and June, 2013 from $18,996 to $9,496. As of May 1, 2013, the Company rents office space at its new head office on a month to month basis at a rate of $500 per month plus G.S.T.

14. CAPITAL MANAGEMENT

The Company considers its capital to be comprised of shareholders' equity.

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. Although the Company has been successful at raising funds in the past through the issuance of capital stock, it is uncertain whether it will continue this method of financing due to the current difficult market conditions.

In order to facilitate management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

Management reviews the capital structure on a regular basis to ensure that the above objectives are met. There have been no changes to the Company's approach to capital management during the year.

15. SEGMENTED DISCLOSURE

The Company has one operating segment, mineral exploration and development. All of the Company's assets are located in Canada.

16. EVENTS AFTER THE REPORTING PERIOD

a) The Company entered into a Debt Assignment agreement on March 13, 2013 with arm's length third parties (the "Assignees") whereby the Company assigned a receivable totaling $27,730 to the Assignees for $0.30 on the dollar ($8,319). (The Company received payment of $8,319 for the receivable from the Assignees on April 26, 2013.

b) The Company entered into a debt settlement agreement on April 17, 2013 with a related company to settle receivables totaling $22,162 consisting of rent and shared office expenses for $0.05 on each dollar owed. The Company has agreed to accept $1,107.65 in full settlement of the debt.

c) On April 29, 2013, the Company amended the terms of its non-brokered private placement originally announced on February 21, 2013 and will proceed to a non-brokered private placement of up to 2,666,666 units (the "units") at $0.045 per unit, for gross proceeds of up to $120,000. Each unit shall consist of one common share and one share purchase warrant. Each warrant will be exercisable by the holder to acquire one additional common share of the Company for a period of two years from issuance at an exercise price of $0.07 per share during the first year and $0.15 per share during the second year. Completion of the Private Placement is subject to Exchange approval which is being sought pursuant to the Exchange's Notice to Issuers dated August 17, 2012, December 12, 2012 and April 12, 2013 regarding Temporary Relief from Certain Pricing Requirements. Once completed, proceeds will be used for general working capital purposes and potential property ventures and all shares to be issued will have a four-month statutory hold period.