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UPPER CANADA GOLD CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2012 AND 2011

This report provides a discussion and analysis of the financial condition of Upper Canada Gold Corporation to enable a reader to assess material changes in the financial condition between August 31, 2012 and August 31, 2011 and results of operations for the twelve months ended August 31, 2012 and 2011. This Management's Discussion and Analysis is intended to supplement and complement the audited consolidated financial statements and notes thereto for the twelve months ended and as at August 31, 2012 and 2011 and as at September 1, 2010 (collectively the "Financial Statements"). Accordingly, this report should be read in conjunction with the Financial Statements. Certain notes to the Financial Statements are specifically referred to in this Management's Discussion and Analysis and such notes are incorporated by reference herein. All figures shown are in Canadian dollars unless otherwise stated.

This report also contains certain forward-looking statements relating to the potential future performance. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those implied by the forward-looking statements. For additional information regarding forward-looking statements, see Section 14 – *Cautionary Note Regarding Forward Looking Statements* Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks as set forth below, including those set out in Section 13 – *Risks and Uncertainties*. This Management's Discussion and Analysis has been prepared as of December 20, 2012 (the "Report Date").

1. OVERVIEW

Upper Canada Gold Corporation ("Upper Canada" or the "Corporation") is a junior mineral exploration company engaged in the acquisition, exploration and development of mineral resource properties. The Corporation's only material property is the Dingman Property, which is described further below. Since February 9, 2010, the Corporation's common shares have traded on the TSX Venture Exchange under the symbol "UCC". To date, the Corporation has not earned significant revenues and is considered to be in the exploration stage.

The Corporation acquired its interest in the Dingman Property from Opawica Explorations Inc. ("Opawica") on January 29, 2010 pursuant to an option agreement dated July 31, 2009 between the Corporation and Opawica that transferred all of Opawica's interest in the Dingman Property to the Corporation, subject to an existing net smelter royalty. Concurrently with its acquisition of the Dingman Property, the Corporation also completed a financing and undertook other restructuring activities (the "Restructuring") to focus the

Corporation on the future development of the Dingman Property. The "Dingman Property", as used herein, refers to eight mining claims and related surface rights agreements in Hastings County near Madoc, Ontario.

Throughout 2010, the Corporation drilled and assayed 24 holes in 14 drill setups totaling 6,546 metres. Scott Wilson Roscoe Postle Associates Inc. ("RPA") was retained by the Corporation to prepare a technical report compliant with *National Instrument 43-101 – Standards of Disclosure for Mineral Projects* based on all the drill hole and channel sample data for the Dingman Property. RPA's report (the "RPA Report") is dated as of January 31, 2011 and was filed on SEDAR on February 8, 2011.

On March 16, 2011, the Corporation completed a non-brokered private placement wherein the Corporation issued 3,000,000 common shares of the Corporation at a price of $0.30 per share for gross proceeds of approximately $900,000. In connection with this private placement, the Corporation paid a finder's fee consisting of $63,000 and 210,000 compensation options with each option entitling the holder thereof to acquire one common share of the Corporation in exchange for $0.30 until March 16, 2012.

On or about November 17, 2011, in addition to other parties, the Corporation's subsidiary, Washmax (Weston) Ltd., was named in a lawsuit in the amount of $100,000 by a sub-tenant relating to an alleged breach of a property rental agreement. Washmax (Weston) Ltd. is the sub-landlord under the property rental agreement. The alleged breach was due to the actions of the landlord under the head lease and resulted in the alleged denial of the sub-tenant's access to the property. Subsequently, the co-defendant landlord under the head lease claimed against Washmax (Weston) Ltd. for $442,000. While these claims are considered a legacy issue relating to the business carried on by Washmax (Weston) Ltd. prior to the Restructuring and to be without merit, to protect its rights, Washmax (Weston) Ltd. has claimed against both the plaintiff and the co-defendants. The substance of such claims is that the dispute is more properly resolved between the sub-tenant and landlord. As of the Report Date, this claim has only been advanced against Washmax (Weston) Ltd. and not against Upper Canada Gold Corporation.

On December 30, 2011 the Corporation closed a non-brokered private placement pursuant to which it issued 12,000,000 units at a price of $0.05 per unit for gross proceeds of $600,000. Each unit comprised one common share and one common share purchase warrant. Each warrant entitles the holder to acquire a further common share of the Corporation at a price of $0.10 until December 30, 2016.

On February 2, 2012, the Corporation terminated its surface rights agreement with the surface rights owners of the western portion of the Dingman Property. The Corporation concurrently made a claim against the owners of the surface rights for interference with the Corporation's rights under the agreement. On March 5, 2012, the surface rights owners counterclaimed against the Corporation for amounts allegedly owing under the surface rights agreement. The Corporation is proceeding with its claim, denies any further amounts are owing to the surface rights owners and is pursuing the matter before the courts. Since the

termination of the access agreement, the Corporation and its representatives have continued to access the western surface area of the Dingman mineralized zone pursuant to Upper Canada's rights under the *Mining Act* (Ontario). See Section 4.1.2 – *Dingman Property – Surface Rights*, for further description of the claims and the Dingman Property.

During the summer of 2011, the Corporation made an unsuccessful attempt to acquire a fee simple interest (subject to a 3% net smelter royalty) in approximately 3,350 acres (part of the Rancho Las Mariposa Land Grant) located 15 miles north of Mariposa, California and known as the Pine Tree-Josephine Property (the "Pine Tree Property"). Due to poor market conditions experienced during the summer of 2011, the Corporation was unable to finance the purchase of the Pine Tree Property on acceptable terms and abandoned the acquisition in late September 2011. On January 26, 2012, the Corporation announced that it had entered into a new agreement to acquire the Pine Tree Property in exchange for aggregate consideration of US$5,423,600 of which US$5,253,600 will be due upon closing. On October 9, 2012, the agreement announced on January 26, 2012 was amended to provide the Corporation with a four month extension to the closing date. In consideration for the extension, the Corporation paid the Vendor US$40,000. Therefore the original latest date on which the Corporation could designate as the closing date has been extended from January 16, 2013 to April 16, 2013. In order to finance its acquisition of the Pine Tree Property and subsequent work program, the Corporation plans to raise between $4 million and $10 million. Efforts in this regard are ongoing as of the Report Date. The completion of the acquisition of the Pine Tree Property is subject to a number of conditions including receipt of all necessary regulatory approvals, completion of satisfactory due diligence and obtaining sufficient financing on acceptable terms together with the satisfaction of all covenants and conditions contained therein. There can be no assurance that the Corporation will be able to satisfy these conditions or that the transaction will ultimately be completed.

A preliminary economic analysis (PEA) will be required for key permitting aspects at the Dingman Property. The Corporation awarded the contract for this work to Roscoe Postle Associates Inc., but has elected to defer completion until it has determined whether it will be able to proceed with its acquisition of the Pine Tree Property, and if so, on what terms. Following the completion of a satisfactory PEA, the Corporation expects to re-evaluate an approach to turnkey permitting of the Dingman Property and also to consider additional metallurgical testing to enhance recovery and investigate non-cyanidation recovery of gold.

The Corporation has received an environmental baseline sampling and regulatory review report (the "BLS Report") from Dillon Consulting Limited. The work performed to produce the BLS Report focused on environmental baseline sampling that included soil, surface water and well water in order to assess current environmental conditions at the Dingman Property. Following completion of a satisfactory PEA, the results of the BLS Report will be used to towards expected future efforts to obtain necessary permits and approvals from regulatory agencies.

2. OVERVIEW OF FINANCIAL RESULTS

2.1 Annual Financial Review

The table below presents selected financial data for the Corporation's three most recently completed fiscal periods as presented in the audited financial statements:

	Twelve months ended Aug. 31, 2012	Twelve months ended Aug. 31, 2011	Eight months ended Aug. 31, 2010[1]
Revenue [2]	$ nil	$ nil	$ nil
Income, (Loss) Before Extraordinary Items	$ (807,729)	$ (904,570)	$ (1,323,156)
Income, (Loss) Total	$ (807,729)	$ (904,570)	$ (1,323,156)
Income, (Loss) per Share	$ (0.02)	$ (0.03)	$ (0.05)
Income, (Loss) per Share Diluted	$ (0.02)	$ (0.03)	$ (0.05)
Total Assets	$ 735,791	$ 880,666	$ 4,063,717
Total Long Term Financial Liabilities	$ -	$ -	$ -
Cash Dividends per Share	$ -	$ -	$ -

1 – Presentation of financial information for eight months ended August 31, 2010 is made in accordance with Canadian GAAP prior to the Corporation's adoption of IFRS.

2 – Presentation of revenue has been revised from certain previous periods to remove payments received from subtenancy agreements and interest earned on cash deposits. Payments received from subtenancy agreements have been netted against occupancy costs and interest earned on cash deposits is now included under Other Items in the Financial Statements.

The underlying Financial Statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") as set out in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate IFRS, and require publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, the Corporation has commenced reporting on this basis with an adoption date of September 1, 2011 and a transition date of September 1, 2010. As used herein, the term "Canadian GAAP" refers to GAAP before the adoption of IFRS. The significant accounting policies are contained in Note 2 to the Financial Statements for the twelve months ended August 31, 2012, Note 2 to the financial statements for the twelve months ended August 31, 2011 and Note 2 to the financial statements eight months ended August 31, 2010.

2.2 Quarterly Financial Review

The table below presents selected financial data for the Corporation's eight most recently completed fiscal quarters:

Quarter Ended	Aug 31, 2012	May 31, 2012	Feb. 29, 2012	Nov. 30, 2011
Revenue [1]	$nil	$nil	$nil	$nil
Income (Loss) Before Extraordinary Items	($151,058)	($308,060)	($233,705)	($114,906)
Income (Loss) Total	($151,058)	($308,060)	($233,705)	($114,906)
Income (Loss) per Share	($0.0031)	($0.0064)	($0.0053)	($0.0032)
Income (Loss) per Share Fully Diluted	($0.0031)	($0.0064)	($0.0053)	($0.0032)
Total Assets	$735,791	$852,387	$1,106,687	$741,427
Total Long Term Financial Liabilities	$ -	$ -	$ -	$ -
Cash Dividends per Share	$ -	$ -	$ -	$ -

Quarter Ended	Aug. 31, 2011	May 31, 2011	Feb. 28, 2011	Nov. 30, 2010
Revenue [1]	$nil	$nil	$nil	$nil
Income (Loss) Before Extraordinary Items	($443,304)	($82,470)	($162,682)	($216,114)
Income (Loss) Total	($443,304)	($82,470)	($162,682)	($216,114)
Income (Loss) per Share	($0.0124)	($0.0023)	($0.0093)	($0.006)
Income (Loss) per Share Fully Diluted	($0.0124)	($0.0023)	($0.0093)	($0.006)
Total Assets	$880,666	$1,322,017	$604,136	$728,159
Total Long Term Financial Liabilities	$ -	$ -	$ -	$ -
Cash Dividends per Share	$ -	$ -	$ -	$ -

[1] – Presentation of revenue has been revised from certain previous periods to remove payments received from subtenancy agreements and interest earned on cash deposits. Payments received from subtenancy agreements have been netted against occupancy costs and interest earned on cash deposits is now included under Other Items in the Financial Statements.

3. RESULTS OF OPERATIONS

3.1 Operating Income and Expenses

3.1.1 Income

The Corporation has no revenue from active operations. The Corporation's other income for the twelve months ended August 31, 2012 compared to the twelve months ended August 31, 2011 increased from $1,745 to $5,382 due to greater interest income earned on cash deposits.

3.1.2 Expenses

Expenses of the Corporation for the twelve months ended August 31, 2012 compared to the twelve months ended August 31, 2011 decreased from $906,315 to $813,111. The amount of the Corporation's expenses for the twelve months ended August 31, 2012 were largely due to acquisition costs associated with the Corporation's planned acquisition of the Pine Tree-Josephine Property, followed by management fees and professional fees.

3.1.3 Property Exploration and Acquisition Costs

As of January 29, 2010, the Corporation entered the mineral exploration business and has not earned any material revenues. Funding of the Corporation's exploration activities has been provided by equity offerings of the Corporation's securities. The recoverability of amounts paid by the Corporation for resource properties will be dependent upon the discovery of economically recoverable reserves and confirmation of the Corporation's interest in the underlying resource properties, as well as the ability of the Corporation to obtain the necessary financing to complete exploration and development of the properties, and upon future profitable production or proceeds from the disposition thereof.

As of August 31, 2012, the Corporation had incurred $3,402,711 of cumulative acquisition, exploration and development costs for the Dingman Property. In its adoption of IFRS the Corporation has elected to expense all such costs. For the twelve months ended August 31, 2012, the Corporation had incurred $121,939 of exploration costs for the Dingman Property as set out below:

	Dingman	Total Mineral Interests
Costs incurred, Opening	$ nil	$ nil
Acquisition costs	$ 2,139,055	$ 2,139,055
Exploration costs		
Finders fee	25,000	25,000
Drilling	606,228	606,228
Professionals and contractors	149,620	149,620
Land access fees	38,500	38,500
Analysis and laboratory	71,415	71,415
Facility rentals	6,568	6,568
Supplies and equipment	12,466	12,466
Equipment rental	12,338	12,338
Other	35,432	35,432
Total exploration costs	$ 957,567	$ 957,567
Costs incurred as of September 1, 2010	$ 3,096,622	$ 3,096,622

Exploration costs		
Professionals and contractors	$ 102,855	$ 102,855
Land access fees	47,000	47,000
Analysis and laboratory	23,395	23,395
Facility rentals	4,628	4,628
Supplies and equipment	(4,923)	(4,923)
Equipment rental	280	280
Other	10,914	10,914
Total exploration costs	$ 184,149	$ 184,149
Costs incurred as of August 31, 2011	$ 3,280,771	$ 3,280,771
Costs incurred as of August 31, 2011	$ 3,280,771	$ 3,280,771
Exploration costs		
Professionals and contractors	$ 79,883	$ 79,883
Supplies and equipment	1,583	1,583
Analysis and laboratory	29,401	29,401
Other	11,072	11,072
Total exploration costs	$ 121,939	$ 121,939
Costs incurred as of August 31, 2012	$ 3,402,711	$ 3,402,711

In addition to the acquisition, exploration and development costs incurred on the Dingman Property, the Corporation has also incurred $291,698 of acquisition costs towards the Pine Tree-Josephine Property during the twelve months ended August 31, 2011 and $218,858 of acquisition costs during the twelve months ended August 31, 2012.

3.1.4 General and Administrative and Other Expenses

General and administrative and other expenses incurred during the twelve months ended August 31, 2012 and 2011 consist of the following:

	Twelve months ended August 31	
	2012	**2011**
Acquisition costs	$ 218,858	$ 291,698
Management fees	165,975	179,262
Professional fees	135,022	172,315
Exploration costs expensed	121,939	184,149
Office & Occupancy	49,356	17,946
Share-based compensation	32,220	-

Shareholder information	26,902	26,197
Investor relations	12,847	-
Insurance	6,713	7,985
Depreciation	3,628	1,766
Interest and bank charges	1,615	2,823
Travel and accommodation	930	1,691
Advertising and promotion	243	2,095
Other general & administrative	36,436	16,333
Loss (gain) on foreign exchange	427	2,055
Total Expenses	$ 813,111	$ 906,315

Acquisition costs expensed include costs of the Corporation's first attempted acquisition of the Pine Tree Property (which was abandoned in September 2011) as well as its current efforts to acquire the Pine Tree Property. Acquisition expenses for the twelve months ended August 31, 2012 compared to the twelve months ended August 31, 2011 decreased from $291,698 to $218,858. Acquisition costs incurred over the twelve months ended August 31, 2012 are largely reflective of the US$120,000 deposit paid to the vendors of the Pine Tree Property through April 2012.

Management fees for the twelve months ended August 31, 2012 compared to the twelve months ended August 31, 2011 decreased from $179,262 to $165,975.

Professional fees for the twelve months ended August 31, 2012 compared to the twelve months ended August 31, 2011 decreased from $172,315 to $135,022. Costs incurred during the twelve months ended August 31, 2011 related primarily to investigations made with respect to the Pine Tree Property while professional costs incurred during the twelve months ended August 31, 2012 were partially due to fundraising efforts conducted by the Corporation with the balance primarily due to litigation costs associated with the Dingman Property.

Exploration costs expensed include costs incurred in the exploration and development of the Dingman Property. Since its adoption of IFRS, the Corporation has expensed these costs. Exploration expenses for the twelve months ended August 31, 2012 compared to the twelve months ended August 31, 2011 decreased from $184,149 to $121,939. Costs incurred during the twelve months ended August 31, 2011 related to the exploration program on the Dingman Property while exploration costs incurred during the twelve months ended August 31, 2012 are on account of studies conducted regarding permitting and other economic analyses of the Dingman Property.

Office and occupancy expenses of the Corporation for the twelve months ended August 31, 2012 compared to the twelve months ended August 31, 2011 increased from $17,946 to $49,356. These costs have been incurred pursuant to a cost sharing arrangement for office space with First Metals Inc. entered into on June 1, 2011. Effective as of August 31, 2012, the Corporation and First Metals Inc. elected to terminate the cost sharing arrangement without further obligation on either party.

Share-based compensation of the Corporation for the twelve months ended August 31, 2012 compared to the twelve months ended August 31, 2011 increased from $nil to $32,220 as the Corporation granted 400,000 stock options on April 18, 2012 with a fair value of $32,220 determined using Black-Scholes model based on the following assumptions:

Risk free interest rate	1.45%
Dividend yield	nil
Expected stock volatility	161%
Expected life	5 years

Shareholder information expenses for the twelve months ended August 31, 2012 compared to the twelve months ended August 31, 2011 remained generally stable, increasing from $26,197 to $26,902.

Investor relations expenses for the twelve months ended August 31, 2012 compared to the twelve months ended August 31, 2011 increased from $nil to $12,847. These expenses relate to costs associated with identifying new investors who would provide funds needed for the Corporation to acquire the Pine Tree Property.

Insurance expenses of the Corporation for the twelve months ended August 31, 2012 compared to the twelve months ended August 31, 2011 also remained generally stable, decreasing from $7,985 to $6,713.

Depreciation expenses for the twelve months ended August 31, 2012 compared to the twelve months ended August 31, 2011 increased from $1,766 to $3,628. Increases are due to recent purchases of leasehold improvements and computer equipment.

Interest and bank charges for the twelve months ended August 31, 2012 compared to the twelve months ended August 31, 2011 decreased from $2,823 to $1,615 due to consolidation of accounts.

Travel expenses of the Corporation for the twelve months ended August 31, 2012 compared to the twelve months ended August 31, 2011 decreased from $1,691 to $930.

Advertising and promotional expenses for the twelve months ended August 31, 2012 compared to the twelve months ended August 31, 2011 decreased from $2,095 to $243.

Other general and administrative expenses of the Corporation for the twelve months ended August 31, 2012 compared to the twelve months ended August 31, 2011 increased from $16,333 to $36,436 due to costs associated with the Corporation's shared office location, staff, telephone costs and office supplies.

The Corporation’s loss (gain) from foreign exchange improved from a loss of $2,055 for the twelve months ended August 31, 2011 to a loss of $427 for the twelve months ended August

31, 2012. These gains and losses relate to cash balances held by the Corporation in US Dollars on account of its attempts to acquire the Pine Tree Property.

3.2 Net Gain / Loss

The net loss of the Corporation for the twelve months ended August 31, 2012 compared to the twelve months ended August 31, 2011 was improved from a loss of $904,570 to a loss of $807,729. Lower costs were generally observed across most areas, however, increased costs were incurred with respect to share-based compensation, investor relations, occupancy costs, acquisition costs and general and administrative costs.

4. MINERAL PROPERTIES

4.1 Dingman Property

4.1.1 General Overview

The Dingman Property comprises a group of mining claims and certain surface rights covering a gold exploration project located near Madoc, Ontario that is located approximately 55 kilometres north of Belleville, Ontario. The Dingman Property mineral interests are subject to a 2% net smelter royalty, one-half of which may be purchased by the Corporation at any time for $250,000. The Corporation also has a right of first refusal on the other one-half of the royalty. The Corporation acquired the Dingman Property from Opawica on January 29, 2010.

The ore body on the Dingman Property is within low grade metamorphic rocks of the Grenville Supergroup. The Dingman Property hosts the Dingman granite which had historic reported resources that were reported prior to the coming into force of National Instrument 43-101 – *Standards of Disclosure of Mineral Projects* ("NI 43-101"), and in any event, all historic resources have been superseded by the current NI 43-101 compliant resources outlined in the NI 43-101 report undertaken by Scott Wilson Roscoe Postle Associates Inc. ("RPA") entitled "Technical Report on the Mineral Resource Estimate for the Dingman Gold Project, Madoc, Southern Ontario, Canada" (the "RPA Report") dated January 31, 2011 authored by William E. Roscoe, Ph.D., P.Eng. (a qualified person as defined in NI 43-101), for the Corporation which was filed on SEDAR on February 8, 2011.

The current NI 43-101 compliant gold mineral resources are outlined below under Section 4.1.4. The Dingman granite consists of an elongated intrusive of about 800 metres in length, up to 140 metres wide and is at least 600 metres deep and is situated within impure calcitic marble between two larger felsic intrusive bodies. It is altered and deformed and contains gold mineralization associated with quartz veining in zones of strong alteration. Additional information concerning the Dingman Property is available in the RPA Report.

4.1.2 Surface Rights

Western Surface Rights

For the twelve months ended August 31, 2012, the Corporation accessed the western portion of the Dingman Property under rights of access granted to the Corporation under the *Mining Act* (Ontario). Effective as of February 2, 2012, the Corporation terminated the former access agreement under which it had accessed the western portion of the Dingman Property. The Corporation has made a claim against the surface rights owners on account of interference with the Corporation's rights under the agreement. The surface rights owners have counterclaimed against the Corporation for $99,000 on account of alleged fees owing under the surface rights agreement. The Corporation is proceeding with its claim, denies any further amounts are owing and is pursuing the matter before the courts. Since the termination of the access agreement, the Corporation and its representatives have successfully continued to access the western surface area of the Dingman mineralized zone pursuant to Upper Canada's rights under the *Mining Act* (Ontario).

Eastern Surface Rights

Effective as of October 8, 2010, the Corporation entered into a new surface rights agreement with respect to the eastern half of the Dingman gold zone. The agreement provides the Corporation with access and exploration rights for a period of one year in exchange for payment by the Corporation of $32,000 which was paid upon entering into the agreement. The agreement can be renewed for five additional periods of one year each upon the payment of an additional $15,000 by the Corporation for each renewal. The Corporation has not yet elected to renew this agreement for the period commencing October 8, 2011. In addition, the Corporation has agreed to pay the surface rights owner a fee of $1,500 per drill hole setup. The agreement covering the eastern surface rights also confers upon the Corporation the option to acquire 100% of the surface rights to 162 acres, as well as certain subsurface rights, at a price equal to three times the average appraised value of the surface rights (valued for farming use) as determined by three appraisers, but in no event shall the appraised value exceed $1,500,000.

4.1.3 Work Performed and Planned at the Dingman Property

In June 2012, the Corporation received an environmental baseline sampling and regulatory review report (BLS Report) from Dillon Consulting Limited. Dillon's work focused on environmental baseline sampling that included soil, surface water and well water in order to assess current environmental conditions at the Dingman Property. Upon completion of a satisfactory PEA, discussed further below, the results of the BLS Report will be used to support the process for obtaining necessary permits and approvals from regulatory agencies.

Based on the recommendations in the RPA Report, the Corporation has determined that a preliminary economic assessment (PEA) will be required for key permitting activities. The PEA will also better define the economic viability of the Dingman Property. The

Corporation has awarded the contract to Roscoe Postle Associates Inc., but has deferred completion of the PEA until it has determined whether it will be able to proceed with its acquisition of the Pine Tree Property, and if so, on what terms.

Following the completion of a satisfactory PEA, the Corporation expects to re-evaluate an approach to turnkey permitting of the Dingman Property and also to consider additional metallurgical testing to enhance recovery and investigate non-cyanidation recovery of gold.

4.1.4 Dingman Property Gold Mineral Resources

In November, 2010 Scott Wilson Roscoe Postle Associates Inc. was commissioned to update the mineral resource based on all drill hole and channel sample data and that incorporated a preliminary open pit design (the "RPA Report").

The mineral resource estimates in the RPA Report are classified as indicated and inferred at a cut-off grade of 0.40 g/t and are summarized in the table below using a gold price of US$1,200 per ounce. The indicated mineral resource for the Dingman Project was estimated to be 11,600,000 tonnes, averaging 0.97g/t Au for 361,000 oz Au. The inferred mineral resource for the Dingman Project was estimated to be 1,700,000 tonnes, averaging 0.73 g/t Au for 40,000 oz Au. The mineral resource estimates for Dingman are not mineral reserves and do not have demonstrated economic viability. This mineral resource estimate for the Dingman Project was completed under the supervision of William E. Roscoe, Ph.D., P.Eng. of Scott Wilson Roscoe Postle Associates Inc., who is a qualified person as defined in NI 43-101.

DINGMAN PROJECT MINERAL RESOURCE ESTIMATE –
DECEMBER 21, 2010
UPPER CANADA GOLD CORPORATION

Classification	Cut-off Grade Au (g/t)	Tonnes (millions)	Au (g/t)	Au (000s oz)
Indicated	0.40	11.6	0.97	361
Inferred	0.40	1.7	0.73	40

Notes:
1. CIM definitions were followed for Mineral Resources.
2. Mineral Resources are estimated at a pit discard cut-off grade of 0.4 g/t Au.
3. Mineral Resources are estimated at a gold price of US$1,200 per ounce.
4. High gold assays are cut to 30 g/t Au.
5. Bulk density of 2.71 t/m^3 is used.
6. Numbers may not add due to rounding

The Dingman resources are situated within one mineralized zone and the large majority of the resources, including all of the indicated resource, are within 200 metres of surface. The Dingman zone is open to depth and has some potential for further gold mineralization on strike to the east.

All statistical, geostatistical, mineralization modeling, grade modeling and classification work for the RPA Report was done using Gemcom software. In addition, all gold assay values above 30 g/t Au were cut to 30 g/t Au. The block model for mineral resource estimate used a block size of 10m by 5m by 10m and was based on the drill hole spacing, continuity of data and the proposed open pit mining method with an estimated 1:1.2 stripping ratio.

The Ordinary Kriging (OK) interpolation method was used for resource estimation purposes in the RPA Report using variography parameters defined from geostatistical analysis. RPA defines the mining costs and technical parameters used to model the open pit shell at a gold price of $US 1,200 per ounce.

The RPA Report incorporated 2010 drilling by the Corporation. Resources were estimated by kriging and checked for consistency by estimating the resources by the inverse distance squared method. There was good agreement between the two resource estimation methods.

4.1.5 Dingman Property Aggregate Products Indicated Resources

The RPA Report did not update the resource estimate found in a previous technical report on the Dingman Property that was completed by Shaft and Tunnel Engineering Services Ltd. ("Shaft & Tunnel") for Opawica in 2009. Shaft & Tunnel's report for Opawica (the "August 2009 Technical Report") entitled "Technical Report on the Dingman Gold Property, Madoc, Ontario, Canada", dated August 31, 2009 and authored by Robert Laakso, P.Eng (as qualified person under NI 43-101) was filed on SEDAR on August 31, 2009. The August 2009 Technical Report reports that, as a result of Opawica's 2009 exploration program on the gold bearing granite, additional information regarding the host rocks had been determined.

The granite intrusive stock intrudes a limestone (marble) formation that is a source for limestone in the area. There is very little overburden covering the limestone while the granite is totally exposed as a prominent hill in the area. The August 2009 Technical Report defined 75,000,000 tonnes of indicated resources of granite and limestone aggregate exist on the property and this estimated granite and limestone aggregate resource is also disclosed in a subsequent report prepared by Shaft & Tunnel for the Corporation entitled "Technical Report on the Dingman Gold Property Madoc, Ontario, Canada" (the "Shaft & Tunnel Report") dated September 15, 2009 authored by Robert Laakso, P.Eng. (a qualified person as defined in NI 43-101), for the Corporation which was filed on SEDAR on December 21, 2009.

The August 2009 Technical Report indicates that limestone is a marketable commodity in the Toronto, Ontario, corridor from Burlington to Kingston, Ontario, as aggregate for road base, concrete, rip-rap and ornamental stone. In addition to limestone, a quantity of the waste rock from the stripping of the proposed open pit model for the gold resources will be the granite itself.

The granite does not contain any deleterious elements which enable this aggregate to be prospectively used in the manufacture of asphalt. Recent quotations for the various products from similar quarries in this part of Ontario range from $8 per tonne to $10 per tonne F.O.B. mine site.

The Corporation undertook to have representative samples, of approximately 100kg each, of the intrusive rocks and the limestones sent for testing of their suitability for aggregate. Both rock types tested were found to be suitable for aggregate use.

Depending on pit design, the cost of producing like aggregates from open pits in this area ranges from CAD$4.30 to CAD$5.45 per tonne. These costs were obtained from local aggregate mine contractors. These are current estimates only and do not constitute executed contracts with mine contractors or for the purchase of aggregate products at this time. Such contracts cannot be completed until mine or quarry permitting has been obtained and mining operations commissioned. Mine or quarry permits have not at this time been obtained by the Corporation.

5. LIQUIDITY & CAPITAL RESOURCES

Cash and cash equivalents as at August 31, 2012 were $699,308 compared to $637,134 as at August 31, 2011. Factors that could impact on the Corporation's liquidity are monitored regularly and include the market price of the Corporation's trading securities for the purposes of raising financing, exploration expenditures, and operating costs.

The most significant cash transactions during the twelve months ended August 31, 2012 include the following:

- $600,000 of cash inflow received by the Corporation on account of the private placement of 12,000,000 units completed on December 30, 2011;
- $221,253 of cash inflow received by the Corporation on account of refundable deposits originally disbursed on account of the Corporation's acquisition of the Pine Tree Property; and
- $218,858 of cash outflow on account of acquisition costs towards the Pine Tree Property under the purchase agreement announced on January 26, 2012.

As at August 31, 2012, the Corporation had a working capital surplus of $598,826 as compared to a working capital surplus of $551,443 as of August 31, 2011. The Corporation

has not historically generated enough revenues to offset its expenses. The Corporation's ability to continue as a going concern depends on its ability to finance its cash requirements through the issuance of equity securities or other financing. For more information on risks and uncertainties facing the Corporation, see Section 13 – *Risks and Uncertainties*.

As of August 31, 2012, accounts receivable and accrued interest of $14,483 consisted primarily of HST receivable of $10,515.

As of August 31, 2012, accounts payable and accrued liabilities of $127,643 consisted of $101,994 in trade payables and $25,650 in accrued liabilities.

5.1 Operating Cash Flow

The Corporation is considered to be in the exploration and development stage and as such, does not earn any significant revenue. The Corporation has not historically generated enough revenues to offset its expenses.

For the twelve months ended August 31, 2012, cash outflow expended on operations before changes in non-cash working capital items was $757,481 compared to an outflow of $874,004 for the twelve months ended August 31, 2011. Changes in non-cash working capital items for the twelve months ended August 31, 2012 were $14,791 compared to $35,200 for the twelve months ended August 31, 2011 resulting in net cash outflows from operations of $742,690 for the twelve months ended August 31, 2012 and outflows of $838,804 for the twelve months ended August 31, 2011.

5.2 Investing Activities

Following the abandonment of the acquisition of the Pine Tree Property in September 2011, the Corporation was refunded $221,253 of deposits paid on the Pine-Tree Property.

Cashflow on account of investing activities for the twelve months ended August 31, 2012 totaled an inflow of $216,793 compared to a cash outflow of $230,915 on investment activities for the twelve months ended August 31, 2011.

5.3 Financing Activities

For the twelve months ended August 31, 2012, the Corporation had cash inflows of $588,071 associated with financing activities. This cash inflow resulted from the issuance by the Corporation of 12,000,000 units for gross proceeds of $600,000. Each unit was issued at a price of $0.05 per unit. Each unit comprised one common share and one common share purchase warrant with each warrant entitling the holder thereof to acquire a further common share of the Corporation at a price of $0.10 until December 30, 2016. Insiders of Upper Canada subscribed for 6,800,000 units of the private placement. In comparison, the Corporation had cash inflows of $833,989 associated with financing activities for the twelve months ended August 31, 2011 that related primarily from a private

placement of 3,000,000 common shares of the Corporation that was completed on March 16, 2011.

5.4 Commitments

The Corporation's only subsidiary was committed to annual rental payments of $26,400 for a building at 2296 Islington Avenue North ("Weston Location") under a lease agreement, which expired July 31, 2012. The Weston Location was in turn subleased by Washmax (Weston) Ltd. to an arm's length tenant for annual rental revenue of $26,400. The sublease also expired on July 31, 2012. Upon their expiration, neither the lease nor the sublease was renewed. During the term of the lease and the sublease, the subtenant commenced court proceedings against the landlord and Washmax (Weston) Ltd. See the fifth paragraph of Section 1 – *Overview*, for a description of the proceedings and claims between the landlord, the subtenant and Washmax (Weston) Ltd.

On June 1, 2011 the Corporation entered into an agreement with First Metals Inc. for shared office space. The Corporation paid base rent of $21,000 per annum plus a share of certain operating costs. Effective as of August 30, 2012, First Metals Inc. and the Corporation elected to terminate the cost sharing agreement without further liability to either party.

5.5 Sources of Financing

The Corporation's ability to continue as a going concern depends on its ability to finance its cash requirements through the issuance of equity securities or other financing. It is not possible to predict the Corporation's ability to fund its cash requirements in the short term (see Section 13 – *Risks and Uncertainties*).

6. OFF-BALANCE SHEET ARRANGEMENTS

The Corporation currently has no off-balance sheet arrangements with any parties.

7. TRANSACTIONS WITH RELATED PARTIES

Included in expenses for the twelve months ended August 31, 2012 are management fees of $169,975 (August 31, 2011 - $179,262) and occupancy costs of $49,356 (August 31, 2011 - $13,167) leasehold improvement costs of $nil (August 31, 2011 - $8,927) paid to companies controlled by directors and/or officers of the Corporation, exploration costs expensed of $25,000 (August 31, 2011 - $nil) to be paid to a shareholder. Included in accounts payable and accrued liabilities is $28,250 (August 31, 2011 - $11,193) owing to the Corporation's shareholders and/or companies controlled by directors, officers and/or shareholders of the Corporation. The transactions are in the normal course of operations and are measured at the exchange amount which is the amount agreed to by the related parties. During the twelve months ended August 31, 2012, officers, directors and other insiders of the Corporation subscribed for 6,800,000 units as part of the private placement completed on December 30, 2011 in exchange for gross proceeds of $340,000.

8. CAPITALIZATION

Shareholder's equity was $608,148 as at August 31, 2012 compared to shareholder equity of $781,186 as at August 31, 2011.

8.1 Share Capital

The Corporation is authorized to issue an unlimited number of voting common shares, an unlimited number of non-voting first preferred shares and an unlimited number of non-voting second preferred shares. As of August 31, 2012, the Corporation had 48,078,054 issued and outstanding common shares and an aggregate of 12,000,000 warrants outstanding. As of August 31, 2012, the Corporation had 5,200,000 stock options outstanding, each entitling the holder to acquire one common share. Therefore, the Corporation had 65,278,054 common shares on a fully diluted basis as of August 31, 2012. The foregoing figures are the same as of the Report Date.

As at the Report Date, the Corporation has 48,078,054 common shares issued and outstanding of which 15,469,172 are restricted from trading. Trading restrictions will be removed from such common shares on dates ranging between February 8, 2013 and December 29, 2013. Up to 12,000,000 of such shares that are restricted from trading and that would otherwise have such restrictions removed as of December 29, 2013 may become unrestricted upon the approval of the board of directors of the Corporation. Please refer to the Financial Statements for further information on the Corporation's share capital.

8.2 Warrants

As of August 31, 2012, the Corporation had 12,000,000 warrants outstanding compared to August 31, 2011 at which time 6,152,520 warrants were outstanding.

	Number	Weighted Average Exercise Price
Balance, August 31, 2011	6,152,520	$0.40
Granted – December 30, 2011	12,000,000	$0.10
Expired – January 29, 2012	6,152,520	$0.40
Balance, August 31, 2012	12,000,000	$0.10

As at the Report Date, the Corporation has 12,000,000 common share purchase warrants outstanding. The following table provides information about share purchase warrants outstanding and exercisable as at the Report Date:

Exercise Price	Number of Warrants	Expiry Date
$0.10	12,000,000	December 30, 2016
	12,000,000	

8.3 Broker Warrants

As of August 31, 2012, the Corporation had no broker warrants outstanding as compared to August 31, 2011 when there were 1,059,488 broker warrants outstanding.

	Number	Weighted Average Exercise Price
Balance, August 31, 2011	1,059,488	$0.2207
Expired – January 29, 2012	754,250	$0.20
Expired – March 11, 2012	95,238	$0.21
Expired – March 16, 2012	210,000	$0.30
Balance, August 31, 2012	nil	n/a

As at the Report Date, the Corporation has no broker warrants outstanding

8.4 Stock Options

As of August 31, 2012, the Corporation had 5,200,000 stock options outstanding, as compared to August 31, 2011, when the Corporation had 4,800,000 stock options outstanding. On January 19, 2010, shareholders approved, and the Corporation adopted, a new stock option plan pursuant to which all of the currently outstanding options were granted on January 29, 2010.

Issued and outstanding stock option data as of August 31, 2012 is as follows:

	Number	Weighted Average Exercise Price
Balance, August 31, 2011	4,800,000	$0.24
Granted, April 18, 2012	400,000	$0.20
Balance, August 31, 2012	5,200,000	$0.2369

As at the Report Date, the Corporation has 5,200,000 common share purchase options outstanding. The following table provides information about common share purchase options outstanding and exercisable as at the Report Date:

Exercise Price	Number of Options	Expiry Date
$0.24	4,800,000	January 29, 2015
$0.20	400,000	April 18, 2017
	5,200,000	

8.5 Reserves

Reserves are described in Note 15 of the Financial Statements and are comprised of the following components:

	Warrants	Broker Warrants	Contributed Surplus	Reserves
Balance, December 31, 2009	$ -	$ -	$ -	$ -
Warrants issued and stock options granted (January 29, 2010)	$ 581,307	$ 124,536	$ 995,670	$ 1,701,513
Balance, August 31, 2010	581,307	124,536	995,670	1,701,513
Broker warrants issued (March 16, 2011)		38,875		38,875
Broker warrants exercised during year		(4,655)		(4,655)
Balance, August 31, 2011	581,307	158,756	995,670	1,735,733
Warrants issued (December 30, 2011)	282,244			282,244

	Warrants	Broker Warrants	Contributed Surplus	Reserves
Stock options granted (April 18, 2012)			32,220	32,220
Warrants and broker warrants expired during year	(581,307)	(158,756)	740,063	-
Balance, August 31, 2012	$ 282,244	$ -	$1,767,953	$ 2,050,197

The January 29, 2010 stock option issuance cost was calculated using the Black-Scholes estimation method using a risk-free rate of 2.83% and an implied volatility of the Corporation's common shares of 146.83% on the basis of the volatility of Opawica's common shares prior to January 29, 2010.

The April 18, 2012 stock option issuance cost was calculated using the Black-Scholes estimation method using a risk-free rate of 1.45% and an empirical one-year volatility of the Corporation's common shares of 161%.

9. BOARD OF DIRECTORS AND OFFICERS

The directors of the Corporation are Michael Churchill (Chief Executive Officer), Kevin Cinq-Mars, Patrick Cronin (Chair) and Charles Gryba (the "Board of Directors"). The Chief Operating Officer of the Corporation is Thomas Sills and the Chief Financial Officer is Behn Conroy.

10. CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Statement of compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB). These are the Corporation's first International Financial Reporting Standards (IFRS) consolidated financial statements and IFRS 1, *First Time Adoption of IFRS* has been applied, as they are part of the period covered by the Corporation's first IFRS consolidated financial statements for the year ending August 31, 2012.

The Corporation's consolidated financial statements were prepared in accordance with Canadian GAAP until August 31, 2011. Canadian GAAP differs from IFRS in some areas and accordingly, the significant accounting policies applied in the preparation of these consolidated financial statements are set out below and have been consistently applied to all periods except in instances where IFRS 1 either requires or permits an exemption. An explanation of how the transition from Canadian GAAP to IFRS has affected the reported consolidated statements of income, comprehensive income, financial position, and cash flows of the Corporation is provided in note 16 of the Financial Statements. This note

includes information on the provisions of IFRS 1 and the exemptions that the Corporation elected to apply, reconciliations of equity, net income and comprehensive income for comparative periods and equity at the date of transition, September 1, 2010.

Basis of presentation

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, and revenue and expenses. 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.

Except where otherwise indicated, the financial statements are presented in Canadian dollars. The financial statements are prepared on the historical cost basis.

As at August 31, 2012, the Corporation has negative operating cash flows and has not yet achieved profitable operations, has accumulated losses since its inception, and expects to incur further losses in the development of its mineral interests. The Corporation's ability to continue as a going concern in the future is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. There is, however, no assurance that any such initiatives will be sufficient and, as a result, there is significant doubt regarding the going concern assumption and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Corporation were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations for the foreseeable future. These adjustments could be material.

Basis of consolidation

The consolidated financial statements include the accounts of the Corporation and its only subsidiary, Washmax (Weston) Ltd. All significant intercompany transactions and balances have been eliminated on consolidation.

Cash and cash equivalents

Cash and cash equivalents consists of cash, demand deposits and highly-liquid short term investments with an initial term of 90 days or less.

Equipment

Equipment is recorded at cost and amortized over their estimated useful lives at the following rates per annum:

Furniture and fixtures	-	20% declining balance basis
Leasehold Improvements	-	3 years straight line
Computer equipment	-	30% declining balance basis

Impairment

The Corporation's assets are reviewed for indications of impairment at each statement of financial position date. If indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss for the period.

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows 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 an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Share-based payments

The Corporation has in effect a share option plan ("the Plan"), which allows Corporation employees, directors and officers to acquire shares of the Corporation. The fair value of options granted is recognized as an expense with a corresponding increase in equity. The fair value is measured at grant date and each tranche is recognized on a graded basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At the end of each financial reporting period, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Mineral interests, deferred exploration and development expenditures

The Company expenses exploration and evaluation expenditures as incurred in mineral properties not yet determined to be commercially viable and technically feasible. Exploration and evaluation expenditures include acquisition costs of mineral properties, property option payments and evaluation activities.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

Exploration and evaluation expenditures are capitalized if the Corporation can demonstrate that these expenditures meet the criteria of an identifiable intangible asset. To date, no such exploration and evaluation expenditures have been identified and capitalized.

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing the net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed using the treasury stock method. In accordance with the treasury stock method, the weighted average number of shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive.

Financial instruments

Investments are recognized and derecognized on the trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value. Financial assets held are cash and cash equivalents and amounts receivable. Financial liabilities are amounts payable and accrued charges. These are classified into the following specified categories: available-for-sale ("AFS") financial assets, loans and receivables, and other liabilities. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Gains and losses arising from changes in fair value are recognized directly in other comprehensive income with the exception of impairment losses which are recognized directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized in the investments revaluation reserve is included in profit or loss for the period. The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the financial position reporting date. The change in fair value attributable to translation differences that result from a change in amortized cost of the asset is recognized in profit or loss, and other changes are recognized in other comprehensive income. Amounts receivable that have fixed or determinable payments that

are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Accounts payable and accrued liabilities are classified as other financial liabilities. Subsequent to initial recognition, other financial liabilities are measured at amortized cost using the effective interest rate method.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each financial position reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For all other financial assets objective evidence of impairment could include:

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

For certain categories of financial assets, such as amounts receivable and prepayments, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an amount receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss. With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. In respect of AFS equity securities, impairment losses previously recognized through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

Financial instruments recorded at fair value on the condensed statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

Income taxes

Income tax expense represents current tax and deferred tax. The Corporation records current tax based on the taxable profits for the period which is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred income taxes are accounted for using the asset and liability method. The asset and liability method requires that income taxes reflect the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred income tax assets and liabilities are determined for each temporary difference based on currently enacted or substantially enacted tax rates that are expected to be in effect when the underlying items of income or expense are expected to be realized. The effect of a change in tax rates or tax legislation is recognized in the period of substantive enactment. Deferred tax assets, such as non-capital loss carry forwards, are recognized to the extent it is probable that taxable profit will be available against which the asset can be utilized.

The determination of income taxes requires the use of judgment and estimates. If certain judgments or estimates prove to be inaccurate, or if certain tax rates or laws change, the Corporation's results of operations and financial position could be materially impacted.

Foreign currency translation

The functional and reporting currency of the Corporation is the Canadian dollar. Amounts recorded in foreign currency are translated into Canadian dollars as follows:

(i) Monetary assets and liabilities, at the rate of exchange in effect as at the balance sheet date;
(ii) Non-monetary assets and liabilities, at the exchange rates prevailing at the time of the acquisition of the assets or assumption of the liabilities; and
(iii) Income and expenses (excluding amortization, which is translated at the same rate as the related asset), at the rate of exchange on the date of the transaction.

New accounting standards and interpretations

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods after January 1, 2013. Many are not applicable or do not have a

significant impact to Upper Canada and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on Upper Canada.

(i) IFRS 9 – Financial instruments ("IFRS 9") was issued by the IASB in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39.IFRS 9 is effective for annual periods beginning on or after January 1, 2015.

(ii) IFRS 10 – Consolidated financial statements ("IFRS 10") was issued by the IASB in May 2011. IFRS 10 is a new standard which identifies the concept of control as the determining factor in assessing whether an entity should be included in the consolidated financial statements of the parent company. Control is comprised of three elements: power over an investee; exposure to variable returns from an investee; and the ability to use power to affect the reporting entity's returns. IFRS 10 is effective for annual periods beginning on or after January 1, 2013. Earlier adoption is permitted.

(iii) IFRS 11 – Joint arrangements ("IFRS 11") was issued by the IASB in May 2011. IFRS 11 is a new standard which focuses on classifying joint arrangements by their rights and obligations rather than their legal form. Entities are classified into two groups: parties having rights to the assets and obligations for the liabilities of an arrangement, and rights to the net assets of an arrangement. Entities in the former case account for assets, liabilities, revenues and expenses in accordance with the arrangement, whereas entities in the latter case account for the arrangement using the equity method. IFRS 11 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

(iv) IFRS 12 – Disclosure of interests in other entities ("IFRS 12") was issued by the IASB in May 2011. IFRS 12 is a new standard which provides disclosure requirements for entities reporting interests in other entities, including joint arrangements, special purpose vehicles, and off balance sheet vehicles. IFRS 12 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

(v) IFRS 13 – Fair value measurement ("IFRS 13") was issued by the IASB in May 2011. IFRS 13 is a new standard which provides a precise definition of fair value and a single source of fair value measurement considerations for use across IFRSs. The key points of IFRS 13 are as follows:

- fair value is measured using the price in a principal market for the asset or liability, or in the absence of a principal market, the most advantageous market;
- financial assets and liabilities with offsetting positions in market risks or counterparty credit risks can be measured on the basis of an entity's net risk exposure;

- disclosure regarding the fair value hierarchy has been moved from IFRS 7 to IFRS 13, and further guidance has been added to the determination of classes of assets and liabilities;
- a quantitative sensitivity analysis must be provided for financial instruments measured at fair value;
- a narrative must be provided discussing the sensitivity of fair value measurements categorized under Level 3 of the fair value hierarchy to significant unobservable inputs; and
- information must be provided on an entity's valuation processes for fair value measurements categorized under Level 3 of the fair value hierarchy.

IFRS 13 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

(vi) IAS 1 – Presentation of financial statements ("IAS 1") was amended by the IASB in June 2011 in order to align the presentation of items in other comprehensive income with US GAAP standards. Items in other comprehensive income will be required to be presented in two categories: items that might be reclassified into profit or loss and those that will not be reclassified. The flexibility to present a statement of comprehensive income as one statement or two separate statements of profit and loss and other comprehensive income remains unchanged. The amendments to IAS 1 are effective for annual periods beginning on or after July 1, 2012.

Capital management

The Corporation manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return.

The Corporation monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Corporation may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis. The Corporation's ability to continue to carry out its planned exploration activities is uncertain and dependent upon securing additional financing.

The Corporation considers its capital to be equity, which comprises share capital, reserves and accumulated deficit, which at August 31, 2012 totaled $608,148 (August 31, 2011 - $781,186).

The Corporation manages capital through its financial and operational forecasting processes. The Corporation reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on activities related to its mineral properties. Selected information is provided to the Board of Directors of the Corporation.

The Corporation is not subject to any capital requirements imposed by a lending institution.

11. CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Conversion to IFRS

(i) Overview

Effective as of the first quarter of 2011, the Corporation prepares its financial statements in accordance with IFRS. Reconciliations, descriptions and explanations of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Corporation are provided in note 16 "Conversion to IFRS", of the Financial Statements. This note also includes reconciliations of equity and comprehensive loss for comparative periods reported under Canadian GAAP with those reported for those periods under IFRS.

(ii) First-time adoption of IFRS

The adoption of IFRS requires the application of IFRS 1, which provides guidance for an entity's initial adoption of IFRS. IFRS 1 generally requires retrospective application of IFRS as effective at the end of its first annual IFRS reporting period. However, IFRS 1 also provides certain optional exemptions and mandatory exceptions to this retrospective treatment.

The Corporation has elected to apply the following optional exemptions in its preparation of an opening IFRS statement of financial position as at September 1, 2010, the Transition Date.

Business combinations
The Corporation has elected to apply IFRS 3, Business Combinations, prospectively to the business combinations that occur after the date of transition. The Corporation has elected this exemption under IFRS 1, which removes the requirement to retrospectively restate all business combinations to the date of the transition to IFRS.

Share-based payments
The Corporation elected to not apply IFRS 2, Share-based Payments, to equity instruments granted before November 7, 2002 and those granted but fully vested before the date of transition to IFRS. As a result, the Corporation has applied IFRS 2 for stock options granted after November 7, 2002 that are not fully vested at September 1, 2010.

IFRS 1 does not permit changes to estimates that have been made previously. Accordingly, estimates used in the preparation of the Corporation's opening IFRS statement of financial position as at the Transition Date are consistent with those that were made under Canadian GAAP.

(iii) Changes to accounting policies

The Corporation has changed certain accounting policies in accordance with IFRS. The policies applied in the Financial Statements are based on IFRS issued and outstanding as of the Report Date.

The changes to its accounting policies have resulted in certain changes to the recognition and measurement of assets, liabilities, equity, and expenses within the Corporation's financial statements.

The following summarizes the significant changes to the Corporation's accounting policies on adoption of IFRS.

Exploration and evaluation expenditures

On transition to IFRS, the Corporation adopted a policy to expense exploration and evaluation expenditures as incurred. Previously, the Corporation's Canadian GAAP policy was to capitalize exploration and evaluation expenditures as incurred. As a result of this adoption, all previously capitalized mineral property costs were written off against accumulated deficit, and to the extent relating to cost incurred in the current period, against the statement of loss and comprehensive loss.

Due to the adoption of a policy to expense exploration costs as incurred, all previously recognized deferred tax liabilities on temporary differences between the carrying amounts of assets and their tax bases were derecognized against accumulated deficit amounting to $271,050 as at August 31, 2011.

12. FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The carrying values of cash, short-term investments, amounts receivable, amounts due to related parties, and accounts payable approximate their fair values due to the relative short-term maturity of these instruments. The Corporation is not exposed to significant interest rate risk or credit concentration risk arising from these financial instruments. The Corporation's functional currency is the Canadian dollar. All current exploration occurs within Canada. There is no significant foreign exchange risk to the Corporation.

13. RISKS AND UNCERTAINTIES

The Corporation's principal activity is mineral exploration and development. Companies in this industry are subject to many and varied kinds of risks, including but not limited to,

environmental, decisions and policies of governmental authorities, metal prices, political and general economic conditions. Although the Corporation has taken steps to verify the title to its mineral interests, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Corporation's title. Title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects. The Corporation is dependent on the cooperation of surface rights holders to provide timely access to the Corporation's material properties. The Corporation has had ongoing disputes with the surface rights owners of the Dingman Property and continued cooperation of the surface rights owners in facilitating access to the Dingman Property for the Corporation cannot be assured. The Corporation has no significant source of operating cash flow and no revenues from operations. The Corporation's Dingman Property does not have any reserves. The Corporation has limited financial resources. Substantial expenditures are required to be made by the Corporation to establish ore reserves. The Dingman Property interest owned by the Corporation is in the exploration stage only, is without known bodies of commercial mineralization and has no ongoing mining operations. Mineral exploration involves a high degree of risk and few properties, which are explored, are ultimately developed into producing mines. Exploration of the Corporation's Dingman Property may not result in any discoveries of commercial bodies of mineralization. If the Corporation's efforts do not result in any discovery of commercial mineralization, the Corporation will be forced to look for other exploration projects or cease operations. The Corporation is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to permitting, property reclamation, discharge of hazardous material and other matters. The Corporation may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Corporation conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Corporation is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Corporation. With respect to the Corporation's planned acquisition of the Pine-Tree Property, the Corporation is exposed to risks similar to those when developing the Dingman Property. In addition, the Corporation is dependent on continued cooperation of the vendor of the Pine-Tree Property and the third party to whom it has agreed to pay a finder's fee. The successful completion of the acquisition is subject to a number of conditions including receipt of all necessary regulatory approvals, completion of satisfactory due diligence and obtaining sufficient financing on acceptable terms together with the satisfaction of all covenants and conditions contained therein. There can be no assurance that the Corporation will be able to satisfy these conditions or that the acquisition of the Pine-Tree Property will ultimately be completed.

14. CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

These statements are subject to known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those implied by the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking

statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks as set forth below.

This Management's Discussion and Analysis contains "forward-looking statements, within the meaning of applicable Canadian Securities legislation", that involve a number of risks and uncertainties. Forward looking statements include, but are not limited to, statements with respect to the Corporation's contemplated acquisition of the Pine Tree Property, future price of gold, the estimation of mineral reserves and resources, the realization of mineral estimates, the timing and amount of estimated future production, costs of production, capital expenditures, costs and timing of the development of new deposits, success of exploration activities, permitting time lines, currency exchange rate fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage and timing and possible outcome of pending litigation. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", or "might" be taken, occur or be achieved. Forward-looking statements are based on the opinions and estimates of management as of the date such statements are made, and they involve known and unknown risks, uncertainties and other factors which may cause the actual results, level of activity, performance or achievements of the Corporation to be materially different from any other future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others: risks relating to the integration of acquisitions, the actual results of current exploration activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; failure of equipment or processes to operate as anticipated; accidents, labour disputes, disputes concerning property access rights, and other risks of the mining industry; delays in obtaining governmental approvals or financing; and fluctuations in metal prices. Although the Corporation has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The Corporation undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change. Accordingly, readers are cautioned not to place undue reliance on forward looking statements.

15. MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying Financial Statements of the Corporation and all the information in this Management's Discussion and Analysis are the responsibility of management and have been approved by the Board of Directors.

The Financial Statements have been prepared by management in accordance with International Financial Reporting Standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects. Management has prepared the financial information presented elsewhere in the Management's Discussion and Analysis and has ensured that it is consistent with that in the Financial Statements.

The Corporation maintains systems of internal accounting and administrative controls in order to provide, on a reasonable basis, assurance that the financial information is relevant, reliable and accurate and that the Corporation's assets are appropriately accounted for and adequately safeguarded.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving its financial statements. The Board of Directors carries out this responsibility principally through its Audit Committee.

The Audit Committee is appointed by the Board of Directors, and two of its members are independent directors. The Committee meets at least once a year with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities, and to review the financial statements and the external auditors' report. The Committee reports its findings to the Board for consideration when approving the financial statements for issuance to the shareholders. The Committee also considers, for review by the Board and approval by the shareholders, the engagement or reappointment of the external auditors.

16. OTHER

16.1 Registered Office and Mailing Address

The registered office of the Corporation is located at #4 – 140, 11th Avenue S.W., Calgary, Alberta, T2R 0B8.

The mailing address of the Corporation is P.O. Box 15009, 1507 Yonge Street, Toronto, Ontario, M4T 1Z0.

16.2. Additional Information

Additional information relating to the Corporation may be found on SEDAR at www.sedar.com.