GOLD REACH RESOURCES LTD.

Condensed Consolidated Interim Financial Statements

For the Six Months Ended September 30, 2012

(unaudited – prepared by management)

(expressed in Canadian dollars)

NOTICE TO READER

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

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Vancouver, B.C.
November 29, 2012

GOLD REACH RESOURCES LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(unaudited – prepared by management)

As at September 30, 2012 and March 31, 2012

	As at September 30, 2012	As at March 31, 2012
ASSETS		
Current		
Cash	$ 2,904,525	$ 6,280,738
Taxes receivable	607,094	40,328
Other receivable	5,391	83,059
Prepaid expenses	137,339	83,464
Total Current Assets	3,654,349	6,487,589
Exploration and evaluation costs (Note 6)	13,240,692	8,352,494
Equipment and camp buildings (Note 7)	252,541	73,082
Total Non-Current Assets	13,493,233	8,425,576
Total Assets	$ 17,147,582	$ 14,913,165
LIABILITIES		
Current		
Trade and other payables	$ 883,573	$ 214,367
Total Current Liabilities	883,573	214,367
Deferred income tax liabilities	539,000	539,000
Toal non-current liabilities	539,000	539,000
Total liabilities	1,422,573	753,367
SHAREHOLDERS' EQUITY		
Share capital (Note 9)	24,663,909	22,708,764
Contributed Surplus	2,501,423	2,025,905
Deficit	(11,440,323)	(10,574,871)
Total Shareholders' Equity	15,725,009	14,159,798
Total Labilities and Shareholders' Equity	$ 17,147,582	$ 14,913,165

Signed on behalf of the Board:

"Conrad Swanson" Director

"John Watt" Director

GOLD REACH RESOURCES LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE LOSS/INCOME

(unaudited – prepared by management)

FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2012

	For the Three Months Ended September 30,		For the Six Months Ended September 30,	
	2012	2011	2012	2011
EXPENSES				
Amortization	$ 10,530	$ 4,552	$ 19,332	$ 9,013
Investor relations	42,872	16,225	66,631	56,058
Management and administration fees	77,835	36,209	136,417	70,241
Office	8,703	5,178	31,728	12,776
Professional fees	35,077	30,427	82,650	76,856
Rent	4,438	3,348	9,966	6,696
Stock-based compensation	-	202,030	475,518	242,590
Transfer agent and filing fees	9,631	13,712	15,212	20,263
Travel and promotion	18,965	14,399	64,557	34,250
	(208,051)	(326,080)	(902,011)	(528,743)
OTHER INCOME (EXPENSE):				
Interest income	16,597	1,592	34,257	5,226
Other income	-	-	2,302	-
Interest expense	-	(1,018)	-	(2,065)
LOSS BEFORE INCOME TAXES	16,597	574	36,559	3,161
Recovery of future income taxes	-	-	-	-
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	(191,454)	(325,506)	(865,452)	(525,582)
DEFICIT - BEGINNING OF THE PERIOD	(11,248,869)	(12,164,894)	(10,574,871)	(11,964,818)
DEFICIT - END OF THE PERIOD	$ (11,440,323)	$ (12,490,400)	$ (11,440,323)	$ (12,490,400)
LOSS PER SHARE - BASIC AND DILUTED	$ (0.01)	$ (0.02)	$ (0.03)	$ (0.03)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	26,828,128	17,856,741	26,429,446	17,828,741

See accompanying notes to consolidated financial statements.

GOLD REACH RESOURCES LTD.

CONDENSED INTERIM STATEMENT OF CASH FLOWS

(unaudited – prepared by management)

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2012

	For the Six Months ended	
	September 30,	September 30,
CASH PROVIDED BY (USED IN)	**2012**	**2011**
OPERATING ACTIVITIES		
Net income (loss) for the period	$ (865,452)	$ (525,582)
Items not affecting cash:		
Share based payments	475,518	242,590
Amortization	19,332	9,013
	(370,602)	(273,979)
Changes in non-cash working capital items:		
HST and GST recoverable	(489,098)	(223,247)
Prepaid expenses	(53,875)	(26,088)
Trade and other payables	669,206	307,568
Cash from (used in) in operating activities	(244,369)	(215,746)
INVESTING ACTIVITIES		
Mineral property exploration expenditures	(4,887,930)	(3,248,118)
Mineral property acquisition costs	(268)	-
Reclamation bond purchase	-	(17,500)
Equipment purchases	(198,791)	(49,728)
Cash used in investing activities	(5,086,989)	(3,315,346)
FINANCING ACTIVITIES		
Share capital issued for cash	2,035,645	1,994,500
Share issue costs, cash portion	(80,500)	(14,695)
Due to related parties	-	-
Cash provided by financing activities	1,955,145	1,979,805
NET INCREASE IN CASH	(3,376,213)	(1,551,287)
CASH - BEGINNING OF THE PERIOD	6,280,738	1,607,572
CASH - END OF THE PERIOD	$ 2,904,525	$ 56,285

See accompanying notes to consolidated financial statements.

GOLD REACH RESOURCES LTD.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

(unaudited –prepared by management)

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2012

	Number of Shares	Capital Stock	Contributed Surplus	Deficit	Total Equity
Balance, April 1, 2012	24,532,884	$ 22,708,764	$ 2,025,905	$ (10,574,871)	$ 14,159,798
Issued for cash - flow through shares	300,000	180,000	-	0	180,000
Issued for cash - non flow through shares	1,100,000	1,210,000	-	0	1,210,000
Share issue costs	-	- 80,500	-	0	- 80,500
Exercise of stock options	119,000	62,000	-	0	62,000
Exercise of share purchase warrants	935,242	583,645	-	0	583,645
Stock based compensation	-	-	475,518	0	475,518
Net loss and comprehensive loss for the period	-	-	-	(865,452)	- 865,452
Balance, September 30, 2012	26,987,126	$ 24,663,909	$ 2,501,423	$ (11,440,323)	$ 15,725,009
Balance, April 1, 2011	15,534,737	$ 18,885,423	$ 1,302,790	$ (11,964,818)	$ 8,223,395
IFRS adjustment	-	- 284,217	-	0	- 284,217
Issued for cash - flow through shares	3,098,333	1,859,000	-	0	1,859,000
Share issue costs	-	- 14,695	-	0	- 14,695
Exercise of stock options	10,000	4,500	-	0	4,500
Exercise of share purchase warrants	290,000	131,000	-	0	131,000
Stock based compensation	-	-	242,590	0	242,590
Net loss and comprehensive loss for the period	-	-	-	(525,582)	- 525,582
Balance, September 30, 2011	18,933,070	$ 20,581,011	$ 1,545,380	$ (12,490,400)	$ 9,635,991

1. CORPORATE INFORMATION

The Company is engaged principally in the acquisition, exploration and development of mineral properties. The recovery of the Company's investment in mineral properties and attainment of profitable operations is principally dependent upon financing being arranged by the Company to continue operations, explore and develop the mineral properties and the discovery, development and sale of ore reserves.

The Company was incorporated under the Business Corporations Act of British Columbia by Certificate of Incorporation dated November 29, 1965. The Company is listed on the TSX Venture Exchange ("TSX-V"), having the symbol GRV-V, as a Tier 2 mining issuer.

The address of the Company's corporate office and principal place of business is Suite 888 - 700 West Georgia Street, Vancouver, British Columbia, V7Y 1G5.

2. BASIS OF OPERATIONS

(a) Statement of Compliance

Thee consolidated financial statements of the Company for the year ending March 31, 2012 were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), having previously prepared its financial statements in accordance with pre-changeover Canadian Generally Accepted Accounting Principles ("pre-changeover Canadian GAAP"). These condensed consolidated interim financial statements for the three and six months ended September 30, 2012 have been prepared in accordance with IAS 34 Interim Financial Reporting.

These condensed interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended March 31, 2012. These condensed interim financial statements were authorized for issue by the Board of Directors on November 29, 2012.

2. BASIS OF OPERATIONS (continued)

(b) Basis of Presentation and Measurement

These condensed consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS")(see 2 note (a)) and include the accounts of the Company and its wholly-owned subsidiary, Ootsa Ventures Ltd., (formerly named Ootsa Resources Ltd.). All material intercompany accounts and transactions have been eliminated.

The condensed consolidated interim financial statements are presented in Canadian dollars, which is also the Company's functional currency.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

(c) Going Concern of Operations

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations over the next year. The Company will require additional financing in order to conduct its planned work programs on its mineral properties, meet its ongoing levels of corporate overhead and discharge its liabilities as they come due.

At September 30, 2012, the Company had not yet achieved profitable operations, had accumulated losses of $11,440,323 since inception, had working capital $2,770,776 and expects to incur further losses in the development of its business. The Company will require additional financing in order to conduct its planned work programs on its mineral properties, meet its ongoing levels of corporate overhead and discharge its liabilities as they come due. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. Accordingly these financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption is not valid then the adjustments required to report the Company's assets and liabilities on a liquidation basis could be material to these financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Cash and cash equivalents:

Cash and cash equivalents include all cash accounts, which are not subject to withdrawal restrictions or penalties, and all short-term highly-liquid investments with original maturities to the holder of three months or less, and which can be converted into known amounts of cash.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Equipment and amortization

Equipment is recorded at cost. The Company provides for amortization using the declining balance method at the following annual rates:

Office computers	45%
Vehicles	30% - 35%
Camp buildings	5 years – straight line
Bridge	10 years – straight line

(c) Mineral properties:

The Company is in the process of exploring its resource properties and has not yet determined whether these properties contain reserves that are economically recoverable.

The cost of acquiring mineral properties and exploration expenditures are deferred until such time as the mineral properties are placed into production or the prospect is determined by management to be impaired or abandoned; at that time the deferred acquisition costs are amortized on a unit-of-production basis or written off.

Title to mineral properties involves certain inherent risks due to the difficulties in determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties, and to the best of the Company's knowledge, titles to all of its properties are in good standing.

(l) Future accounting policies:

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective and determined that the following may have an impact on the Company:

Effective for the Company's annual reporting period beginning April 1, 2012:

- IFRS 9, *Financial Instruments*, *Classification and Measurement*. The Company anticipates that the adoption of this standard will have no material impact except for additional disclosures.

- IFRS 10, *Consolidated Financial Statements*, replaces the guidance on control and consolidation in IAS 27, Consolidated and Separate Financial Statements, and SIC-12, Consolidation – Special Purpose Entities. IFRS 10 changes the definition of control under IFRS so that the same criteria are applied to all entities to determine control. The Company anticipates that the adoption of this standard will have no material impact.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New accounting policies (continued):

- IFRS 11, *Joint Arrangements*, replaces IAS 31, Interests in Joint Ventures. IFRS 11 reduces the types of joint arrangements to two: joint ventures and joint operations. IFRS 11 requires the use of equity accounting for interests in joint ventures, eliminating the existing policy choice of proportionate consolidation for jointly controlled entities under IAS 31. Entities that participate in joint operations will follow accounting much like that for jointly controlled assets and jointly controlled operations under IAS 31. The Company anticipates that the adoption of this standard will have no material impact.

- IFRS 12, *Disclosure of Interests in Other Entities*, sets out the disclosure requirements for entities reporting under IFRS 10 and IFRS 11, and replaces the disclosure requirements currently found in IAS 28, Investments in Associates. The Company anticipates that the adoption of this standard will have no material impact.

- IFRS 13, *Fair Value Measurement,* this new standard sets out a framework for measuring fair value and the disclosure requirements for fair value measurements.

- There have been amendments to existing standards, including IAS 27, *Separate Financial Statements* (IAS 27), and IAS 28, *Investments in Associates and Joint Ventures* (IAS 28). IAS 27 addresses accounting for subsidiaries jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10- 13.

- IAS 1, *Presentation of Financial Statements*, has been amended to require entities to separate items presented in OCI into two groups, based on whether or not items may be recycled in the future. Entities that choose to present OCI items before tax will be required to show the amount of tax related to the two groups separately. The amendment is effective for annual periods beginning on or after July 1, 2012 with earlier application permitted.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the condensed consolidated interim financial statements within the next financial year are discussed below:

i) Rehabilitation Provisions

Asset retirement obligation provisions have been created based on the Company's internal estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from period to period.

Actual rehabilitation costs will ultimately depend on future market prices for the rehabilitation costs which will reflect the market conditions at the time of the rehabilitation costs are actually incurred. The final cost of the currently recognized rehabilitation provisions may be higher or lower than currently estimated.

ii) Exploration and Evaluation Expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

iii) Title to Mineral Property Interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

iv) Share-based Payment Transactions

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

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

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive loss/income over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss/income over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss/income over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss/income, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

iv) Share-based Payment Transactions (continued)

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrumented granted, measured at the repurchase date. Any such excess is recognized as an expense.

5. RECLAMATION BONDS

Included in Mineral Exploration and Development Costs as at September 30, 2012, is the Company's aggregate reclamation bonds posted with the Mining and Minerals Division of the British Columbia Government in the amount of $119,000 (March 31, 2012 - $119,000). The bonds cover the future site restoration costs with respect to the Seel, Ox Lake and Auro Claims. All or part of the $119,000 can be recovered subject to the inspection of the sites and assessment of the restoration costs by the Mining and Minerals Division of the British Columbia Government.

The bonds have not been discounted from their future value because the Company estimates the bonds may be settled within 2 years and the discounting cost being considered immaterial. The Company believes that the amount of the bonds includes sufficient risk premium.

6. MINERAL PROPERTIES

The Ootsa Property is composed of 76 mineral claims covering 45,601 hectares and is 100% owned by Gold Reach Resources. Contained within the Ootsa Property is the Seel Property and The Ox Property, both of which contain underlying royalties as described below, the remaining mineral claims have been acquired by the Company by staking and have no underlying royalties:

<u>Seel Property</u>

Seventeen claims totalling 8,466 hectares cover the Seel and West Seel deposits and are subject to a 1% Net Smelter Return ("NSR"). The purchase agreement with the vendor, Rupert Seel has no buyout provision entitling the Company to purchase any portion or all of the 1% NSR.

<u>Ox Property</u>

Fourteen claims totalling 575 hectares covering the Ox deposit are subject to a 2% Net Smelter Return ("NSR"). Under the purchase agreement with the vendor, Silver Standard Resources Inc. ("Silver") the Company is entitled to purchase a 1% portion of the NSR from Silver at any time by the payment to Silver of $500,000. The Company may purchase the remaining 1% NSR at any time by payment to Silver of an additional $1,000,000.

Separate from the Ootsa Property, the Company has an NSR arising from the sale of its mineral interest in the following group of claims:

Auro Property

During January 2010 through April 2010, the Company acquired a 100% interest the Auro Property comprise of 17 mineral claims totalling 21,3481 hectares known as the Auro and Auro South claims located in central British Columbia.

In March 2012, the Company sold all of the Company's mineral interests known as the Auro and Auro South properties ("Properties") to New Gold Inc. ("New Gold"). The Properties are located southeast of New Gold's Blackwater Gold deposit. Under the terms of the purchase agreement, the Company sold a 100% interest in the Properties for a Cdn. $6,000,000 cash payment. The Company has retained a 2% NSR on the Properties and New Gold has committed to spend Cdn. $1,500,000 ("the Work Commitment Amount") on exploration expenditures on the Properties as follows:

a) A minimum of $500,000 during the balance of 2012
b) A minimum of an additional $500,000 during calendar year 2013, and
c) A minimum of an additional $500,000 during calendar year 2014

If New Gold is unable to obtain an exploration permit from the Ministry of Energy and Mines (BC) pursuant to the Mines Act (BC) in 2012 authorizing certain exploration activities on the Properties in a timely manner, then New Gold shall have the right to apply the unspent portion of the $500K required to be spent during the balance of 2012 to the Work Commitment Amount required to be spent during calendar year 2013.

If New Gold fails to incur the minimum Work Commitment Amount within any of the periods disclosed as above, in lieu of the incurrence of such expenditures, within 30 days of the completion of such period, New Gold will pay to Gold Reach in cash an amount equal to such deficiency.

The sale arrangement with New Gold did not include the recovery of the Company's $22,500 rehabilitation bond which was refunded to the Company subsequent September 30, 2012.

6. MINERAL PROPERTIES (continued)

Expenditures on mineral property acquisition costs for the six months ended September 30, 2012 and for the year ended March 31, 2012 are as follows:

(a) Mineral Property Costs for the Six Months Ended September 30, 2012

	Seel	Ox Lake	Auro	Total
Property acquisition costs				
Balance, beginning of the period	$ 326,347	$ 280,000	$ -	$ 606,347
Cash costs	268	-	-	268
Balance, end of the period	326,615	280,000	-	606,615
Deferred exploration and development costs				
Balance, beginning of the period	6,814,805	908,842	22,500	7,746,147
Incurred during the period:				
Drilling, blasting and trenching	2,679,019	-	-	2,679,019
Barge	47,045	-	-	47,045
Geology	207,584	-	-	207,584
Geophysics	79,752	-	-	79,752
Consulting fees	15,401	-	-	15,401
Field costs	501,900	-	-	501,900
Travel	29,621	-	-	29,621
Assaying	345,721	-	-	345,721
Camp costs	173,892	-	-	173,892
Roads	109,914	-	-	109,914
Fuel	206,062	-	-	206,062
Insurance	6,178	-	-	6,178
Mapping	59,300	-	-	59,300
BC tax credit refund	(5,187)	-	-	(5,187)
Wages and related expenses	431,728	-	-	431,728
Total expenditures during the period	4,887,930	-	-	4,887,930
Total expenditures, end of the period	11,702,735	908,842	22,500	12,634,077
Balance, end of the period	$ 12,029,350	$ 1,188,842	$ 22,500	$ 13,240,692

6. MINERAL PROPERTIES (continued)

(b) Mineral Property costs for the year ended March 31, 2012

	Seel	Ox Lake	Auro	Auro South	Total
Property acquisition costs					
Balance, beginning of the year	$ 325,750	$ 280,000	$ 162,800	$ 3,164	$ 771,714
Cash	597	-	-	-	597
Shares	-	-	-	-	-
Less: Sale of Auro and Auro South	-	-	(162,800)	(3,164)	(165,964)
Balance, end of the year	326,347	280,000	-	-	606,347
Deferred exploration and development costs					
Balance, beginning of the year	4,156,102	832,516	1,089,421	-	6,078,039
Incurred during the year:					
Drilling, blasting and trenching	1,159,578	-	409,296	-	1,568,874
Barge	52,926	-	-	-	52,926
Geology	235,647	-	80,665	7,362	323,674
Geophysics	115,618	-	38,024	145,391	299,033
Consulting fees	72,010	-	10,500	-	82,510
Field costs	378,431	-	121,370	-	499,801
Reclamation bond	60,000	-	17,500	-	77,500
Travel and accommodation	21,275	-	7,898	-	29,173
Assaying	241,249	-	20,086	-	261,335
Camp costs	229,520	-	82,027	-	311,547
Fuel	108,092	-	46,932	-	155,024
Insurance	3,585	-	1,552	-	5,137
Safety	-	-	783	-	783
Wages	103,211	-	113,733	-	216,944
Mapping	-	-	11,081	-	11,081
B.C. mining tax credit	(157,859)	76,326	-	-	(81,533)
Other	35,420	-	40,627	14,372	90,419
Total expenditures during the year	2,658,703	76,326	1,002,074	167,125	3,904,228
Less: Sale of Auro and Auro South	-	-	(2,102,970)	(167,125)	(2,270,095)
Total net expenditures, end of the year	6,814,805	908,842	22,500	-	7,746,147
Balance, end of the year	$ 7,141,152	$ 1,188,842	$ 22,500	$ -	$ 8,352,494

7. EQUIPMENT AND CAMP BUILDINGS

	CONTINUITY SCHEDULE				
	Office equipment	Camp Vehicles and Equipment	Camp Buildings	Bridge	Total
Cost					
Balance at March 31, 2011	3,515	46,218	-	-	49,733
Additions	3,574	47,916	-	-	51,490
Disposals	-	-	-	-	-
Balance at March 31, 2012	7,089	94,134	-	-	101,223
Additions	7,936	-	158,000	32,855	198,791
Disposals	-	-	-	-	-
Balance at September 30, 2012	15,025	94,134	158,000	32,855	300,014
Depreciation and impairment					
Balance at March 31, 2011	2,820	6,942	-	-	9,762
Additions	745	17,634	-	-	18,379
Disposals	-	-	-	-	-
Balance at March 31, 2012	3,565	24,576	-	-	28,141
Additions	2,200	9,234	7,350	548	19,332
Disposals	-	-	-	-	-
Balance at September 30, 2012	5,765	33,810	7,350	548	47,473
					-
Carrying amounts					
At March 31, 2012	3,524	69,558	-	-	73,082
At September 30, 2012	9,260	60,324	150,650	32,307	252,541

8. RELATED PARTY TRANSACTIONS

The Company incurred the following transactions with companies controlled by directors of the Company.

	For the six months ended September 30, 2012	2011
Management fees - mineral property costs	$ 102,000	$ -
Professional fees - legal	20,821	-
Professional fees - administration	16,200	55,088
Management and administration	95,000	72,000
	$ 234,021	$ 127,088

Key management personnel compensation:

	For the six months ended September 30, 2012	2011
Management fees	$ 197,000	$ 72,000

9. SHARE CAPITAL AND CONTRIBUTED SURPLUS

(a) Authorized: Unlimited number of common shares without par value.

(b) Issued and fully paid:

	Number of Shares	Capital Stock
Balance, April 1, 2012	24,532,884	$ 22,708,764
Issued for cash - flow through shares	300,000	180,000
Issued for cash - non flow through shares	1,100,000	1,210,000
Share issue costs	-	- 80,500
Exercise of stock options	119,000	62,000
Exercise of share purchase warrants	935,242	583,645
Stock based compensation	-	-
Net loss and comprehensive loss for the period	-	-
Balance, September 30, 2012	26,987,126	$ 24,663,909

<u>Transactions during the Six Months Ended September 30, 2012</u>

i) On May 28, 2012 the Company completed a non-brokered flow-through private placement units offering (“FT Units”) of 300,000 FT Units, raising gross proceeds of $180,000. Each FT Unit, priced at $0.60 per each FT Unit, is comprised of one common share of the Company, intended to qualify as a flow-through share under the Income Tax Act (Canada), and one non-transferable common share purchase warrant (“NFT Warrants”) entitling the holder to purchase one additional non-flow through common share of the Company at an exercise price of $0.75 per share at any time prior to May 28, 2013.

Each Warrant is subject to accelerated expiry provisions such that if at any time after the date of Closing of the private placement, the Company’s common shares trade on the TSX Venture Exchange at or above a weighted average trading price of $1.00 per share for 10 consecutive trading days, the Company may give notice to the holders that each Warrant will expire 30 days from the date of providing such notice.

ii) On June 26, 2012, the Company completed a non-brokered private placement of 1,100,000 units (each a “Unit”) at a purchase price of $1.10 per Unit, raising gross proceeds of $1,210,000. Each Unit consists of one common share (“Common Share”) of the Company and one non-transferable common share purchase warrant (“Warrant”). Each Warrant will entitle the holder to acquire one additional common share (a “Warrant Share”) of the Company at an exercise price of $1.40 per Warrant Share at any time prior to June 26, 2014.

9. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

The Company paid a finder's fee in cash of $13,860 to Haywood Securities Inc. and $45,540 to Canaccord Genuity Corp. in connection with the placement of Units.

Transactions during the Year ended March 31, 2012

i. On July 15, 2011, the Company completed a non-brokered private placement and raised gross proceeds of $1,248,000 by the issuance of 2,080,000 flow-through units. No flow through premium was recognized in respect to these flow-through placements.

ii. On September 15, 2011, the Company completed an additional non-brokered private placement and raised gross proceeds of $611,000 by the issuance of 1,018,333 flow-through units. No flow through premium was recognized in respect to these flow-through placements.

(c) Share purchase warrants:

A continuity schedule of outstanding share purchase warrants is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, March 31, 2011	10,426,220	$0.46
Issued	3,098,333	$0.90
Expired	(1,000,000)	$0.75
Exercised	(3,926,875)	$0.25
Exercised	(1,100,000)	$0.40
Balance, March 31, 2012	7,497,678	$0.72
Issued	300,000	$0.75
Issued	1,100,000	$1.40
Exercised	(750,500)	$0.60
Exercised	(75,000)	$0.90
Balance, September 30, 2012	8,072,178	$0.83

9. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

As at September 30, 2012 outstanding share purchase warrants are:

Number of Warrants	Exercise Price	Expiry Date
345,000	$0.60	December 31, 2012
2,263,845	$0.60	December 31, 2012
240,000	$0.60	February 7, 2013
800,000	$0.60	March 3, 2013
2,055,000	$0.90	July 14, 2013
968,333	$0.90	September 15, 2013
300,000	$0.75	May 28, 2013
1,100,000	$1.40	June 26, 2014
8,072,178		

(d) Agents' warrants:

A continuity schedule of outstanding agents' warrants is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, March 31, 2011	366,564	$0.59
Expired	(75,000)	$0.75
Exercised	(150,000)	$0.50
Balance, March 31, 2012	141,564	$0.60
Exercised	(109,742)	$0.60
Balance, September 30, 2012	31,822	$0.60

As at September 30, 2012 outstanding agent's warrants are:

Number of Warrants	Exercise Price	Expiry Date
31,822	$0.60	December 31, 2012

(e) Nature and Purpose of Equity and Reserves

The reserves recorded in equity on the Company's balance sheet include 'Contributed Surplus' and 'Accumulated Deficit'.

9. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

'Contributed Surplus' is used to recognize the value of stock option grants and share warrants prior to exercise. 'Accumulated Deficit' is used to record the Company's change in deficit from earnings from year to year.

(f) Stock options:

The Company has a stock option plan whereby the maximum number of shares reserved for issue under the plan shall not exceed 10% of the outstanding common shares of the Company, as at the date of the grant.

The maximum number of common shares reserved for issue to any one person under the plan cannot exceed 5% of the issued and outstanding number of common shares at the date of grant and the maximum number of common shares reserved for issue to a consultant or a person engaged in investor relations activities cannot exceed 2% of the issued and outstanding number of common shares at the date of grant.

The exercise price of each option granted under the plan may not be less than the Discounted Market Price (as that term is defined in the policies of the TSXV).

Options may be granted for a maximum term of five years from the date of the grant, are non-transferable and expire within 90 days of termination of employment or holding office as director or officer of the Company. Unless otherwise stated, share purchase options vest when granted.

9. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

(f) Stock options (continued):

A summary of the Company's option transactions for the six months ended September 30, 2012 is:

	Number of Options	Weighted Average Exercise Price	Weighted Average Contractual Life (years)
Balance, March 31, 2011	1,528,473	$0.35	2.54
Granted	78,000	$0.50	
Granted	223,000	$0.65	
Granted	100,000	$0.70	
Granted	1,158,000	$0.60	
Granted	22,754	$0.70	
Granted	96,000	$0.60	
Exercised	(712,939)	$0.20	
Exercised	(10,000)	$0.45	
Forfeited / cancelled	(30,000)	$0.50	
Balance, March 31, 2012	2,453,288	$0.57	3.67
Granted	161,000	$0.83	
Granted	253,429	$1.50	
Exercised	(50,000)	$0.45	
Exercised	(10,000)	$0.50	
Exercised	(5,000)	$0.50	
Exercised	(24,000)	$0.50	
Exercised	(20,000)	$0.65	
Exercised	(10,000)	$0.70	
Forfeited / cancelled	(67,000)	$0.50	
Forfeited / cancelled	(5,000)	$0.60	
Forfeited / cancelled	(5,000)	$0.70	
Balance, September 30, 2012	2,671,717	$0.67	3.87

9. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

(f) Stock options (continued)

As at September 30, 2012 outstanding stock options are:

Number of Options	Exercise Price	Expiry Date
100,800	$0.30	March 31, 2015
50,000	$0.45	June 8, 2015
95,000	$0.45	July 13, 2015
290,934	$0.50	January 7, 2016
38,800	$0.50	February 7, 2013
75,000	$0.60	March 3, 2013
42,000	$0.50	May 18, 2016
203,000	$0.65	July 14, 2016
85,000	$0.70	September 20, 2016
1,158,000	$0.60	January 3, 2017
22,754	$0.70	January 23, 2017
96,000	$0.60	March 30, 2017
161,000	$0.83	June 12, 2017
253,429	$1.50	June 27, 2017
2,671,717		

The model inputs for options granted during the six months ended September 30, 2012 included:

Grant Date	Expiry Date	Share Price At Grant Date	Exercise Price	Risk-Free Interest Rate	Expected Life	Volatility Factor	Dividend Yield
June 12, 2012	June 12, 2017	$0.87	$0.83	1.02	5 years	1.6070	0
June 27, 2012	June 27, 2017	$1.40	$1.50	1.00	5 years	1.6312	0

9. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

(f) Stock options (continued)

The model inputs for options granted during the year ended March 31, 2012 included:

Grant Date	Expiry Date	Share Price At Grant Date	Exercise Price	Risk-Free Interest Rate	Expected Life	Volatility Factor	Dividend Yield
May 11, 2011	May 11, 2016	$0.55	$0.50	1.62	5 years	1.5063	0
Jult 14, 2011	Jult 14, 2016	$0.64	$0.65	1.46	5 years	1.5149	0
Sept 20, 2011	Sept 20, 2016	$0.70	$0.70	0.96	5 years	1.5265	0
Jan 3, 2012	Jan 3, 2017	$0.59	$0.60	1.02	5 years	1.5747	0
Jan 23, 2012	Jan 23, 2017	$0.69	$0.70	1.05	5 years	1.579	0
March 30, 2012	March 30, 2017	$0.62	$0.60	1.19	5 years	1.5958	0

(g) Contributed Surplus:

During the six months ended September 30, 2012, $475,518 (Year ended March 31, 2012 - $934,050) was recorded as stock-based compensation expense related to the granting of 414,429 (Year ended March 31, 2012 – 1,677,754) incentive stock options.

A continuity of contributed surplus is as follows:

	For the Six Months ended September 30, 2012	For the Year Ended March 31, 2012
Balance, beginning of period	2,025,905	1,302,790
Stock-based compensation - expensed	475,518	934,050
Adjustment to contributed surplus on the exercise of stock options	-	(210,935)
Balance, end of period	2,501,423	2,025,905

10. FINANCIAL INSTRUMENTS, MANAGEMENT OF CAPITAL AND FINANCIAL RISK

All financial instruments, including derivatives, are included on the Company’s balance sheet and measured at either fair value or amortized cost.

The Company’s financial assets consist of cash and cash equivalents, which are designated as held for trading and measured at fair value, and amounts receivable, which are designated as receivables and measured at amortized cost.

10. FINANCIAL INSTRUMENTS, MANAGEMENT OF CAPITAL AND FINANCIAL RISK (continued)

The Company's financial liabilities consist of accounts payable and accrued liabilities, demand loan payable and due to related parties, which are designated as other financial liabilities and measured at amortized cost. The fair values of the Company's financial instruments measured at amortized costs approximate their carrying values due to their short-term nature.

The Company's cash and cash equivalents are classified as Level 1 of the fair value hierarchy, which include unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities. The Company does not have any other instruments measured at fair value.

Financial Instrument Risk Exposure and Risk Management

The Company is exposed to credit, liquidity and market risk with respect to its financial instruments. The types of the risk exposure and the ways in which such exposures are managed are provided as follows:

(a) Credit risk:

Credit risk is the risk of potential loss to the Company if a counter party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash and cash equivalents and amounts receivable. The Company limits exposure to credit risk arising from its cash and cash equivalents by maintaining its cash and cash equivalents with high credit quality financial institutions. The Company's receivables consist of sales taxes due from the Federal Government of Canada. The Company has not experienced and does not expect to experience any bad debts on its receivables outstanding at September 30, 2012.

(b) *Liquidity risk*:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations and commitments as they become due. The Company ensures that there is sufficient working capital in order to meet short-term business requirements. The Company has determined that it has sufficient funds to meet its business requirements as they become due.

(c) *Market risk*:

The market risk exposures to which the Company is exposed are interest rate risk and foreign currency exchange risk.

(*i*) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest-bearing financial instruments are comprised of cash and cash equivalents, which bear interest at variable rates.

10. FINANCIAL INSTRUMENTS, MANAGEMENT OF CAPITAL AND FINANCIAL RISK (continued)

(*ii*) Foreign currency exchange risk:

Foreign currency exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. The Company's functional currency is the Canadian dollar.

The Company incurs foreign currency exchange risk on purchases that are denominated in a currency other than the functional currency of the Company, which will have an impact on the profitability of the Company and may also affect the value of the Company's assets, liabilities and the amount of shareholders' equity.

The Company has no holdings of any foreign currency and accordingly the Company considers its foreign currency exchange risk as minimal and immaterial and does not enter into any foreign currency hedging contracts.

11. CAPITAL MANAGEMENT

The Company manages and adjusts its capital structure based on available funds in order to support its operations and the acquisition and exploration of mineral properties.

The Company's primary objectives in managing capital are to:

- Safeguard the entity's ability to continue as a going concern
- Maintain an optimal capital base in order to support the capital requirements of its operations, including
- growth opportunities and maintaining investor confidence

The capital of the Company consists of shareholders' equity: $15,725,009 (March 31, 2012 - $14,159,798).

The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company is not subject to any externally imposed capital requirements. The Company relies on capital markets to support continued growth.

12. SEGMENTED INFORMATION

During the six months ended September 30, 2012 and 2011, the Company operated in one reportable operating segment, being the acquisition, exploration and development of mineral properties. Administrative expenses and working capital balances are located in Canada.

13. COMMITMENTS AND CONTINGENCIES

The Company is committed to an operating lease on its office premises expiring on September 29, 2016. The Company's lease commitments for the total annual basic lease rate and operating costs spanning the balance of fiscal 2013, and the 3 additional years thereafter, are as follows:

2013		35,505
2014		71,562
2015		72,123
2016		36,345
		215,535

The Company has sub-tenants who are obligated to the Company for 75% of the total lease costs under verbal agreements, thereby reducing the Company's net commitment total to the following amounts:

2013		8,876
2014		17,891
2015		18,031
2016		9,086
		53,884

14. SUBSEQUENT EVENTS

In October 2012, the Company completed a non-brokered flow through private placement of 811,075, flow through units (each a " FT Unit") at a purchase price of $1.75 per FT Unit. The private placement raised gross proceeds of $1,419,381.25. Each Unit consists of one flow through common share ("FT Common Share") of the Company and one non-transferable non flow through common share purchase warrant ("Warrant"). Each Warrant entitles the holder to acquire one additional common share (a "Warrant Share") of the Company at an exercise price of $2.50 per Warrant share at any time prior to October 30, 2013. If the Company's common shares trade at or above a weighted average price of $3.00 per share for 10 consecutive trading days, the Company may give notice that each warrant may expire in 30 days.

The Company paid a finder's fee of $19,950 cash and 11,400 finder warrants to Haywood Securities Inc. and $12,862.50 cash and 7,350 finder warrants to Raymond James Ltd.

All of the securities issued pursuant to the private placement are subject to a minimum four month hold period which expires on March 1, 2013 pursuant to applicable Canadian securities laws.

Also in October 2012, the Company granted stock options to buy an aggregate of 112,950 shares to various directors, officers, employees, and consultants. The options are exercisable at $1.41 per share for a term of five years from the date of grant.

14. SUBSEQUENT EVENTS (continued)

In November 2012, the Company staked an additional 13 claims comprised of 22,874 hectares, all of which are contiguous to the Ootsa Property claims owned by the Company.

During October and November 2012 the following agents' warrants and share purchase warrants were exercised:

i.) 48,500 share purchase warrants with an exercise price of $0.60 for proceeds of $29,100.