RACKLA METALS INC

FINANCIAL REVIEW

Third Quarter Ended September 30, 2012

RACKLA METALS INC

(An Exploration Stage Company)

CONDENSED INTERIM FINANCIAL STATEMENTS

For the nine months ended September 30, 2012

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

NOTICE TO READER

In accordance with National Instrument 51-102 of the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed the unaudited condensed interim financial statements for the nine months ended September 30, 2012. These financial statements have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company.

RACKLA METALS INC.
(An Exploration Stage Company)
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

As at:	**September 30, 2012**	**December 31, 2011**
ASSETS	(Unaudited)	(Audited)
Current assets		
Cash	$ 93,263	$ 999,514
Available-for-sale investments (Note 5)	350,000	603,500
Advances and other receivables	300	-
Taxes receivable	50,426	1,622
Prepaid expenses and deposits (Note 11)	87,745	-
	581,734	1,604,636
Non-current assets		
Property and equipment (Note 6)	13,682	15,122
Exploration and evaluation assets (Note 7)	4,822,346	4,516,717
	4,836,028	4,531,839
TOTAL ASSETS	**$ 5,417,762**	**$ 6,136,475**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	$ 317,697	$ 36,779
Due to related parties (Note 11)	187,221	23,947
Total liabilities	504,918	60,726
Shareholders' equity		
Share capital (Note 8)	6,228,745	6,163,395
Share subscriptions received	68,000	-
Other equity reserve	137,951	-
Deficit	(1,212,102)	(31,396)
Accumulated other comprehensive loss	(309,750)	(56,250)
Total shareholders' equity	4,912,844	6,075,749
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$ 5,417,762**	**$ 6,136,475**

Going concern – Note 2
Events after the reporting date – Note 15

APPROVED BY THE BOARD OF DIRECTORS AND AUTHORIZED FOR ISSUE ON NOVEMBER 27, 2012:

"Simon Ridgway"
Simon Ridgway, Director

"William Katzin"
William Katzin, Director

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

RACKLA METALS INC.
(An Exploration Stage Company)
CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS (UNAUDITED)
For the three and nine months ended September 30, 2012
(Expressed in Canadian Dollars)

	Three months ended September 30, 2012	Nine months ended September 30, 2012
EXPLORATION EXPENDITURES (Note 10)	$ 483,208	$ 820,964
GENERAL AND ADMINISTRATIVE EXPENSES		
Amortization	480	1,440
Legal and audit fees	1,942	10,078
Management fees (Note 11)	10,500	21,000
Office and administrative	32,245	54,949
Public relations	5,101	18,632
Salaries and benefits (Note 11)	35,009	90,746
Share-based compensation	137,951	137,951
Transfer agent and regulatory fees	1,119	11,865
Travel and accommodation	2,021	13,081
	226,368	359,742
Net loss for the period	**$ (709,576)**	**$ (1,180,706)**
Other comprehensive loss		
Fair value losses on available-for-sale investments	(40,500)	(253,500)
Total comprehensive loss	**$ (750,076)**	**$ (1,434,206)**
Basic and diluted loss per share	$(0.02)	$(0.03)
Weighted average number of common shares outstanding	36,438,566	36,220,399

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

RACKLA METALS INC.
(An Exploration Stage Company)
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)
For the nine months ended September 30, 2012
(Expressed in Canadian Dollars)

	Number of common shares	Share capital	Share subscriptions received	Other equity reserve	Accumulated other comprehensive income (loss)	Deficit	Total
Shares issued upon incorporation on September 20, 2011	1	$ 1	$ -	$ -	$ -	$ -	$ 1
Loss for the period	-	-	-	-	-	-	-
Balance, September 30, 2011	**1**	**$ 1**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 1**
Loss for the period	-	-	-	-	-	(31,396)	(31,396)
Shares issued pursuant to the Arrangement (Note 1)	36,067,625	6,176,467	-	-	-	-	6,176,467
Share issuance costs	-	(13,073)		-	-	-	(13,073)
Available-for-sale investments	-	-	-	-	(56,250)	-	(56,250)
Balance, December 31, 2011	36,067,626	6,163,395	-	-	(56,250)	(31,396)	6,075,749
Loss for the period	-	-	-	-	-	(1,180,706)	(1,180,706)
Shares issued for property acquisition	569,996	65,350	-	-	-	-	65,350
Shares subscriptions received	-	-	68,000	-	-	-	68,000
Available-for-sale investments	-	-	-	-	(253,500)	-	(253,500)
Share-based compensation	-	-	-	137,951	-	-	137,951
Balance, September 30, 2012	**36,637,622**	**$ 6,228,745**	**$ 68,000**	**$ 137,951**	**$ (309,750)**	**$ (1,212,102)**	**$ 4,912,844**

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

(Expressed in Canadian Dollars)

	Three months ended September 30, 2012	Nine months ended September 30, 2012
Cash provided by (used in):		
OPERATING ACTIVITIES		
Net loss for the period	$ (709,576)	$ (1,180,706)
Items not involving cash:	-	
Amortization	480	1,440
Share-based compensation	137,951	137,951
	(571,145)	(1,041,315)
Changes in non-cash working capital items:		
Advances and other receivables	(225)	(300)
Taxes receivable	(23,683)	(48,804)
Prepaid expenses	(27,313)	(87,745)
Due to related parties	153,844	163,274
Accounts payable and accrued liabilities	156,619	280,918
	(311,903)	(733,972)
FINANCING ACTIVITY		
Share subscription received	68,000	68,000
INVESTING ACTIVITY		
Acquisition of exploration and evaluation assets	(26,000)	(240,279)
Decrease in cash	(269,903)	(906,251)
Cash - beginning of period	363,166	999,514
Cash - end of period	**$ 93,263**	**$ 93,263**

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

1. CORPORATE INFORMATION

The Company is pursuing opportunities related to exploration of mineral resource properties principally in the Yukon Territory, Canada. The Company was incorporated in the Province of British Columbia on September 20, 2011, and is listed on the TSX Venture Exchange ("TSX-V"), having the symbol RAK.

Pursuant to a plan of arrangement (the "Arrangement") with Radius Gold Inc. ("Radius") which was completed on December 8, 2011, Radius' interest in the Scarlet property, Sixty Mile area properties, Ten Mile Creek property, Rivier property, and other staked Yukon properties (collectively, the "Projects") were transferred into the Company, together with $1.0 million in cash, and marketable securities consisting of 750,000 common shares of Solomon Resources Limited ("Solomon") and 600,000 common shares of Cordoba Minerals Corp. ("Cordoba") (formerly called Wesgold Minerals Inc.). Under the Arrangement, each Radius shareholder received one common share and one full warrant in the Company for every three Radius shares held. Each warrant entitles the holder to purchase one common share of the Company at $0.30 for a period of 18 months from the date of listing of the Company on the TSX-V. Upon the completion of the Arrangement, Radius held 19.9% of the issued shares and warrants of the Company.

The address of the Company's corporate office and principal place of business is #650, 200 Burrard Street, Vancouver, BC, Canada V6C 3L6.

2. BASIS OF PREPARATION

These condensed interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB") on a basis consistent with the significant accounting policies disclosed in note 3 of the audited financial statements of the Company for the period ended December 31, 2011. The condensed interim financial statements do not include all of the information required for full annual financial statements.

The Company was incorporated on September 20, 2011 and no operating activities were occurred during the period from September 20, 2011 to September 30, 2011. As such, there are no comparative operating results figures presented herein.

Basis of Measurement

These condensed interim financial statements have been prepared on the historical cost basis as modified by the revaluation of available for sale financial assets. The presentation and functional currency of the Company is the Canadian dollar.

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.

Going Concern of Operations

These condensed interim financial statements have been presented on the basis that the Company will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. Realization values may be substantially different from the carrying values shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. At September 30, 2012, the Company had no revenue producing operations and accumulated losses of $1,212,102 since inception. The Company will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

3. STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET EFFECTIVE

The following new standards and interpretations have been issued by the IASB but are not yet effective:

IFRS 9 Financial Instruments

IFRS 9 is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2015. The Company is in the process of evaluating the impact of the new standard.

IFRS 13 Fair Value Measurement

IFRS 13 defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies when other IFRSs require or permit fair value measurements. It does not introduce any new requirements to measure an asset or a liability at fair value, change what is measured at fair value in IFRSs or address how to present changes in fair value. The new requirements are effective for annual periods beginning on or after January 1, 2013, with earlier application permitted. Management has yet to assess the impact that IFRS 13 is likely to have on the Company's financial statements.

No additional new standards, amendments and interpretations have been early adopted in these financial statements and there are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

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.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

(a) The recoverability of prepaid expenses and deposits;
(b) The carrying value of Level 2 investment in marketable securities and the recoverability of the carrying value;
(c) The carrying value of the investment in exploration and evaluation costs and the recoverability of the carrying value;
(d) The fair value of the exploration and evaluation costs determined through the Arrangement;
(e) The completeness of accounts payable and accrued liabilities; and
(f) The inputs and probabilities used in accounting for the fair value of share-based payment transactions.

(Expressed in Canadian Dollars)

5. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments are recorded at fair market value and consist of common shares in three other companies and therefore have no fixed maturity date or coupon rate.

As part of the Arrangement, Radius assigned to the Company marketable securities consisting of 600,000 common shares in Cordoba, a public company with common directors and officers, and 750,000 common shares in Solomon, a public company. Subsequent to the Arrangement, the Company received 200,000 common shares from Voyager Gold Corp. ("Voyager"), a private company with a common director, as an option payment relating to the Company's Rivier property. These private company shares were initially measured at fair value and are carried at cost at September 30, 2012. This transaction accounts for the $11,000 acquisition costs recovery for the Rivier property.

As at September 30, 2012, the carrying amount for the available-for-sale investments was $350,000 (December 31, 2011: $603,500). An unrealized loss of $253,500 was recorded in other comprehensive income during the period ended September 30, 2012.

There are no impairment provisions on the available-for-sale financial assets for the period ended September 30, 2012.

	Cordoba	Solomon	Voyager	Total
Balance, September 20, 2011	$ -	$ -	$ -	$ -
Shares acquired pursuant to the Arrangement (Note 1)	600,000	48,750	-	648,750
Acquisition of shares	-	-	11,000	11,000
Net change in fair value recorded in other comprehensive income	(60,000)	3,750	-	(56,250)
Balance, December 31, 2011	540,000	52,500	11,000	603,500
Net change in fair value recorded in other comprehensive income	(246,000)	(7,500)	-	(253,500)
Balance, September 30, 2012	**$ 294,000**	**$ 45,000**	**$ 11,000**	**$ 350,000**

(Expressed in Canadian Dollars)

6. PROPERTY AND EQUIPMENT

		Leasehold improvements
Cost		
Balance, September 20, 2011	$	-
Additions		15,282
Disposals		-
Balance, December 31, 2011		15,282
Additions		-
Disposals		-
Balance, September 30, 2012	**$**	**15,282**
Accumulated amortization		
Balance, September 20, 2011	$	-
Charge for the period		160
Balance, December 31, 2011		160
Charge for the period		1,440
Balance, September 30, 2012	**$**	**1,600**
Carrying amounts		
At December 31, 2011	$	15,122
At September 30, 2012	**$**	**13,682**

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS

The Company has capitalized the following acquisition costs of its mineral property interests as at September 30, 2012

	Scarlet	Sixty Mile	Rivier	Ten Mile Creek	Face	Newt	Iola	Total
Balance - September 20, 2011	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Acquired pursuant to the Arrangement	886,745	3,209,664	83,275	15,406	90,785	221,332	20,510	4,527,717
Acquisition costs recovered	-	-	(11,000)	-	-	-	-	(11,000)
Balance - December 31, 2011	886,745	3,209,664	72,275	15,406	90,785	221,332	20,510	4,516,717
Acquisition costs - cash	8,796	46,000	-	75,000	110,483	-	-	240,279
Acquisition costs - shares	-	60,600	4,750	-	-	-	-	65,350
Balance – September 30, 2012	**$ 895,541**	**$3,316,264**	**$ 77,025**	**$ 90,406**	**$ 201,268**	**$ 221,332**	**$ 20,510**	**$4,822,346**

i) Scarlet Property – Yukon Territory

The Scarlet Property consists of 743 claims located in the Mayo Mining District, Yukon, of which 15 claims were staked during the period ended September 30, 2012 at a cost of $8,796. The Property is divided into two claim blocks; Scarlet East which consists of 230 claims; and Scarlet West which consists of 513 claims.

On March 27, 2012, the Company granted to Strategic Metals Ltd. ("Strategic") the option to acquire an undivided 60% interest in the Scarlet East claim block. Strategic can exercise the option by making $5.0 million in exploration expenditures on the property as follows:

a) $500,000 on or before December 31, 2013;
b) an additional $1,000,000 on or before December 31, 2014;
c) an additional $1,500,000 on or before December 31, 2015; and
d) an additional $2,000,000 on or before December 31, 2016.

Also required to keep the option in good standing is the completion by Strategic of not less than 1,000 metres of drilling on or before December 31, 2012, which has been fulfilled. Upon exercising the option, Strategic and the Company will respectively hold 60% and 40% interests in the Scarlet East claim block.

ii) Sixty Mile Area – Yukon Territory & Alaska

The Sixty Mile Property straddles the Yukon/Alaska border and consisted of 783 claims as at September 30, 2012. 670 claims were acquired by Radius by staking or purchase from third parties, of which 640 claims are located in the Yukon and 30 claims in Alaska.

In 2009 and 2010, Radius entered into agreements with various landowners whereby it had the option to acquire a 100% interest in 275 of the Yukon claims in consideration of cash and the issuance of shares of Radius, over a four-year period. During the period ended September 30, 2012, the Company amended one of the option agreements to eliminate the cash payment due in 2012 and terminated option agreements pertaining to 162 claims. Up to December 8, 2011, the date of the Arrangement, Radius had made option payments totaling $368,800 cash and issued 332,021 shares with a fair value of $192,000, and Radius completed its earn-in to acquire 18 of the optioned claims. During the period ended September 30, 2012, the Company made option payments totalling $46,000 cash and 519,996 shares with a fair value of $60,600.

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS *(cont'd)*

ii) Sixty Mile Area – Yukon Territory & Alaska *(cont'd)*

If the Company exercises all of the remaining options, the Company must pay annual advance royalty payments totaling $94,000 to the property owners until such time as commercial production on the applicable property is achieved, at which time the property owner(s), as applicable, shall be entitled to NSR royalties ranging from 2.5% to 3.0%.

iii) Rivier Property – Yukon Territory

The Rivier Property consists of 116 claims located in the Watson Lake Mining District, Yukon.

On April 22, 2010 Roger Hulstein ("Hulstein") staked 100 of the claims (the "Hulstein Claims") comprising the Rivier Property. In accordance with an Agreement between Radius and Hulstein dated July 18, 2010, Radius was granted the option (the "Hulstein Option") to earn a 100% interest in the Hulstein Claims. On September 10, 2010, Radius acquired the other 16 Rivier claims by staking (the "Staked Claims"). Subsequently, as part of the Arrangement, Radius assigned all of its rights and obligations in the Hulstein Option and the Staked Claims to the Company. During the period ended September 30, 2012 and before the next scheduled payment in July 2012, the Hulstein Option was amended. In order to exercise the amended Hulstein Option, a total of $175,000 cash and 250,000 shares are payable to Hulstein according to the following schedule:

a) $25,000 cash and 25,000 common shares upon signing (cash paid and shares issued by Radius);
b) $10,000 cash and 25,000 common shares on or before July 18, 2011(cash paid and shares issued by Radius);
c) 50,000 common shares on or before July 18, 2012 (shares issued);
d) $20,000 cash and 50,000 common shares on or before July 18, 2013;
e) $40,000 cash and 50,000 common shares on or before July 18, 2014; and
f) $80,000 cash and 50,000 common shares on or before July 18, 2015.

Pursuant to an agreement dated September 1, 2011, Radius granted to Voyager the option (the "Rivier Option") to acquire a 60% interest in the Property. The Rivier Option was subsequently assigned to the Company as part of the Arrangement (Note 1), and amended November 1, 2012.

In order to keep the Rivier Option in good standing, Voyager must, over a three year period, pay $200,000 cash to the Company, issue a total of 1,000,000 common shares of Voyager to the Company and incur an aggregate of $1,000,000 in exploration expenditures on the Property, as follows:

Due date	Cash	Shares	Expenditures
Upon completion of the Arrangement (shares received December 9, 2011)	$ -	200,000	$ -
By December 31, 2011 (expenditures incurred)	-	-	100,000
On public listing of Voyager	-	200,000	-
By November 30, 2013	50,000	200,000	200,000
By November 30, 2014	50,000	200,000	300,000
By November 30, 2015	100,000	200,000	400,000
	$ 200,000	1,000,000	$ 1,000,000

7. EXPLORATION AND EVALUATION ASSETS *(cont'd)*

iii) Rivier Property – Yukon Territory *(cont'd)*

The 200,000 Voyager shares received have a fair value of $11,000.

The Company must keep the Hulstein Option in good standing as long as the Rivier Option remains outstanding. Assuming the Hulstein Option and the Rivier Option are exercised, a joint venture will be formed to further develop the Property on the basis of Voyager 60% / the Company 40%. Pursuant to the Hulstein Option, the Company's and Voyager's ownership will be subject to a 3 % Net Smelter Return royalty ("NSR"). An advance royalty payment of $20,000 is to be paid to Hulstein annually beginning on July 18, 2015 until the Property is deemed to be in production. The Company and Voyager may jointly elect to reduce the NSR to 2% by making a onetime payment to Hulstein of $1 million.

iv) Ten Mile Creek Property – Yukon Territory

The Ten Mile Creek Property, Yukon is comprised of 323 claims, of which 269 claims were acquired by Radius in April 2009 by staking, and 54 claims (the "Optioned Claims") were optioned to Radius in June 2009.

Radius had the option to earn a 100% interest in the Optioned Claims in consideration of conducting an initial sampling program of $70,000 (completed by Radius) and cash and share payments to the property owner according to the following schedule:

a) $25,000 on signing of the agreement (paid by Radius);
b) $50,000 on or before May 31, 2010 (paid by Radius);
c) $75,000 on or before May 31, 2011 (paid by Radius);
d) $75,000 on or before May 31, 2012 (paid);
e) $75,000 on or before May 31, 2013; and
f) either $100,000 or issue 400,000 shares, on or before May 31, 2013, the method of such payment at the discretion of the property owner.

As part of the Arrangement (Note 2), Radius assigned all of its rights to the Ten Mile Property to the Company. In addition to the above-noted cash payments and share issuances required to keep the option in good standing, commencing on May 31, 2014 and on May 31 each year thereafter, the Company must pay $10,000 to the property owner until such time as commercial production of the Property is achieved, at which time the $10,000 payments shall cease and the property owner shall be entitled to a 1.0% NSR royalty. As well, an underlying 1.5% NSR royalty is payable to Teck Resources Limited. The Company has the right at any time to reduce the property owner's NSR to 0.5% by paying $500,000, or to 0.25% by paying $1.0 million.

In September 2009, Radius granted to Solomon the option (the "Solomon Option") to acquire a 51% interest in the Ten Mile Creek Property. Solomon was to earn its interest in the Property by spending $2.5 million on exploration and making staged cash and share payments totaling $500,000 cash and 1 million shares of Solomon over three years. The Solomon Option was subsequently assigned to the Company as part of the Arrangement and as a result, the Company received 750,000 shares of Solomon. In May 2012, the Solomon Option was terminated as Solomon did not make the required option payments due May 21, 2012.

7. EXPLORATION AND EVALUATION ASSETS *(cont'd)*

v) Snowcap Property – Yukon Territory

In 2009, Radius staked 198 claims in the Whitehorse Mining District, Yukon known as the Snowcap Property. By an agreement dated November 8, 2009, as amended, Radius granted to Cordoba the option to acquire a 60% interest in the Property in consideration of issuing to Radius an aggregate of 1,000,000 Cordoba common shares and incurring exploration expenditures of $1,000,000, over a four-year period. Prior to terminating the option agreement in September 2011, Cordoba had issued 600,000 common shares to Radius which were then assigned to the Company as part of the Arrangement (Note 1). On December 30, 2011, the Company disposed of the Snowcap claims to an unrelated third party for a nominal amount of $1.

vi) Face Property – Yukon Territory

The Face Property was originally comprised of 270 claims in the Dawson Mining District, Yukon which were staked by Radius and subsequently assigned to the Company as part of the Arrangement (Note 1). During the period ended September 30, 2012, the Company expanded the Face Property to a total of 705 claims, by staking 431 claims at a cost of $100,483 and purchasing four claims from a third party for $10,000.

vii) Newt Property – Yukon Territory

The Newt Property is comprised of 462 claims in the Dawson Mining District, Yukon which were staked by Radius and subsequently assigned to the Company as part of the Arrangement (Note 1).

viii) Iola Property – Yukon Territory

The Iola Property is comprised of 80 claims in the Whitehorse Mining District, Yukon which were staked by Radius and subsequently assigned to the Company as part of the Arrangement (Note 1).

(Expressed in Canadian Dollars)

8. SHARE CAPITAL AND RESERVES

(a) Common Shares

The Company is authorized to issue an unlimited number of common shares without par value.

During the period ended September 30, 2012, the Company issued 519,996 shares with a fair value of $60,600 as part of option payments relating to portions of the Sixty Mile Property and issued 50,000 shares with a fair value of $4,750 for an option payment relating to the Rivier Property.

(b) Share Purchase Warrants

The following is a summary of changes in warrants for the period of incorporation on September 20, 2011 to September 30, 2012:

	Number of warrants	Weighted average exercise price
Balance, at incorporation on September 20, 2011	-	-
Issued	36,067,625	$0.30
Balance, December 31, 2011	36,067,625	$0.30
Balance, September 30, 2012	36,067,625	$0.30

As at September 30, 2012, the following share purchase warrants were outstanding:

Expiry Date	Number of warrants	Exercise price
June 7, 2013	36,067,625	$0.30

(c) Nature and Purpose of Equity and Reserves

The reserves recorded in equity on the Company's statement of financial position include 'Share subscriptions received', 'Other equity reserve', 'Deficit' and 'Accumulated other comprehensive income/loss'.

Share subscriptions received is used to recognize the value of proceeds received prior to the issuance of shares.

Other equity reserve is used to recognize the value of stock option grants and share purchase warrants prior to exercise.

Deficit is used to record the Company's change in deficit from earnings from period to period.

Accumulated other comprehensive loss/income comprises an available-for-sale reserve. This reserve is used to recognize fair value changes on available-for-sale investments.

(Expressed in Canadian Dollars)

9. SHARE-BASED PAYMENTS

Option Plan Details

The Company has in place a stock option plan (the "Plan") which allows the Board of Directors to grant incentive stock options to the Company's officers, directors, employees and consultants. The exercise price of stock options granted is determined by the Board of Directors at the time of the grant in accordance with the terms of the Plan and the policies of the TSX-V. Options vest on the date of granting unless stated otherwise. Options granted to investor relations consultants vest in accordance with TSX-V regulation. The options are for a maximum term of ten years.

The following is a summary of changes in options for the period ended September 30, 2012:

			During the period				
Expiry date	**Exercise price**	**Opening balance**	**Granted**	**Exercised**	**Forfeited / cancelled**	**Closing balance**	**Vested and exercisable**
July 19, 2022	$0.15	-	1,320,000	-	-	1,320,000	1,320,000
Weighted average exercise price		**-**	**$0.15**	**-**	**-**	**$0.15**	**$0.15**

Fair Value of Options Issued During the Period

The weighted average fair value at grant date of options granted during the period ended September 30, 2012 was $0.105 per option.

The weighted average remaining contractual life of the options outstanding at September 30, 2012 is 9.81 years.

Options Issued to Employees

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Options Issued to Non-Employees

Options issued to non-employees are measured based on the fair value of the goods or services received, at the date of receiving those goods or services. If the fair value of the goods or services received cannot be estimated reliably, the options are measured by determining the fair value of the options granted using the Black-Scholes option pricing model.

The model inputs for options granted during the period 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**
July 20, 2012	July 19, 2022	$0.11	$0.15	1.61%	10 years	126%	0%

(Expressed in Canadian Dollars)

9. SHARE-BASED PAYMENTS *(cont'd)*

Fair Value of Options Issued During the Period *(cont'd)*

The expected volatility is based on an average of historical prices of a comparable group of companies within the same industry due to the lack of historical pricing information for the Company. The risk free rate of return is the yield on a zero-coupon Canadian Treasury Bill of a term consistent with the assumed option life. The expected average option term is the average expected period to exercise, based on the historical activity patterns for each individually vesting tranche.

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate.

Expenses Arising from Share-based Payments Transactions

Total expenses arising from the share-based payment transactions recognized during the nine month period ended September 30, 2012 as part of share-based compensation were $137,951.

As of September 30, 2012, there was no unrecognized compensation costs related to share-based payment awards not yet exercisable.

Amounts Capitalized Arising from Share-based Payments Transactions

Total expenses arising from the share-based payment transactions that were capitalized during the nine month period ended September 30, 2012 as part of exploration and evaluation acquisition costs were $65,350.

10. EXPLORATION EXPENDITURES

During the nine months ended September 30, 2012, the Company incurred the following exploration expenditures:

	Scarlet West	Scarlet East	Sixty Mile	Face	Newt	Iola	Ten Mile Creek	Yukon General	Total
Assays	$ 62,683	$ -	$ -	$ 53,709	$ -	$ 11,346	$ -	$ -	$ 127,738
Camp Expenses	107,257	-	1,755	25,261	-	19,814	-	-	154,087
Field Expense	66,687	-	1,090	46,541	-	9,545	-	-	123,863
Geological Fees	51,726	12,555	37,792	41,731	8,815	15,901	40,907	19,386	228,813
Geophysical	542	-	9,321	-	-	-		-	9,863
Licenses and taxes	12,020	-	10,004	3,339	-	82	-	320	25,765
Office and administration	1,501	-	93	471	-	948	-	341	3,354
Shipping	5,955	-	342	-	-	550	-	-	6,847
Travel	26,583	120	3,812	63,651	-	8,037	-	-	102,203
Vehicles	13,593	-	4,026	10,506	-	10,306	-	-	38,431
Balance, end of period	**$ 348,547**	**$ 12,675**	**$ 68,235**	**$ 245,209**	**$ 8,815**	**$ 76,529**	**$ 40,907**	**$ 20,047**	**$ 820,964**

(Expressed in Canadian Dollars)

11. RELATED PARTY TRANSACTIONS

The Company's related parties with transactions during the nine month period ended September 30, 2012 consist of directors, officers and companies with common directors as follows:

Related party	Nature of transactions
Radius Gold Inc. ("Radius")	Shared office, administrative and exploration related charges
Gold Group Management Inc. ("Gold Group")	Shared office, administrative and exploration related charges
Mill Street Services Ltd. ("Mill Street")	Management services

Balances and transactions with related parties not disclosed elsewhere in these financial statements are as follows:

a) During the period ended September 30, 2012, the Company reimbursed Radius, a company with common directors and officers, a total of $81,115 in office and administration, public relations, salary and benefits, and travel and accommodation costs, and $54,932 in exploration related costs. Salary and benefits costs include those for the Vice President Corporate Development, Chief Financial Officer, and Corporate Secretary. In addition, $15,282 of leasehold improvement costs was paid by Radius on behalf of the Company. Radius is reimbursed by the Company for these shared costs and other business related expenses paid by Radius on behalf of the Company.

b) During the period ended September 30, 2012, the Company reimbursed Gold Group, a company controlled by the Chief Executive Officer of the Company, a total of $66,317 in office and administration, public relations, salary and benefits, and travel and accommodation costs, and $44,378 in exploration related costs. Salary and benefits costs include those for the Vice President Corporate Development, Chief Financial Officer, and Corporate Secretary. Effective July 1, 2012, Gold Group is reimbursed by the Company for these shared costs and other business related expenses paid by Gold Group on behalf of the Company.

c) Prepaid expenses and deposits include an amount of $60,000 (December 31, 2011: $Nil) paid to Gold Group as a deposit on the shared office and administrative services agreement that became effective July 1, 2012.

d) Amounts due to related parties as of September 30, 2012 consist of $131,143 (December 31, 2011: $Nil) due to Gold Group, $32,558 (December 31, 2011: $23,947) due to Radius and $23,520 (December 31, 2011: $Nil) due to Mill Street, a company controlled by the Chief Executive Officer. The balances are unsecured, due on demand and do not bear interest.

These transactions are in the normal course of operations and are measured at the fair value of the services rendered.

(Expressed in Canadian Dollars)

11. RELATED PARTY TRANSACTIONS *(cont'd)*

Key management compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include certain directors and officers. Key management compensation comprises:

		Nine months ended September 30, 2012
Management fees	$	21,000
Salaries and benefits		15,895
Share-based payments		47,029
	$	**83,924**

Total share-based payments to directors not specified as key management personnel during the period ended September 30, 2012 was $23,514.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

General Objectives, Policies and Processes

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Board of Directors receive periodic reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

a) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices affecting the Company are comprised of the following types of risk: interest rate risk and equity price risk.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(cont'd)*

a) Market Risk *(cont'd)*

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not have any borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash held with chartered Canadian financial institutions. The Company considers this risk to be immaterial.

Equity Price Risk

Equity price risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company's available-for-sale investments are exposed to significant equity price risk due to the potentially volatile and speculative nature of the businesses in which the available-for-sale investments are held. The common shares held in Cordoba, Solomon, and Voyager are monitored by Management with decisions on sale taken at Board level. A 10% decrease in fair value of the shares would result in a $35,000 decrease in equity.

b) Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash and available-for-sale investments. The Company limits exposure to credit risk by maintaining its cash with chartered Canadian financial institutions. The Company does not have cash or available-for-sale investments that are invested in asset based commercial paper.

c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipated investing and financing activities. At September 30, 2012, the Company had cash of $93,263 available and subsequent to the period end, raised a further $849,000 in cash to apply against short-term business requirements and current liabilities of $504,918. All of the Company's financial liabilities have contractual maturities of less than 45 days and are subject to normal trade terms.

Determination of Fair value

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. All financial instruments at September 30, 2012 are carried at amortized cost, apart from the available-for-sale investments in public companies of $339,000 which are carried at fair value. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The Statement of Financial Position carrying amounts for cash, accounts payables and accrued liabilities, and due to related parties approximates fair value due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

The Company has made the following designations of its financial instruments: cash as loans and receivables and accounts payable and accrued liabilities and due to related parties as other financial liabilities.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(cont'd)*

Fair Value Hierarchy

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2	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	Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The available-for-sale investments for Cordoba and Solomon are based on quoted prices and are therefore considered to be Level 1.

The available-for-sale investment in Voyager was recorded at fair value when it was received and is carried at cost due to Voyager being a private company with no quoted market prices available. This investment is considered to be Level 2 on initial recognition and carried at cost thereafter.

13. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to advance its mineral properties. The Company's defines its capital as cash, shares and warrants. In order to facilitate the management of its capital requirements, the Company prepares periodic budgets that are updated as necessary. The Company manages its capital structure and makes adjustments to it to effectively support the acquisition and exploration of mineral properties. The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for general administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. As at September 30, 2012, the Company is not subject to any externally imposed capital requirements. The Company does not expect its capital resources to be sufficient to cover its corporate operating costs and possible property option payments through the next twelve months. As such, the Company will seek to raise additional capital and believes it will be able to do so, but recognizes the uncertainty attached thereto.

14. SEGMENTED REPORTING

The Company is organized into business units based on mineral properties and has one reportable operating segment, being that of acquisition and exploration and evaluation activities.

15. EVENTS AFTER THE REPORTING DATE

Subsequent to September 30, 2012, the following events, which have not been disclosed elsewhere in these financial statements, have occurred:

- On October 11, 2012, the Company closed a non-brokered private placement consisting of 3,000,000 flow-through units at $0.10 per unit ("Unit") for gross proceeds of $300,000 and 10,612,500 units at $0.08 per unit, for gross proceeds of $849,000, of which $68,000 was received prior to the period end and recorded as share subscriptions received. Each Unit consists of one common share and one-half of one warrant, each whole warrant entitling the holder to purchase one additional common share at $0.10 exercisable for two years. A finder's fee was paid on the placement. The finder's fee consists of 243,750 common shares and 365,625 warrants, with each such warrant having the same terms as the Unit warrants.

(the "Company")

MANAGEMENT'S DISCUSSION AND ANALYSIS
Third Quarter Report – September 30, 2012

General

This Management's Discussion and Analysis ("MD&A") supplements, but does not form part of, the unaudited condensed interim financial statements of the Company for the nine months ended September 30, 2012. The following information, prepared as of November 27, 2012, should be read in conjunction with the Company's unaudited condensed interim financial statements for nine months ended September 30, 2012 and the related notes contained therein. The Company reports its financial position, results of operations and cash flows in accordance with International Financial Reporting Standards ("IFRS"). In addition, the following should be read in conjunction with the audited financial statements of the Company for the period ended December 31, 2011 and the related MD&A. All amounts are expressed in Canadian dollars unless otherwise indicated. The September 30, 2012 financial statements have not been reviewed by the Company's auditors.

Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

Forward Looking Information

This MD&A may contain "forward-looking statements" that reflect the Company's current expectations and projections about its future results. When used in this MD&A, words such as "will", "may", "should", "estimate", "intend", "expect", "anticipate" and similar expressions are intended to identify forward-looking statements, which, by their very nature, are not guarantees of the Company's future operational or financial performance.

Forward-looking statements are statements that are not historical facts, and include but are not limited to:

a) Estimates and their underlying assumptions;
b) Statements regarding plans, objectives and expectations with respect to the effectiveness of the Company's business model, future operations, the impact of regulatory initiatives on the Company's operations, and market opportunities;
c) General industry and macroeconomic growth rates;
d) Expectations related to possible joint or strategic ventures; and
e) Statements regarding future performance.

Forward-looking statements used in this MD&A are subject to various risks, uncertainties and other factors, most of which are difficult to predict and generally beyond the control of the Company. These risks, uncertainties and other factors may include, but are not limited to unavailability of financing, failure to identify commercially viable mineral reserves, fluctuations in the market valuation for commodities, difficulties in obtaining required approvals for the development of a mineral project, and other factors.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this MD&A or as of the date otherwise specifically indicated herein. Due to risks, uncertainties and other factors, including the risks, uncertainties and other factors identified above and elsewhere in this MD&A, actual events may differ materially from current expectations. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise except as required by securities law.

Business of the Company

The Company was incorporated in September 2011 pursuant to a spin-out transaction (the “Spin-Out”) with Radius Gold Inc. (“Radius”) to create two strategically positioned companies, one focused on Latin America and the other focused on the Yukon. The Spin-Out was completed on December 8, 2011, and Radius’s interests in the Scarlet property, Sixty Mile area properties, Ten Mile Creek property, Rivier property, and other staked Yukon properties were transferred to the Company, together with $1.0 million in cash, and marketable securities consisting of 750,000 common shares of Solomon Resources Limited (“Solomon”) and 600,000 common shares of Cordoba Minerals Corp. (“Cordoba”) (formerly called Wesgold Minerals Inc.).

As a result of the Spin-Out, Radius shareholders received one common share and one warrant in the Company for every three Radius shares held and Radius also received common shares and warrants to hold a 19.9% ownership interest in the Company. Each warrant entitles the holder to purchase one common share of the Company at $0.30 for a period of 18 months.

The current status of the Company’s properties is described below:

<u>Scarlet Property, Rackla Belt Area</u>

The Company owns 743 claims in the Rackla Belt area, of which 230 claims comprise the Scarlet East property and 513 claims comprise the Scarlet West property.

Scarlet East

The Scarlet East property covers what is believed to be the eastern extension of the belt of rocks that host ATAC Resources’ Osiris and Conrad discoveries northeast of Keno City.

Mineralization in the Rackla belt shares many of the characteristics of Carlin-type gold deposits, including similar alteration assemblages and association with the low-temperature arsenic sulphides, realgar and orpiment. In the eastern part of the belt, host rocks are two 150- to 250-metre-thick limestone debris flow and turbidite units, referred to by Atac Resources as the Osiris and Isis horizons. Preliminary mapping over the Scarlet East property has identified similar carbonate stratigraphy and fold patterns.

Radius conducted an exploration program in the 2011 summer season to target both claim blocks with geochemical surveys (stream sediment, soil and rock sampling), airborne geophysics (magnetic and radiometrics) and geological mapping.

First pass geological mapping of the property was undertaken and ridge-and-spur soil samples and stream sediment samples were collected at the Scarlet East property. Results from this program were disclosed in Radius’s news releases of July 13 and 26, 2011. Based upon soil results anomalous in Au-As-Hg-Sb-Tl in an area of orange-weathering limestone, a full soil sampling grid based on 50 x 50 or 50 x 100 m sampling was undertaken on the Scarlet East property in August 2011. In total, over 8,700 soils were collected. Rock prospecting resulted in 164 rock samples, and a stream sediment survey resulted in 239 samples. Management is of the view that strongly anomalous values in all the major elements were confirmed in the soil sampling program.

In March 2012, the Company signed a binding letter of intent with Strategic Metals Ltd. (Strategic”) granting Strategic the option to acquire an undivided 60% interest in the Scarlet East claim block. Strategic can exercise the option by completing not less than 1,000 meters of drilling on or before December 31, 2012 (fulfilled), and incurring $5,000,000 in exploration expenditures on the property over a period of four years.

Strategic Metals Ltd. reported in a news release dated September 5, 2012 that mapping and drilling at the Scarlet East Option identified favourable host rocks and several structurally complex zones that coincide with 2011 gold and arsenic soil geochemical anomalies. Although realgar was locally identified at surface within one of the soil anomalies no high gold values were returned from surface samples. A total of five drill holes (1,167.68 m) were drilled in the 2012 exploration season and no significant gold values have been returned from four drill holes and assays are still pending for one hole.

Scarlet West

A much more limited program of soils was undertaken later in the 2011 season on the Scarlet West property. Although the property was initially staked for its potential to host lode gold deposits, work and research by Radius identified its potential to also host significant high grade Pb-Zn replacement or Mississippi Valley Type deposits.

At Scarlet West lead – zinc mineralization and geochemical soil anomalies are found on the margins of a lower dolomite unit and as replacements and fillings in steeply dipping and crosscutting fault structures. In the 1970's McIntyre Mines identified three mineralized occurrences (White Ridge, Chopper Pad and Discovery Zone), all in the same stratigraphic horizon along a nine kilometer strike length. McIntyre Mines also located an additional zone, Puddle Zone, in a lower horizon that extends for at least two kilometers. Radius discovered an additional zone, the Larry Zone, in 2011 that is controlled by a fault structure that can be traced for four km. Although McIntyre Mines diamond drilled eight small diameter holes (total 816.5 m) on the Puddle and Discovery Zones, neither the drill hole locations or results are available.

In 2011 Radius collected 1136 soil samples and carried out a 306 line km aeromagnetic and radiometric survey over the south eastern side of the property. The property was also geologically mapped at a reconnaissance scale. In addition to confirming the lead-zinc potential of the property soil samples from the northern portion over the Larry and Puddle Zones, locally contained anomalous values for gold (up to 39 ppb), mercury, arsenic and thallium.

In April 2012, an additional 15 claims were staked after claims held by a competitor over the Chopper Pad Zone lapsed. Exploration consisting of soil and rock sampling, prospecting and geological mapping commenced in late June and was completed at the end of July, 2012. A total of 2,399 soil samples and 95 rock samples were collected following up on anomalous values in soil for gold, thallium, mercury, arsenic, lead and zinc reported in 2011 and extending the soil sample coverage.

Geochemical results from rock and soil samples returned significant anomalies for zinc from the southeast side of the property. A linear zinc in soil anomaly extending over four kilometers that includes both the Chopper Pad and Discovery Zones's was delineated. Most of the soil lines, spaced at 200 m, crossing the host carbonate horizon, contained two or more samples, spaced at 50 m, that contained >2800 ppm to >10,000 ppm zinc. Coincident lead in soil anomalies range from 500 ppm to >1000 ppm and several rock samples from the replaced carbonate mineralized horizon contained >2% zinc from highly leached and oxidized samples.

The White Ridge Zone, located on the northeast side of the property, has a gold in soil anomaly (>5 – 39 ppb) that was traced for 2 km to the east. Anomalous mercury values (>1,864 ppb) are restricted to the immediate area of the original carbonate hosted White Ridge Zone over an east - west strike length of one kilometer. Sporadic anomalous thallium values of >2 ppm are found within the White Ridge gold in soil anomaly. Expanded soil sample coverage over the Puddle Zone, located one kilometer north of the White Ridge Zone and also underlain by carbonates, identified a coincident arsenic (>63 ppm), antimony (>8 ppm), with sporadic anomalies for mercury (>911 ppb), arsenic (>62 ppm), silver (>563 ppb), lead (>106) and zinc (>1,110 ppm). This soil anomaly extends over a one kilometer east – west strike length, 500 m north – south, and is open to the west. Lead–zinc mineralization at the Larry Zone was confirmed to be restricted to silicified brecciated pods within or adjacent to an approximate east – west fault structure that intersects the west end of the White Ridge Zone.

No additional work is planned for the property at the present time.

Sixty Mile Property

In early August 2012, the Company terminated several of its options to acquire claims in the Sixty Mile area, Yukon Territory. Accordingly, the Sixty Mile Property currently consists of 783 claims, of which 638 claims are owned outright and the balance are under option. The property is a large land position covering the headwaters and drainage areas of the prolific Sixty Mile Gold Camp of the Yukon Territory which reportedly produced over 500,000 oz of gold from the creeks that drain the Company's holdings. The hard rock source for this placer gold has never been determined. The regional geology, geochemical signature and structural setting have similarities to the Jurassic age White Gold deposit and bedrock mineralization found in the Klondike district.

During 2011, a diamond drill program was completed by Radius consisting of 20 holes (5,273 metres). Sixteen holes tested the Graben Fault Zone in the Sixty Mile River Valley and four tested the Thrust Fault Zone. Significant gold bearing intervals are tabulated below.

Zone	Hole ID	From (m)	To (m)	Length (m)	Au (g/t)
Graben	DDH11-08	193.50	194.50	1.00	19.00
Graben	DDH11-10	249.00	250.50	1.50	132.90
Graben	DDH11-14	32.00	33.00	1.00	5.17
Thrust	DDH11-15	193.00	196.50	3.50	1.50
Thrust	DDH11-15	233.17	251.05	17.88	0.44
Thrust	including	234.00	238.00	4.00	1.02
Thrust	DDH11-18	88.00	193.30	105.30	0.51
Thrust	including	141.93	166.00	24.07	1.57
Thrust	DDH11-19	224.50	228.60	4.10	1.84
Thrust	DDH11-20	182.98	185.65	2.67	1.06
Thrust	DDH11-20	201.78	202.75	0.97	1.79
Thrust	DDH11-20	272.00	273.03	1.03	1.40

The Thrust Fault Zone

In 2010 Radius identified orogenic gold mineralization, likely of Jurassic age, within a package of northeast trending brittle siliclastic metasediments cut by thrust faults (the "Thrust Fault Zone"). This area is likely one of the sources for the extensive placer gold deposits that has been mined from the creeks that cut this unit. The host units are extensive, and there are multiple beds of quartzite hosting cross cutting, gold bearing veins. In 2010 four core holes drill tested this unit and anomalous gold was encountered over down hole widths of up to 79 m. Holes DDH11-15, 18, 19 & 20 from the 2011 program tested the Thrust Fault Zone.

Drill hole DDH11-15 targeted mineralization down dip of mineralization intersected in the upper portions of 2010 drill holes DDH10-1, 2 and 3. Sample results from hole 15 are similar to those received in 2010 including a 4.0 meter section (from 234.00 – 238.00 m) that graded 1023 ppb gold. In 2011 drill hole DDH11-18 targeted a competent, brittle fracturing, quartz rich unit intersected in 2010 by DDH10-3 that returned 160 ppb gold over 79.27 m . The drilling direction of DDH11-18 was close to right angles to that of DDH10-03 as the purpose of drill hole 18 was to intersect the quartz veins at a high angle compared to the low angles observed in drill core in 2010. Best results from DDH11-18 include 1.5 g/t Au over 24 meters (from 141.78 m – 166.00 m), where visible gold in quartz veins was observed, within a broader 105.30 m interval that graded 507 ppb (from 88.00 – 193.30 m).

Drill hole DDH11-19, located approximately 950 m northwest of DDH11-15, 18 and DDH10-1, 2 & 3, targeted resistivity and induced polarization (IP) anomalies. The best result was 1837 ppb over 4.10 m (from 224.50 m – 228.60 m) from a quartz veined quartz rich schist unit.

Drill hole DDH11-20, targeted the thrust fault zone where it crosses a ridge, approximately 2.1 km to the northeast of DDH11-19. Like DDH11-19, hole 20 targeted resistivity and IP anomalies. Best values included three narrow (0.97 m to 2.67 m) intervals of >1 g/t Au from a fault zone and sericite altered and silicified schist.

In April 2012, the Company received a report detailing the results of the geophysics (IP and EM) carried out over the area of the Thrust Fault Zone that was drill tested by Radius in 2011. The report concluded that the best drilling results obtained to date, 1.57 gpt Au over 24.07 m (141.93 m – 166.00 m) in DDH11-18, is found at the margin of a chargeable zone which is offset from a conductive zone. It is thought that this margin represents a contact or thrust plane which acted as a fluid contact. The report recommended that this contact be tested with additional drill holes along strike to the southeast. Samples from drill holes DDH11-19 and DDH11-20 contained significant Au and arsenic values and both holes were also drilled at the margins of chargeability / conductivity highs. Additional geophysics and drilling is recommended to test this kilometer scale target model.

The Graben Fault Zone

The Graben Fault Zone is one of two bedrock gold discoveries zones identified by Radius. It is located on the edge of the Sixty Mile river valley where highly altered Carmacks volcanic rocks are in fault contact with much older gneissic rocks of the Fifty Mile Batholith and schist units of the Yukon Tanana Terrane. The volcanics are strongly altered over an 8 km long strike length, and largely buried beneath placer gold-bearing river gravels, presenting a significant challenge for drill targeting. The initial exploration program comprised of grid-based auger drilling to test the top of bedrock. Clays in the bedrock sample were then identified by short wave infrared spectroscopy, and a Controlled Source Audio Frequency Magneto-telluric (CSAMT) geophysical survey was also used to identify resistivity highs and lows for drill targeting.

Holes DDH11-08 and -09 tested the historic per occurrence (see Radius's news release dated June 6, 2011) which lies within a zone of illite alteration that extends towards the east where holes DDH11-10 and 14 tested fault structures. DDH11-08 intersected strongly bleached and sericite altered Carmacks Group andesite crosscut by narrow dolomite pyrite veins that contained 19.0 g/t Au from 193.5 m to 194.5 m.

Drill hole DDH11-10 intersected 132 g/t Au over 1.5 m. This hole was drilled 1.4 km east northeast of hole DDH11-08. The interval consisted of bleached, hematized and sericite altered quartz feldspar biotite schist cross cut by minor quartz/pyrite veins. The large scale of the alteration system which can be traced over an 8 km strike length, required that the 2011 drilling was very widely spaced in order to drill test several targets. While many of the holes returned disappointing results, especially the follow-up holes at the Toni occurrence, the high grade intercepts in holes DDH11-08 and -10 are potentially related to an alteration zone that can be traced for a distance of 2 km, requiring further follow up work. DDH11-14, collared approximately 400 m east of DDH11-10, intersected a 1.0 m interval of propylitic altered andesite with limonitic zones that graded 5172 ppb gold.

In 2010, Radius drilled two holes at the Toni occurrence testing the volcanic rocks proximal to the fault zone. Both holes returned highly anomalous gold values over plus-50-metre intervals with narrower intervals of potentially ore-grade material (see Radius's news release dated Nov. 16, 2010). The initial 2011 drill holes (DDH11-01, 02, 03 and 06) targeted down dip and along strike of last year's hole DDH10-06 at the Toni occurrence, and while these holes returned erratic anomalous gold values with some narrow >1g/t Au intervals, the drilling did not identify potential for a bulk-tonnage gold target at Toni.

Holes DDH11-04, 05, 07, 11, 12 and 13 tested potential silica bodies outlined by the geophysical program but none of these geophysical anomalies proved to have merit as gold targets. DDH11-09, 16 and 17 did not return any significant gold values.

The Company received a geophysical report with initial results and conclusions of the CSAMT (Controlled Source Audio Frequency Magnetotelluric) survey that was carried out over the Graben Zone in 2011. Survey results, in addition to indicating complex geology and multiple structural trends, show that the Sixty Mile Fault is not a single structure but rather a broad number of broad shear zones, likely with some vertical movement. The central portion of the CSAMT grid, which roughly corresponds to the approximate area of the copper – molybdenum rock anomaly partly outlined by the auger drill samples on the same grid, contains a number of unexplained conductive contacts. Additional interpretative work is ongoing to determine how this fits with a porphyry target versus the original target of resistive (silica) gold bearing structures.

Bedrock sampling by auger drill in the overburden covered valley identified a northeast trending copper anomaly (>350 ppm Cu) over an approximate 1.5 km by 0.4 km area. Drill holes DDH11-03, 04 and 05 spaced 400 m to 500 m apart, within or near the bedrock copper-molybdenum anomaly, intersected a previously unmapped, variably sericite and potassium feldspar altered feldspar porphyry body. The porphyry contains widespread disseminated pyrite and is cut by pyrite +/- chalcophyrite-molybdenite bearing fractures and stockworks with silica-sericite alteration haloes. Disseminated molybdenite is also present. Broad zones of anomalous copper were intersected in these holes with DDH11-03 averaging 380 ppm copper over 294 m starting at 25.45 to the end of the drill hole and DDH11-05 averaging 538 ppm Cu over 268.5m from 8.8 m to end of drill hole. This porphyry yields a U-Pb zircon age of 68.0 +/- 0.6 Ma, similar to other copper – gold – silver mineralized systems identified in the Dawson Range, Yukon.

The Company is actively seeking a joint venture partner to explore the kilometer scale Cu-Mo +/- Au porphyry target.

Face Property

The Face property comprises 705 contiguous claims in western Yukon, 8 km due east of Eagle, Alaska. The initial 94 claims were staked in 2010, centred on a government regional silt survey Au anomaly, located over carbonate rocks analogous to the Atac Resources' Rackla belt, and with a similar spatial relationship to the Dawson thrust.

A first pass reconnaissance ridge-and-spur soil sampling and stream sampling survey was undertaken by Radius in the summer of 2011 with 155 soils and 31 stream sediments collected on the western half of the property. Results define a roughly east-west striking zone with coincident Au-Ag-Tl-Hg-Sb-As-Pb-Cu anomalies, in both soils and stream sediments. Based upon these results, the claim block was increased to 270 claims in August 2011.

A magnetic airborne survey was carried out in late November 2011. The high resolution magnetic data, collected on lines flown at 200 m line spacing, highlights geological rock units and will continue to aid in future geological mapping and understanding the structural setting of the property. To date the aeromagnetic survey indicates that the underlying geology is more complex than shown on publicly available geology maps. Additional geological mapping is required to reconcile the aeromagnetic results with the geology.

An additional 431 claims were staked in April 2012, extending the claim block to the northeast. These claims cover prospective stratigraphy and stream drainages with anomalous gold+/-arsenic +/- antimony+/-mercury values in stream sediment samples reported by the Geological Survey of Canada. In June 2012, the Company purchased four claims from a competitor that were surrounded by the original Face claims.

In June and July 2012 reconnaissance ridge and spur soil sampling along with prospecting and mapping was carried out to extend the anomalous zones identified in 2011 and to follow up on anomalous stream sediment samples reported by the Geological Survey of Canada. A total of 1922 soil samples, 83 stream sediment and 22 rock samples were collected. Geochemical results from the ridge and spur soil sampling indicate highlighted three broad coherent, kilometer scale, silver in soil anomalies (>1.7 - >10,000 ppm) anomalies. Within these broad silver anomalies are samples anomalous in gold (>18 ppb) and arsenic (>28 ppm). Most of the silver anomalies also have coincident anomalous values for thallium, antimony, mercury, antimony, lead and zinc. Gossanous areas were noted in some of the areas with anomalous silver values. Based on current mapping, most of the anomalies are underlain by siliciclastic rocks and minor limy rocks of the Road River Group. Additional work, soil grids and geological mapping, is required to follow up on the anomalous areas identified in 2012 and to complete property sample coverage.

Iola Claims

In late October 2011, Radius staked 80 claims (1,670 Ha) over a silver-base metal target, the Yukon Minfile, Iola occurrence. The Iola claims are located approximately 115 kilometres northeast of Whitehorse and are about 15 km from the South Canol Road. A short reconnaissance exploration program in June 2012 collected 439 soil, 19 rock and 3 stream sediment samples. It is an early stage property and geochemical results from the widespread samples show a coincident, northwest trending, silver, lead and thallium in soil anomaly over a 1 km by 1.5 km area in the center of the property. Forty of the soil samples contained silver values ranging between 3 ppm and 17 ppm. Twenty-eight soil samples, most from the west side of the property, returned between 10 – 92 ppb gold and one sample returned 1097 ppb with most of these samples also containing anomalous arsenic values. Additional reconnaissance geological mapping and geochemical surface sampling are planned for 2013.

Ten Mile Creek Property

The Company has an option to acquire a 100% interest in the Ten Mile Creek property, and in turn had granted to Solomon an option to earn a 51% interest in the property. In May 2012, the option to Solomon was terminated as Solomon had failed to make the required option payments to the Company.

The Ten Mile Creek property is comprised of 323 mineral claims located approximately 30 kilometres north-northwest of the White Gold Property of Kinross Gold Corp. and 60 kilometres north of the Coffee Gold Project of Kaminak Gold Corp. Solomon has identified a number of gold in bedrock and soil anomalies within the property. Solomon's 2011 exploration program included expanded soil geochemical grids, airborne geophysics and geological mapping that demonstrated that the Jual Vein System is the surface expression of an extensive structurally controlled gold system that dominates the northernmost portion of the property and extends over an area 2700 meters by 3880 meters in size (see Solomon's September 19, 2011 news release). Previous work on this zone returned trench results of 1.6 grams/tonne (g/t) gold over 25 meters (including 11.1 g/t gold over three meters) and 1.0 g/t gold over 19 meters (including 8.5 g/t over 1.5 meters). Within this vein system are at least two discrete gold in soil geochemical anomalies, the Skukum and Jack London anomalies, which have gold values up to 1436 ppb and 787 ppb respectively.

In addition Solomon has identified another gold in soil anomaly, the Klondike Kate Zone, located approximately four kilometers east of the Skukum Zone, that measures about 1950 m by 800 m with gold values up to 698 ppb.

At the present time the Company has no plans to carry out additional exploration work on the property and is seeking a joint venture partner to explore the property.

Rivier Property

The Company holds a 100% interest in the Rivier Property partly by staking and partly under an option agreement. Voyager Gold Corp. ("Voyager"), a private BC company, was in turn granted the option to acquire from the Company a 60% interest in the property. Voyager has to date issued to the Company 200,000 common shares of Voyager pursuant to its option agreement.

The Rivier claims are located 90 km southeast of Ross River, Yukon and cover an ultramafic body shedding anomalous gold values into stream sediments and soil. In 2011, Voyager completed a program of geological mapping and geochemical sampling followed by an airborne geophysical (magnetic and radiometrics) survey. Two zones of anomalous gold in soil, ranging from background to over 2,000 ppb Au, were identified. Voyager intended to explore with an initial program of trenching and 500m of diamond drilling exploration work in 2012 but poor market conditions precluded financing arrangements.

Qualified Person: Roger Hulstein, B.Sc., a member of the Association of Professional Engineers and Geoscientists of British Columbia, is the Company's Qualified Person as defined by National Instrument 43-101, and is responsible for the accuracy of the technical information in this MD&A.

Selected Quarterly Information

The following table provides quarterly information for the period from incorporation on September 20, 2011 to September 30, 2012:

Quarter Ended	**September 30, 2012**	**June 30, 2012**	**March 31, 2012**	**December 31, 2011***
	($)	**($)**	**($)**	**($)**
Exploration expenditures (net)	483,208	263,386	74,370	-
General and administrative expenses	226,368	82,907	50,467	31,396
Net loss	709,576	346,293	124,837	31,396
Basic and diluted loss per share	0.02	0.01	0.00	0.00

* Includes the period from incorporation on September 20, 2011 to December 31, 2011.

The quarter ended September 30, 2012 has recorded significantly higher general and administrative expenses compared to the previous quarters presented due to a stock-based compensation expense of $137,951. Otherwise, the amount of general and administrative expenses was similar to the quarter ended June 30, 2012. Exploration expenditures have risen in each quarter since the quarter ended March 31, 2012 as exploration activities reached their peak in the most recent quarter which coincides with the end of the Yukon exploration season.

Results of Operations

The Company was incorporated on September 20, 2011 and no operating activities occurred during the period from September 20, 2011 to September 30, 2011. As such, there are no comparative operating results figures presented herein.

For the three month period ended September 30, 2012, the Company incurred exploration expenditures of $483,208 and general and administrative expenses of $226,368 resulting in a net loss of $709,576.

For the nine month period ended September 30, 2012, the Company incurred exploration expenditures of $820,964 and general and administrative expenses of $359,742 resulting in a net loss of $1,180,706. Most notable exploration expenditures were incurred on geological fees, camp expenses, assaying, field expenses, and travel.

The bulk of the exploration expenditures were incurred in the three month period ended September 30, 2012 as this is the peak period for the Yukon exploration season. Most significant general and administrative costs for both the three months and nine months ended September 30, 2012 involved share-based compensation, salaries and benefits and office and administration. The share-based compensation expense, a non-cash item resulting from the granting of stock options, totaled $137,951 and was incurred in the current quarterly period. Although the Company was incorporated in September 2011, its business activities mainly started during the current nine month period, and as a result costs such as travel and accommodation, public relations, management fees, transfer agent and regulatory fees, and legal and audit fees are either new or becoming more prominent.

Future Accounting Changes

The following new standards and interpretations have been issued by the IASB but are not yet effective:

IFRS 9 Financial Instruments

IFRS 9 is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2015. The Company is in the process of evaluating the impact of the new standard.

IFRS 13 Fair Value Measurement

IFRS 13 defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies when other IFRSs require or permit fair value measurements. It does not introduce any new requirements to measure an asset or a liability at fair value, change what is measured at fair value in IFRSs or address how to present changes in fair value. The new requirements are effective for annual periods beginning on or after January 1, 2013, with earlier application permitted. Management has yet to assess the impact that IFRS 13 is likely to have on the Company's financial statements.

No additional new standards, amendments and interpretations have been early adopted in these financial statements and there are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

Liquidity and Capital Resources

The Company is in the exploration stage and therefore has no cash flow from operations. The principal source of funds since incorporation has been the $1.0 million received upon completion of the Spin-Out. Subsequent to September 30, 2012, the Company closed a private placement which raised gross flow-through proceeds of $300,000 and gross non-flow-through proceeds of $849,000.

As at September 30, 2012, current assets were $581,734 of which $93,263 was cash and $350,000 the fair value of available-for-sale investments. Current liabilities were $504,918, resulting in a working capital position of $76,816. Part of the non-flow-through proceeds raised subsequent to the period end was used to settle current liabilities and the remainder is expected to be used for general working capital requirements going forward. The flow-through proceeds of $300,000 must be spent on eligible exploration activities and the Company has until the end of 2013 to fulfill this commitment.

The Company does not expect its current capital resources to be sufficient to cover its corporate operating costs and possible property option payments through the next twelve months. As such, the Company will seek to raise additional capital and believes it will be able to do so, but recognizes the uncertainty attached thereto. Actual funding requirements may vary from those planned due to a number of factors, including the progress of property acquisition and exploration activity.

Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to advance its mineral properties. In order to facilitate the management of its capital requirements, the Company prepares periodic budgets that are updated as necessary. The Company manages its capital structure and makes adjustments to it to effectively support the acquisition and exploration of mineral properties. The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out exploration activities and pay for general administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

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

As at September 30, 2012, the Company is not subject to any externally imposed capital requirements.

Financial Instruments and Risk Management

The Company is exposed through its operations to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

General Objectives, Policies and Processes:

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Board of Directors receive periodic reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

a) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices affecting the Company are comprised of the following types of risk: interest rate risk and equity price risk.

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not have any borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash held with chartered Canadian financial institutions. The Company considers this risk to be immaterial.

Equity Price Risk

Equity price risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company's marketable securities are exposed to significant equity price risk due to the potentially volatile and speculative nature of the businesses in which the marketable securities are held. The marketable securities held in Cordoba, Solomon, and Voyager are monitored by Management with decisions on sale taken at Board level. A 10% decrease in fair value of the shares would result in a $35,000 decrease in equity.

b) Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash and marketable securities. The Company limits exposure to credit risk by maintaining its cash with chartered Canadian financial institutions. The Company does not have cash or available-for-sale investments that are invested in asset based commercial paper.

c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipated investing and financing activities. All of the Company's financial liabilities have contractual maturities of less than 45 days and are subject to normal trade terms.

Determination of Fair Value:

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. All financial instruments at September 30, 2012 are carried at amortized cost, apart from the available-for-sale investments in public companies of $339,000 which are carried at fair value. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The Statement of Financial Position carrying amounts for cash, accounts payables and accrued liabilities, and due to related parties approximates fair value due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

The Company has made the following designations of its financial instruments: cash as loans and receivables and accounts payable and accrued liabilities and due to related parties as other financial liabilities.

Fair Value Hierarchy:

Financial instruments that are measured subsequent to initial recognition at fair value are categorized in Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2	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	Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The marketable securities investments for Cordoba and Solomon are based on quoted prices and are therefore considered to be Level 1.

The available-for-sale investment in Voyager was recorded at fair value when it was received and is carried at cost due to Voyager being a private company and no quoted prices available. This investment is considered to be Level 2 on initial recognition and carried at cost thereafter.

Related Party Transactions

The Company's related parties with transactions during the nine month period ended September 30, 2012 consist of directors, officers and companies with common directors as follows:

Related party	Nature of transactions
Radius Gold Inc. ("Radius")	Shared office, administrative and exploration related charges
Gold Group Management Inc. ("Gold Group")	Shared office, administrative and exploration related charges
Mill Street Services Ltd. ("Mill Street")	Management services

During the period ended September 30, 2012, the Company reimbursed Radius, a company with common directors and officers, a total of $81,115 in office and administration, public relations, salary and benefits, and travel and accommodation costs, and $54,932 in exploration related costs. Salary and benefits costs include those for the Vice President Corporate Development, Chief Financial Officer, and Corporate Secretary. In addition, $15,282 of leasehold improvement costs was paid by Radius on behalf of the Company. Radius has been reimbursed by the Company for these shared costs and other business related expenses paid by Radius on behalf of the Company.

During the period ended September 30, 2012, the Company reimbursed Gold Group, a company controlled by the Chief Executive Officer of the Company, a total of $66,317 in office and administration, public relations, salary and benefits, and travel and accommodation costs, and $44,378 in exploration related costs. Salary and benefits costs include those for the Vice President Corporate Development, Chief Financial Officer, and Corporate Secretary. Gold Group is reimbursed by the Company for these shared costs and other business related expenses paid by Gold Group on behalf of the Company. Effective July 1, 2012, the Company entered into an office and administrative agreement with Gold Group, thereby replacing Radius as the primary cost sharing arrangement since that date.

Prepaid expenses and deposits include an amount of $60,000 (December 31, 2011: $Nil) paid to Gold Group as a deposit on the shared office and administrative services agreement that became effective July 1, 2012.

Amounts due to related parties as of September 30, 2012 consist of $131,143 (December 31, 2011: $Nil) due to Gold Group for reimbursement of shared costs, $32,558 (December 31, 2011: $23,947) due to Radius for reimbursement of shared costs, and $23,520 (December 31, 2011: $Nil) due to Mill Street, a company controlled by the Chief Executive Officer, for accrued management fees. The balances are unsecured, due on demand and do not bear interest.

These transactions are in the normal course of operations and are measured at the fair value of the services rendered.

Key management compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include certain directors and officers. Key management compensation comprises:

		Nine months ended September 30, 2012
Management fees	$	21,000
Salaries and benefits		15,895
Share-based payments		47,029
	$	**83,924**

Total share-based payments to directors not specified as key management personnel during the period ended September 30, 2012 was $23,514.

Other Data

Additional information related to the Company is available for viewing at www.sedar.com.

Share Position and Outstanding Warrants and Options

As at November 27, 2012, the Company had 50,493,872 common shares issued and outstanding and the following share purchase warrants and incentive stock options are currently outstanding:

WARRANTS

No. of warrants	Exercise price	Expiry date
36,067,625	$0.30	June 7, 2013
7,171,875	$0.10	October 10, 2014
43,239,500		

STOCK OPTIONS

No. of options	Exercise price	Expiry date
1,320,000	$0.15	July 19, 2022

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.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

(a) The recoverability of prepaid expenses and deposits;

(b) The carrying value of Level 2 investment in marketable securities and the recoverability of the carrying value;

(c) The carrying value of the investment in exploration and evaluation costs and the recoverability of the carrying value;

(d) The fair value of the exploration and evaluation costs determined through the Arrangement; and

(e) The completeness of accounts payable and accrued liabilities; and

(f) The inputs and probabilities used in accounting for the fair value of share-based payment transactions.

Risks and Uncertainties

Mineral Property Exploration and Mining Risks

The business of mineral deposit exploration and extraction involves a high degree of risk. Few properties that are explored ultimately become producing mines. At present, none of the Company's properties has a known commercial ore deposit. The main operating risks include: securing adequate funding to maintain and advance exploration properties; ensuring ownership of and access to mineral properties by confirmation that option agreements, claims and leases are in good standing; and obtaining permits for drilling and other exploration activities.

Joint Venture Funding Risk

The Company's strategy includes seeking partners through joint ventures to fund exploration and project development. The main risk of this strategy is that funding partners may not be able to raise sufficient capital in order to satisfy exploration and other expenditure terms in a particular joint venture agreement. As a result, exploration and development of one or more of the Company's property interests may be delayed depending on whether the Company can find another partner or has enough capital resources to fund the exploration and development on its own.

Commodity Price Risk

The Company is exposed to commodity price risk. Declines in the market price of gold, base metals and other minerals may adversely affect the Company's ability to raise capital or attract joint venture partners in order to fund its ongoing operations. Commodity price declines could also reduce the amount the Company would receive on the disposition of one of its mineral properties to a third party.

Financing and Share Price Fluctuation Risks

The Company has limited financial resources, has no source of operating cash flow and has no assurance that additional funding will be available to it for further exploration and development of its projects. Further exploration and development of one or more of the Company's projects may be dependent upon the Company's ability to obtain financing through equity or debt financing or other means. Failure to obtain this financing could result in delay or indefinite postponement of further exploration and development of its projects which could result in the loss of one or more of its properties.

Securities markets have at times in the past experienced a high degree of price and volume volatility, and the market price of securities of many companies, particularly those considered to be exploration stage companies such as the Company, have experienced wide fluctuations in share prices which have not necessarily been related to their operating performance, underlying asset values or prospects. There can be no assurance that these kinds of share price fluctuations will not occur in the future, and if they do occur, how severe the impact may be on the Company's ability to raise additional funds through equity issues.

Political and Regulatory Risks

The Company is currently operating in Canada which has a stable political and regulatory environment. However, changing political aspects may affect the regulatory environment in which the Company operates.

Insured and Uninsured Risks

In the course of exploration, development and production of mineral properties, the Company is subject to a number of hazards and risks in general, including adverse environmental conditions, operational accidents, labor disputes, unusual or unexpected geological conditions, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods, and earthquakes. Such occurrences could result in damage to the Company's properties or facilities and equipment, personal injury or death, environmental damage to properties of the Company or others, delays, monetary losses and possible legal liability.

Although the Company may maintain insurance to protect against certain risks in such amounts as it considers reasonable, its insurance may not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums or for other reasons. Should such liabilities arise, they could reduce or eliminate future profitability and result in increased costs, have a material adverse effect on the Company's results and a decline in the value of the securities of the Company.

Environmental and Social Risks

The activities of the Company are subject to environmental regulations issued and enforced by government agencies. Environmental legislation is evolving in a manner that will require stricter standards and enforcement and involve increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. There can be no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on properties in which the Company holds interests which are unknown to the Company at present. Social risks are considered low in Canada, the principal country of operation of the Company, but a change in social expectations could add new layers of risk to the viability of exploration and development properties.

Competition

The Company will compete with many companies and individuals that have substantially greater financial and technical resources than the Company for the acquisition and development of its projects as well as for the recruitment and retention of qualified employees.