ALEXANDRIA
MINERALS CORPORATION

Alexandria Minerals Corporation

Condensed Interim Financial Statements

Three and six months ended October 31, 2012

(Expressed in Canadian Dollars)

(Unaudited)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The unaudited condensed interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed interim financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the balance sheets date. In the opinion of management, the unaudited condensed interim financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34, Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the financial statements and (ii) the financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the financial statements.

The Board of Directors is responsible for reviewing and approving the financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

(signed)
Eric O. Owens
Chief Executive Officer

(signed)
Mario A. Miranda
Chief Financial Officer

Toronto, Canada
December 18, 2012

NOTICE TO READER

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

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

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

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

	October 31, 2012	April 30, 2012
	$	$
ASSETS		
Current assets		
Cash	**134,658**	1,951,766
Sales tax and sundry receivable	**225,985**	242,709
Prepaid expenses	**46,275**	35,566
Quebec refundable tax credits and mining duties refund receivable	**1,236,401**	1,268,138
Short-term investments (Note 3)	**-**	500,000
Investment in available-for-sale securities	**24,353**	30,407
	1,667,672	4,028,586
Property and equipment (Note 4)	**37,690**	43,038
Mining rights and deferred exploration expenditures (Note 5)	**16,842,736**	15,146,282
	18,548,098	19,217,906
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	**272,255**	287,230
Flow-through share liability (Note 6(b)(iii))	**-**	46,252
	272,255	333,482
Deferred income tax liability	**1,118,333**	1,014,793
	1,390,588	1,348,275
SHAREHOLDERS' EQUITY		
Share capital (Note 6(b))	**16,442,322**	16,442,322
Reserve for warrants (Note 8)	**-**	3,091,110
Reserve for share based payments	**10,454,878**	7,769,618
Accumulated other comprehensive income	**72,958**	79,012
Deficit	**(9,812,648)**	(9,512,431)
	17,157,510	17,869,631
	18,548,098	19,217,906

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

Nature of business and going concern (Note 1)
Commitments (Note 13)
Subsequent events (Note 15)

Approved by the Board "Eric O. Owens" Director "Charles E. Page" Director

ALEXANDRIA MINERALS CORPORATION
CONDENSED INTERIM STATEMENTS OF LOSS
(Expressed in Canadian Dollars)
(Unaudited)

	Three months ended October 31, 2012	Three months ended October 31, 2011	**Six months ended October 31, 2012**	Six months ended October 31, 2011
	$	$	**$**	$
Expenses				
Accounting and corporate services	**18,470**	19,200	**25,916**	28,604
Amortization	**2,674**	2,429	**5,348**	4,858
Business development	**57,204**	42,659	**121,919**	60,678
Investor and public relations	**64,515**	104,461	**102,416**	181,707
Management fees (Note 10)	**81,525**	88,223	**153,031**	166,472
Office and general	**39,471**	63,094	**100,649**	125,321
Professional fees	**32,258**	38,467	**51,686**	98,045
Seminars and conferences	**887**	763	**905**	3,791
Share based payments	**3,409**	2,357	**3,722**	39,371
Wages	**15,663**	62,639	**18,308**	109,330
	316,076	424,292	**583,900**	818,177
Net operating loss before the following	**(316,076)**	(424,292)	**(583,900)**	(818,177)
Loss on sale of investment in available-for-sale securities	**-**	(127,469)	**-**	(350,563)
Interest income	**26**	4,870	**1,399**	11,103
Other income	**-**	391	**-**	391
Premium on flow-through shares	**-**	-	**46,252**	-
Taxes and penalties on flow-through shares (Note 14)	**(70,000)**	-	**(70,000)**	-
Loss for the period before taxes	**(386,050)**	(546,500)	**(606,249)**	(1,157,246)
Deferred income tax recovery	**409,572**	54,663	**306,032**	54,663
Net income (loss) for the period	**23,522**	(491,837)	**(300,217)**	(1,102,583)
Basic and diluted income (loss) per share (Note 9)	**0.00**	(0.00)	**(0.00)**	(0.01)
Weighted average number of shares outstanding	**141,998,221**	121,311,046	**141,998,221**	120,699,196

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

ALEXANDRIA MINERALS CORPORATION
CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
(Unaudited)

	Three months ended October 31, 2012	Three months ended October 31, 2011	**Six months ended October 31, 2012**	Six months ended October 31, 2011
			$	$
Net income (loss) for the period	**23,522**	(491,837)	**(300,217)**	(1,102,583)
Other comprehensive income (loss)				
Increase in unrealized loss on available-for-sale investments	**(1,648)**	(2,027)	**(6,054)**	(102,392)
Reclassification of realized gain on available-for-sale investments, net of tax	**-**	186,457	**-**	304,920
Comprehensive income (loss)	**21,874**	(307,407)	**(306,271)**	(900,055)

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

ALEXANDRIA MINERALS CORPORATION
CONDENSED INTERIM STATEMENTS OF SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)
(Unaudited)

	Share capital	Reserve for warrants	Reserve for share based payments	Deficit	Accumulated other comprehensive income (loss)	Total
Balance, April 30, 2011	**$ 15,184,327**	**$ 3,676,154**	**$ 6,032,323**	**$ (7,705,006)**	**$ (190,632)**	**$ 16,997,166**
Non-flow through shares issued for cash	814,489	-	-	-	-	814,489
Flow through shares issued for cash	2,185,511	-	-	-	-	2,185,511
Share issuance costs	(340,392)	91,880	-	-	-	(248,512)
Premium on flow-through shares	(259,139)	-	-	-	-	(259,139)
Fair value of warrants issued	(221,452)	221,452	-	-	-	-
Warrants extension	(972,222)	972,222	-	-	-	-
Exercise of options	30,000	-	-	-	-	30,000
Fair value of options exercised	21,200	-	(21,200)	-	-	-
Warrants expired	-	(396,398)	341,735	-	-	(54,663)
Share based payments	-	-	39,371	-	-	39,371
Unrealized loss on available-for-sale investments	-	-	-	-	(102,392)	(102,392)
Reclassification of realized gain on available-for-sale investments, net of tax	-	-	-	-	304,920	304,920
Net loss for the period	-	-	-	(1,102,583)	-	(1,102,583)
Balance, October 31, 2011	**$ 16,442,322**	**$ 4,565,310**	**$ 6,392,229**	**$ (8,807,589)**	**$ 11,896**	**$ 18,604,168**
Warrants expired	-	(1,474,200)	1,270,908	-	-	(203,292)
Share based payments	-	-	106,481	-	-	106,481
Unrealized loss on available-for-sale investments	-	-	-	-	3,770	3,770
Reclassification of realized gain on available-for-sale investments, net of tax	-	-	-	-	63,346	63,346
Net loss for the period	-	-	-	(704,842)	-	(704,842)
Balance, April 30, 2012	**$ 16,442,322**	**$ 3,091,110**	**$ 7,769,618**	**$ (9,512,431)**	**$ 79,012**	**$ 17,869,631**
Warrants expired	-	(3,091,110)	2,681,538	-	-	(409,572)
Share based payments	-	-	3,722	-	-	3,722
Unrealized loss on available-for-sale investments	-	-	-	-	(6,054)	(6,054)
Net loss for the period	-	-	-	(300,217)	-	(300,217)
Balance, October 31, 2012	**$ 16,442,322**	**$ -**	**$ 10,454,878**	**$ (9,812,648)**	**$ 72,958**	**$ 17,157,510**

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

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

Six months ended	October 31, 2012	October 31, 2011
	$	$
Cash provided by (used in) operating activities		
Net loss	(300,217)	(1,102,583)
Items not involving cash:		
Share based payments	3,722	39,371
Amortization	5,348	4,858
Loss on sale of investment in available-for-sale securities	-	350,563
Deferred income tax expense	(306,032)	(54,663)
Premium on flow-through shares	(46,252)	-
Changes in non-cash working capital:		
Sale tax and sundry receivable	16,724	(136,332)
Prepaid expenses	(10,709)	(59,214)
Deposit on account	31,737	(71,820)
Accounts payable and accrued liabilities	(14,975)	(18,698)
	(620,654)	(1,048,518)
Cash flows used in investing activities		
Exploration expenditures	(1,696,454)	(2,423,549)
Disposition of short-term investment (Note 3)	500,000	2,000,000
Proceeds from sale of available- for-sale investments	-	1,120,413
	(1,196,454)	696,864
Cash flows provided by financing activities		
Issue of common shares	-	3,000,000
Exercise of options	-	30,000
Share issuance costs	-	(263,096)
	-	2,766,904
Net change in cash during the period	(1,817,108)	2,415,250
Cash, beginning of period	1,951,766	910,112
Cash, end of period	134,658	3,325,362

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

1. NATURE OF BUSINESS AND GOING CONCERN

Alexandria Minerals Corporation (the "Company") is engaged in the acquisition, exploration and development of mineral resource properties in Canada. The Company is in the process of exploring, and has not yet determined whether there is an economically viable ore deposit on its properties. The Company was incorporated on May 27, 2002. To date, the Company has not earned revenue from its mineral properties. The Company's common shares are listed on the TSX Ventures Exchange under the symbol AZX, on the Frankfurt Stock Exchange under the symbol A9D and on the Pink Sheets USA under the symbol ALXDF. Its head office is located at 1 Toronto Street, Suite 201, Toronto, Ontario, M5C 2V6.

In order to meet future expenditures and cover administrative costs, the Company will need to raise additional financing. The Company has had recurring losses and will require additional financing to fund its continuing exploration efforts. Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or available under terms favourable to the Company. These financial statements have been prepared on a going concern basis that assumes the Company will be able to continue to realize its assets and discharge its liabilities in the normal course of business. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management is not aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern.

In the event the Company is not able to obtain adequate funding, there is uncertainty as to whether the Company will be able to maintain and complete the acquisition and development of its property interests. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to obtain adequate financing. Changes in future conditions could require material write downs of the carrying values of certain assets.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

The policies applied in these condensed interim consolidated financial statements are based on IFRSs issued and outstanding as of December 18, 2012, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these condensed interim consolidated financial statements as compared with the most recent annual financial statements as at and for the year ended April 30, 2012. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending April 30, 2013 could result in restatement of these condensed interim financial statements.

New standards not yet adopted and interpretations issued but not yet effective

There are no relevant changes in accounting standards applicable to future periods other than as disclosed in the most recent annual statements as at and for the year ended April 30, 2012.

(Expressed in Canadian Dollars)

3. SHORT-TERM INVESTMENTS

	Maturity date	Interest rate		Cost
Carrying value of short-term investments as at October 31, 2012			$	-

During the period ended October 31, 2012, the Company disposed of their short-term investment in the Royal Bank Guaranteed Investment Certificate.

	Maturity date	Interest rate		Cost
Royal Bank Guaranteed Investment Certificate	November 5, 2012	1.00%	$	500,000
Carrying value of short-term investments as at April 30, 2012			$	500,000

4. PROPERTY AND EQUIPMENT

Cost		Computer equipment		Office equipment		Computer software		Leasehold improvement		Total
Balance, April 30, 2011	**$**	**47,355**	**$**	**9,209**	**$**	**3,587**	**$**	**-**	**$**	**60,151**
Additions		-		-		-		28,198		28,198
Disposals		(8,609)		-		-		-		(8,609)
Balance, April 30, 2012 and October 31, 2012	**$**	**38,746**	**$**	**9,209**	**$**	**3,587**	**$**	**28,198**	**$**	**79,740**

Accumulated amortization		Computer equipment		Office equipment		Computer software		Leasehold improvement		Total
Balance, April 30, 2011	**$**	**20,429**	**$**	**6,182**	**$**	**135**	**$**	**-**	**$**	**26,746**
Amortization		5,495		605		1,036		2,820		9,956
Balance, April 30, 2012	**$**	**25,924**	**$**	**6,787**	**$**	**1,171**	**$**	**2,820**	**$**	**36,702**
Amortization		1,924		242		362		2,820		5,348
Balance, October 31, 2012	**$**	**27,848**	**$**	**7,029**	**$**	**1,533**	**$**	**5,640**	**$**	**42,050**

Carrying value		Computer equipment		Office equipment		Computer software		Leasehold improvement		Total
Balance, April 30, 2011	**$**	**26,926**	**$**	**3,027**	**$**	**3,452**	**$**	**-**	**$**	**33,405**
Balance, April 30, 2012	**$**	**12,822**	**$**	**2,422**	**$**	**2,416**	**$**	**25,378**	**$**	**43,038**
Balance, October 31, 2012	**$**	**10,898**	**$**	**2,180**	**$**	**2,054**	**$**	**22,558**	**$**	**37,690**

(Expressed in Canadian Dollars)

5. MINING RIGHTS AND DEFERRED EXPLORATION EXPENDITURES

As at October 31, 2012, the Company has acquired interests, or has acquired options to earn interests, in the following properties:

	October 31, 2012	April 30, 2012
	$	$
Cadillac Break Property Group 5(a)		
Orenada		
Opening balance	**4,345,281**	4,302,920
Drilling	**19,386**	5,072
Research	**14,750**	16,964
Other exploration expenses	**50,987**	6,647
Allocated exploration expenses	**723**	8,695
General other exploration	**14,959**	4,983
Closing balance	**4,446,086**	4,345,281
Akasaba 5(a)		
Opening balance	**8,028,502**	5,170,695
Assays and maps	**174,008**	318,711
Drilling	**741,822**	1,839,428
Geophysics	**150**	75,780
Geology and geochemistry	**16,803**	113,013
Research	**14,750**	-
Other exploration expenses	**6,413**	166,011
Allocated exploration expenses	**723**	8,695
General other exploration	**166,356**	336,169
Closing balance	**9,149,527**	8,028,502
Sleepy 5(a)		
Opening balance	**2,341,134**	1,332,774
Assays and maps	**-**	68,353
Drilling	**1,413**	752,234
Geology and geochemistry	**-**	26,437
Research	**14,750**	-
Other exploration expenses	**22,084**	37,147
Allocated exploration expenses	**463**	5,574
General other exploration	**6,745**	118,615
Closing balance	**2,386,589**	2,341,134

(Expressed in Canadian Dollars)

5. MINING RIGHTS AND DEFERRED EXPLORATION EXPENDITURES (Continued)

	October 31, 2012	April 30, 2012
	$	$
Other Cadillac Break Properties 5(a)		
Opening balance	**5,302,771**	5,013,208
Assays and maps	**53,839**	-
Drilling	**224,456**	-
Geophysics	**150**	-
Geology and geochemistry	**4,791**	3,125
Travel	**-**	397
Other exploration expenses	**19,070**	52,002
Allocated exploration expenses	**16,619**	199,977
General other exploration	**55,574**	34,062
Closing balance	**5,677,270**	5,302,771
Total Cadillac Break Properties	**21,659,472**	20,017,688
Other Quebec Properties 5(b)		
Opening balance	**1,485,899**	1,243,362
Geology and geochemistry	**1,599**	-
Other exploration expenses	**40,915**	968
Gain on disposition	**-**	226,935
General other exploration	**7,408**	14,634
Closing balance	**1,535,821**	1,485,899
Matachewan Property 5(c)		
Opening balance	**1,335,334**	1,330,683
Other exploration expenses	**1,467**	4,104
General other exploration	**256**	547
Closing balance	**1,337,057**	1,335,334
Subtotal	**24,532,350**	22,838,921
Plus: General administration	**3,025**	-
Less: Grants received	**(6,456,238)**	(6,424,501)
Quebec refundable tax credits and mining duties refunds receivable	**(1,236,401)**	(1,268,138)
Total	**16,842,736**	15,146,282

5. MINING RIGHTS AND DEFERRED EXPLORATION EXPENDITURES (Continued)

The Company has retained an interest in, through option agreement or through staking, several gold exploration properties in Ontario and Quebec, Canada. All properties are located in areas adjacent to past or present mines, and all have indications of gold on the surface and in the subsurface. The properties are considered to be early stage exploration properties, and there are uncertainties with regard to the discovery of economically viable ore deposits on them.

Cadillac Break Property Group (a)

The Cadillac Break Property Group is a group of 21 properties, comprised of 689 claims, located in Bourlamaque, Louvicourt, and Vauquelin Townships, in the Val d'Or Mining District Quebec. The 21 properties are: 1) Airport, Ducros, Lourmet, Mid-Canada, Ormaque, Orenada, Orcour, Sabourin Creek, Trivio, Vaumon (formerly known as the Aur Properties; 2) the Robert, Deckeyser, Orenada Extension, Eddy Blocks, Trivio Extension, Annamaque, and Valdora; and 3) the Akasaba, Bloc Sud West, Bloc Sud Trivio and Sleepy properties formerly known as the Cambior properties. The Company holds 100% interest in all claims within these property groups, some of which are subject to a Net Smelter Return Royalty ("NSR") of between 1% - 2.5%. A portion of these NSRs can be purchased for between $200,000 and $1,000,000.

The Company has optioned one claim from its Airport Property in Val d'Or to Kalahari Resources Inc. ("Kalahari"). Alexandria retains a 2% NSR, one half of which may be purchased for $1,000,000.

Other Quebec Properties (b)

Siscoe East Property

(i) The Siscoe East Property, located in Dubuisson Township near Val D'Or, Quebec, comprises a total of 96 claims governed by an Option/Joint Venture agreements signed on June 25, 2008, between Niogold Mining Corporation and Alexandria. The agreement gives Niogold the option to earn a 50% interest in the claims. Under the terms of the agreement, in order to earn its 50% interest, Niogold must: 1) issue to Alexandria 650,000 shares from Niogold treasury stock in three tranches by June 11, 2010 (all shares have been issued); and 2) complete an aggregate of $750,000 in exploration expenditures on the property by June 25, 2011 (completed). As these terms have been completed, Alexandria and Niogold are deemed to have formed a Joint Venture to explore and develop the Siscoe East Property.

(ii) All claims are subject to a 2% NSR, except for 13 claims which are subject to a sliding NSR payable to Virginia Mines Inc. as follows: 1) 2% NSR if gold price is less than US $325 per ounce; 2) 2.5% NSR if gold price is between US $325 and US $375 per ounce; and 3) 3% NSR if gold price is more than US $375 per ounce.

Gwillim Property

(iii) The Gwillim property is comprised of 48 mineral claims, 11 of these claims are subject to 2% NSR, located in Barlow Township, Chibougamou Mining District, Quebec, of which the Company owns 100% mineral rights.

Matachewan Property (c)

The Matachewan Property is located in Cairo and Flavelle Townships, near Matachewan, Ontario. The property consists of 49 mineral claims, 39 of which the Company owns 100% mineral rights, subject to 2% NSR, and 10 of which are governed by a 50%-50% joint venture agreement with Carmax Explorations Ltd.

(Expressed in Canadian Dollars)

6. SHARE CAPITAL

(a) Authorized capital - unlimited number of common shares

(b) Issued

	Number of Shares	Stated Value $
Balance, April 30, 2011	**119,922,128**	**15,184,327**
Exercise of stock options	200,000	30,000
Fair value of stock options exercised	-	21,200
Warrants extension (i)	-	(972,222)
Non-flow through shares issued for cash (ii)	6,265,300	814,489
Flow-through shares issued for cash (ii)	15,610,793	2,185,511
Share issuance costs (ii)	-	(340,392)
Warrant valuation (ii)	-	(221,452)
Premium on flow-through shares (iii)	-	(259,139)
Balance, October 31, 2011, April 30, 2012 and October 31, 2012	**141,998,221**	**16,442,322**

(i) On July 25, 2011, the Company amended certain terms of 27,777,777 warrants which were issued by the Company on August 5, 2010 under which each warrant exercisable at a price of $0.22 per share originally expiring August 5, 2011, was extended by one year until August 5, 2012.

The fair value of the amendment terms of the warrants of $972,222 was estimated using the Black-Scholes option pricing model based on the following assumptions: dividend yield of 0%; risk-free interest rate of 1.50%; expected life of one year; and expected volatility of 79.75%. This amount was added to the previously calculated Black-Scholes option pricing model of $1,805,556 for a combined total fair value of $2,777,778.

(ii) On October 26, 2011, the Company completed a $3,000,000 private placement financing (the "Private Placement") consisting of 6,265,300 units ("Units") and 15,610,793 flow-through units ("FT Units") of the Company at a price of $0.13 per Unit and $0.14 per FT Units.

Each Unit consisted of one common share of the Company and one transferable common share purchase warrant (a "Warrant"). Each whole Warrant entitles the holder to purchase one additional common share of the Company (a "Warrant Share") at a price of $0.22 per Warrant Share for a period of 12 months from the completion of the Private Placement. Each FT Unit consists of one "flow-through" common share of the Company and one-half of one Warrant. The grant date fair value of $221,452 (net of share issue costs) was assigned to the 14,070,697 Warrants issued as part of the Private Placement estimated using a fair value market technique incorporating the Black-Scholes option valuation model with the following assumptions: expected dividend yield of 0%, expected volatility of 89.69%, risk-free rate of return of 1.09% and an expected maturity of 1 year.

The Company paid the Agents a commission equal to 7% of the gross proceeds raised under the Private Placement and incurred additional transaction costs of $53,951. In addition, the Agents received 1,531,327 compensation options ("Broker Warrants") entitling the holder to purchase one Unit at a price of $0.13 per Unit for a period of 24 months from completion of the Private Placement. The grant date fair value of $91,880 was assigned to the 1,531,327 Broker Warrants issued using a fair value market technique incorporating the Black-Scholes option valuation model with the following assumptions: expected dividend yield of 0%, expected volatility of 92.54%, risk-free rate of return of 1.09% and an expected maturity of 2 years.

(Expressed in Canadian Dollars)

6. SHARE CAPITAL (Continued)

(iii) The flow-through common shares issued in the Private Placement completed on October 26, 2011 were issued at a premium to the market price in recognition of the tax benefits accruing to subscribers. The flow-through premium was calculated to be $259,139.

The flow-through premium is derecognized through income as the eligible expenditures are incurred. For the six months ended October 31, 2012, the Company satisfied the remainder of the commitment by incurring eligible expenditures of approximately $398,000 and as a result the flow-through premium has been reduced to $Nil.

7. STOCK OPTIONS

The following table reflects the continuity of stock options outstanding as of October 31, 2012:

	Number of stock options	Weighted average exercise price ($)
Balance, April 30, 2011	9,769,000	0.18
Granted (i), (ii)	500,000	0.25
Exercised	(200,000)	0.15
Expired	(370,000)	0.18
Cancelled	(35,000)	0.17
Balance, October 31, 2011	9,664,000	0.19
Granted (iii)	2,136,000	0.08
Expired	(1,360,000)	0.25
Cancelled	(325,000)	0.17
Balance, April 30, 2012	10,115,000	0.16
Granted (iv), (v)	400,000	0.22
Expired	(250,000)	0.30
Balance, October 31, 2012	10,265,000	0.16

(i) On May 9, 2011, the Company issued 250,000 incentive stock options to consultants of the Company exercisable at a price of $0.19 for a period of 3 years. The incentive stock options vest immediately.

For the purpose of the 250,000 incentive stock options, the fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; risk-free interest rate of 2.00%; expected average life of three years; and expected volatility of 142.73%. The estimated value of $35,250 was charged to share based payments and credited to reserve for share based payments for the six months ended October 31, 2011.

7. STOCK OPTIONS (Continued)

(ii) On July 13, 2011, the Company issued 250,000 incentive stock options to consultants of the Company exercisable at a price of $0.30 for a period of 1 year, with 50,000 vesting immediately and the remaining 200,000 vesting as follow: 25% vest three months from the issuance date, 25% vest six months from the issuance date, 25% vest nine months from the issuance date and 25% vest twelve months from the issuance date.

For the purpose of the 250,000 incentive stock options, the fair value of $6,250 was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; risk-free interest rate of 1.43%; expected average life of three years; and expected volatility of 79.71%. The estimated value of $2,357 and $4,121 was charged to share based payments and credited to reserve for share based payments respectively for the three and six months ended October 31, 2011.

(iii) On January 20, 2012, the Company issued 2,136,000 incentive stock options to certain directors, officers, consultants, and employees of the Company exercisable at a price of $0.095 for a period of two years. The incentive stock options vested immediately.

For the purpose of the 2,136,000 incentive stock options, the fair value of $104,664 was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; risk-free interest rate of 1.04%; expected average life of two years; and expected volatility of 92.04%. The estimated value of $104,664 was charged to share based payments and credited to reserve for share based payments respectively during the year ended April 30, 2012.

(iv) On September 1, 2012, the Company issued 250,000 incentive stock options to consultants of the Company. 150,000 of the stock options are exercisable at a price of $0.25 for a period of 2 years and 100,000 of the stock options are exercisable at a price of $0.22 for a period of 2 years. The incentive stock options vest 25% three months from the issuance date, 25% six months from the issuance date, 25% nine months from the issuance date and 25% twelve months from the issuance date.

For the purpose of the 250,000 incentive stock options, the fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; risk-free interest rate of 1.15%; expected average life of two years; and expected volatility of 101.12%. The estimated value of $1,702 was charged to share based payments and credited to reserve for share based payments for the three and six months months ended October 31, 2012.

(v) On October 30, 2012, the Company issued 150,000 incentive stock options to a consultant of the Company exercisable at a price of $0.18 until December 31, 2014. The incentive stock options vest 25% three months from the issuance date, 25% six months from the issuance date, 25% nine months from the issuance date and 25% twelve months from the issuance date.

For the purpose of the 150,000 incentive stock options, the fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; risk-free interest rate of 1.10%; expected average life of 26 months; and expected volatility of 111.34%. The estimated value of $1,707 was charged to share based payments and credited to reserve for share based payments for the three and six months months ended October 31, 2012.

(Expressed in Canadian Dollars)

7. STOCK OPTIONS (Continued)

The following table reflects the actual stock options issued and outstanding as of October 31, 2012:

	Options outstanding			Options exercisable	
Expiry Date	**Number of options**	**Weighted average remaining contractual life**	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**
January 15, 2013	2,410,000	0.46 years	$ 0.21	2,410,000	$ 0.21
February 11, 2013	194,000	0.53	0.15	194,000	0.15
May 28, 2013	40,000	0.82	0.21	40,000	0.21
June 4, 2013	300,000	0.84	0.21	300,000	0.21
January 6, 2014	250,000	1.44	0.195	250,000	0.195
January 20, 2014	2,136,000	1.47	0.095	2,136,000	0.095
April 29, 2014	1,455,000	1.75	0.10	1,455,000	0.10
May 9, 2014	250,000	1.77	0.19	250,000	0.19
May 29, 2014	200,000	1.83	0.10	200,000	0.10
September 1, 2014	150,000	1.92	0.25	-	0.25
September 1, 2014	100,000	1.92	0.22	-	0.22
December 31, 2014	150,000	2.25	0.18	-	0.18
October 12, 2015	2,630,000	3.20	0.17	2,630,000	0.17
	10,265,000	1.55 years	$ 0.16	9,865,000	$ 0.15

8. WARRANTS

The following table summarizes warrants that have been issued, exercised or have expired in each of the periods presented:

	Number of Warrants	**Fair value ($)**
Balance, April 30, 2011	**41,378,697**	**3,676,154**
Warrants expired	(4,500,920)	(396,398)
Warrants issued on private placement (Note 6(b)(ii))	14,070,697	221,452
Broker warrants issued on private placement (Note 6(b)(ii))	1,531,327	91,880
Warrants extension (Note 6(b)(i))	-	972,222
Balance, October 31, 2011	**52,479,801**	**4,565,310**
Warrants expired	(9,100,000)	(1,474,200)
Balance, April 30, 2012	**43,379,801**	**3,091,110**
Warrants expired	(43,379,801)	(3,091,110)
Balance, October 31, 2012	**-**	**-**

(Expressed in Canadian Dollars)

9. BASIC AND DILUTED LOSS PER SHARE

The following table sets forth the computation of basic and diluted loss per share:

	Three months ended October 31, 2012	Three months ended October 31, 2011	**Six months ended October 31, 2012**	Six months ended October 31, 2011
Numerator:				
Income (loss) for the period	**$ 23,522**	$ (491,837)	**$ (300,217)**	$ (1,102,583)
Numerator for basic and diluted income (loss) per share	**23,522**	(491,837)	**(300,217)**	(1,102,583)
Denominator:				
Weighted average number of common shares	**141,998,221**	121,311,046	**141,998,221**	120,699,196
Denominator for basic income (loss) per share	**141,998,221**	121,311,046	**141,998,221**	120,699,196
Denominator for diluted income (loss) per share	**141,998,221**	121,311,046	**141,998,221**	120,699,196
Basic and diluted income (loss) per share	**$ 0.00**	$ (0.00)	**$ (0.00)**	$ (0.01)

The stock options and warrants were not included in the computation of diluted (loss) per share for the three and six months ended October 31, 2012 and 2011 because their inclusion would be anti-dilutive.

(Expressed in Canadian Dollars)

10. RELATED PARTY TRANSACTIONS

Related party transactions reflected below are in the normal course of operations and were made on terms equivalent to those that prevail in arm's length transactions.

The following transactions were carried out with related parties:

a) Purchase of services:

The following schedule shows expenses incurred during the three and six months ended October 31, 2012 and 2011 with these companies:

	Three months ended October 31, 2012	Three months ended October 31, 2011	**Six months ended October 31, 2012**	Six months ended October 31, 2011
Yarnell Companies Inc. (i)	**$ -**	$ 6,250	**$ -**	$ 12,500
Baker Creek Management (ii)	**42,000**	42,000	**84,000**	42,000
Finterra Consulting Inc. (iii)	**26,025**	23,288	**51,300**	23,288
Legein Consulting Inc. (iv)	**34,140**	32,500	**68,280**	65,000
	$ 102,165	$ 104,038	**$ 203,580**	$ 142,788

(i) During the three and six months ended October 31, 2011, the Company paid director fees to Yarnell Companies Inc., a company controlled by the previous chairman of the Company.

(ii) During the three and six months ended October 31, 2012, the Company paid management fees to Baker Creek Management (formerly Owens & Co. Ltd.), a company controlled by the Chief Executive Officer ("CEO") of the Company. $Nil and $9,269 of these fees are included in deferred exploration expenditures and the remainder is included in management fees.

(iii) During the three and six months ended October 31, 2012, the Company paid management fees to Finterra Consulting Inc., a company controlled by the Chief Financial Officer ("CFO") of the Company which have been included in management fees.

(iv) During the three and six months ended October 31, 2012 and 2011, the Company paid management fees to Legein Consulting Inc., a company controlled by the Vice-President Exploration the Company. $34,140 and $68,280 (three and six months ended October 31, 2011 - $16,250 and $32,500) of these fees are included in deferred exploration expenditures and the remainder is included in management fees.

(Expressed in Canadian Dollars)

10. RELATED PARTY TRANSACTIONS (Continued)

b) Key management compensation:

Key management includes directors (executive and non-executive), and senior officers (CEO, CFO and VP Exploration). The compensation paid or payable to key management for employment services, in addition to the ones described under 10(a), is shown below:

	Three months ended October 31, 2012	Three months ended October 31, 2011	**Six months ended October 31, 2012**	Six months ended October 31, 2011
Salaries and fees	**$ -**	$ 1,825	**$ -**	$ 49,670
Director fees	**$ -**	$ 10,000	**$ -**	$ 20,000
Share-based payments	**$ -**	$ -	**$ -**	$ 32,250
	$ -	$ 11,825	**$ -**	$ 101,920

c) Period end balances owed to related parties:

	October 31, 2012	April 30, 2012
Finterra Consulting Inc.	$ 10,255	$ 5,170
Legein Consulting Inc.	12,859	12,859
	$ 23,114	$ 18,029

11. TAX MATTERS

In the ordinary course of business, the Corporation is subject to ongoing audits by tax authorities. While the Corporation believes that its tax filing positions are appropriate and supportable, from time to time, certain matters are reviewed and challenged by the tax authorities.

The Corporation regularly reviews the potential for adverse outcomes in respect of tax matters. The Corporation believes that the ultimate disposition of any tax matters in dispute with tax authorities will not have a material adverse effect on its liquidity, financial position or results of operations because the Corporation believes that it has complied with the appropriate taxation rules. Should the ultimate tax liability materially differ from the Corporation's expectations, the Corporation's cash position could be affected positively or negatively in the period in which the matters are resolved.

12. SEGMENTED INFORMATION

The Company's operations comprise a single reporting operating segment engaged in mineral exploration in Canada. As the operations comprise a single reporting segment, amounts disclosed in the financial statements as loss for the period also represent segment amounts. All of the Company's operations and assets are located in Canada.

13. COMMITMENTS

(i) The Company is obligated under an operating lease for rental of office space in Val-d'Or, Quebec, in the amount of $3,600 per month expiring August 1, 2013.

(ii) The Company is obligated under an operating lease for rental of office space in Toronto, Ontario, in the amount of $6,844 per month plus applicable operating costs expiring October 31, 2016.

14. TAXES AND PENALTIES ON FLOW-THROUGH SHARES

The Company has made a provision of $70,000 for additional Part XII.6 taxes and penalties related to flow-through funds raised during 2008 and not fully utilized within the prescribed period.

15. SUBSEQUENT EVENTS

(i) On November 6, 2012, the Company issued 150,000 incentive stock options to a director of the Company with an exercise price of $0.10 and expiring November 6, 2014.

(ii) On November 14, 2012, the Company announced the closing of the first tranche of a brokered private placement and on December 18, 2012, the Company announced the closing of the second tranche. The first tranche consisted of 13,072,000 Quebec flow-through units at a price of $0.125 per unit for gross proceeds of $1,634,000. The second tranche consisted of 10,856,800 Quebec flow-through units at a price of $0.125 per unit and 1,916,856 National flow-through units at a price of $0.115 for gross proceeds of $1,577,538. Each unit consists of one flow-through common share and one half of one non-transferable common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of $0.18 for a period of 18 months.

The Company paid a cash commission of 7% of the gross proceeds raised and issued the Agent 1,189,709 compensation options to purchase common shares with an exercise price of $0.18 for a period of 18 months. In addition, the Company paid certain arm’s length finders an aggregate of $61,800 in fees and issued certain arm’s length finders an aggregate of 494,400 compensation options.