GOLD REACH RESOURCES LTD.

Condensed Consolidated Interim Financial Statements

For the Nine Months Ended December 31, 2012

(unaudited – prepared by management)

(expressed in Canadian dollars)

NOTICE TO READER

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

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

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

Vancouver, B.C.
February 22, 2012

GOLD REACH RESOURCES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(unaudited – prepared by management)
As at December 31, 2012 and March 31, 2012

		As at December 31, 2012		As at March 31, 2012
ASSETS				
Current				
Cash	$	2,356,505	$	6,280,738
Taxes receivable		362,049		40,328
Other receivable		97		83,059
Prepaid expenses		46,852		83,464
Total Current Assets		2,765,503		6,487,589
Exploration and evaluation costs (Note 6)		16,151,158		8,352,494
Equipment and camp buildings (Note 7)		245,013		73,082
Total Non-Current Assets		16,396,171		8,425,576
Total Assets	$	19,161,674	$	14,913,165
LIABILITIES				
Current				
Trade and other payables	$	252,377	$	214,367
Total Current Liabilities		252,377		214,367
Deferred income tax liabilities		539,000		539,000
Toal non-current liabilities		539,000		539,000
Total liabilities		791,377		753,367
SHAREHOLDERS' EQUITY				
Share capital (Note 9)		27,546,423		22,708,764
Contributed Surplus		2,656,586		2,025,905
Deficit		(11,832,712)		(10,574,871)
Total Shareholders' Equity		18,370,297		14,159,798
Total Labilities and Shareholders' Equity	$	19,161,674	$	14,913,165

Subsequent events (Note 13)

Signed on behalf of the Board:

"Conrad Swanson" Director

"John Watt" Director

GOLD REACH RESOURCES LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE LOSS/INCOME

(unaudited – prepared by management)

FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2012

	For the Three Months Ended December 31,		For the Nine Months Ended December 31,	
	2012	**2011**	**2012**	**2011**
EXPENSES				
Amortization	$ 11,528	$ 4,683	$ 30,858	$ 13,696
Investor relations	29,791	35,028	96,421	91,086
Management and administration fees	114,062	56,741	250,480	126,982
Office	15,996	10,259	47,725	23,035
Professional fees	37,184	17,347	119,834	94,203
Rent	5,463	6,697	15,429	13,393
Stock-based compensation	147,030	-	622,548	242,590
Transfer agent and filing fees	5,098	3,503	20,310	23,766
Travel and promotion	32,874	42,127	97,432	76,377
	(399,026)	(176,385)	(1,301,037)	(705,128)
OTHER INCOME (EXPENSE):				
Interest income	5,085	1,998	39,342	7,224
Other income	1,552	3,000	3,854	3,000
Interest expense (Note 9)	-	(453)	-	(2,518)
LOSS BEFORE INCOME TAXES	6,637	4,545	43,196	7,706
Recovery of future income taxes	-	-	-	-
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	(392,389)	(171,840)	(1,257,841)	(697,422)
DEFICIT - BEGINNING OF THE PERIOD	(11,440,323)	(12,490,400)	(10,574,871)	(11,964,818)
DEFICIT - END OF THE PERIOD	$ (11,832,712)	$ (12,662,240)	$ (11,832,712)	$ (12,662,240)
LOSS PER SHARE - BASIC AND DILUTED	$ (0.01)	$ (0.01)	$ (0.04)	$ (0.04)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	27,161,687	20,573,901	27,421,149	19,469,572

See accompanying notes to consolidated financial statements.

GOLD REACH RESOURCES LTD.

CONDENSED INTERIM STATEMENT OF CASH FLOWS

(unaudited – prepared by management)

FOR THE NINE MONTHS ENDED DECEMBER 31, 2012

	For the Nine Months ended	
	December 31,	December 31,
CASH PROVIDED BY (USED IN)	**2012**	**2011**
OPERATING ACTIVITIES		
Net income (loss) for the period	$ (1,257,841)	$ (697,422)
Items not affecting cash:		
Share based payments	622,548	242,590
Amortization	30,860	13,696
	(604,433)	(441,136)
Changes in non-cash working capital items:		
HST and GST recoverable	(238,759)	(313,095)
Prepaid expenses	36,612	50,000
Trade and other payables	38,010	128,639
Cash from (used in) in operating activities	(768,570)	(575,592)
INVESTING ACTIVITIES		
Mineral property exploration expenditures	(7,780,865)	(3,915,718)
Mineral property acquisition costs	(40,299)	-
Reclamation bond refund (purchase)	22,500	(77,500)
Equipment purchases	(202,791)	(51,490)
Cash used in investing activities	(8,001,455)	(4,044,708)
FINANCING ACTIVITIES		
Share capital issued for cash	4,967,180	3,114,806
Share issue costs, cash portion	(121,388)	(14,695)
Due to related parties	-	-
Cash provided by financing activities	4,845,792	3,100,111
NET INCREASE IN CASH	(3,924,233)	(1,520,189)
CASH - BEGINNING OF THE PERIOD	6,280,738	1,607,572
CASH - END OF THE PERIOD	$ 2,356,505	$ 87,383

See accompanying notes to consolidated financial statements.

GOLD REACH RESOURCES LTD.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

(unaudited –prepared by management)

FOR THE NINE MONTHS ENDED DECEMBER 31, 2012

	Number of Shares	Capital Stock	Contributed Surplus	Deficit	Total Equity
Balance, April 1, 2012	24,532,884	$ 22,708,764	$ 2,025,905	(10,574,871)	$ 14,159,798
Issued for cash - flow through shares	1,111,075	1,599,381	-	-	1,599,381
Issued for cash - non flow through shares	1,100,000	1,210,000	-	-	1,210,000
Share issue costs	-	(121,388)	-	-	- 121,388
Exercise of stock options	119,000	62,000	-	-	62,000
Exercise of share purchase warrants	3,455,498	2,095,799	-	-	2,095,799
Stock based compensation	-	(8,133)	630,681	-	622,548
Net loss and comprehensive loss for the period	-	-	-	(1,257,841)	(1,257,841)
Balance, December 31, 2012	30,318,457	$ 27,546,423	$ 2,656,586	(11,832,712)	$ 18,370,297
Balance, April 1, 2011	15,534,737	$ 18,885,423	$ 1,302,790	(11,964,818)	$ 8,223,395
IFRS adjustment	-	(284,218)	-	-	(284,218)
Issued for cash - flow through shares	3,098,333	1,859,000	-	-	1,859,000
Share issue costs	-	(14,695)	-	-	(14,695)
Exercise of stock options	702,939	143,088	-	-	143,088
Exercise of share purchase warrants	4,216,875	1,112,719	-	-	1,112,719
Stock based compensation	-	-	242,590	-	242,590
Net loss and comprehensive loss for the period	-	-	-	(697,422)	(697,422)
Balance, December 31, 2011	23,552,884	$ 21,701,317	$ 1,545,380	(12,662,240)	$ 10,584,457

1. CORPORATE INFORMATION

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

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

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

2. BASIS OF OPERATIONS

(a) Statement of Compliance

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

These condensed interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended March 31, 2012. These condensed interim financial statements were authorized for issue by the Board of Directors on February 22, 2012.

2. BASIS OF OPERATIONS (continued)

(b) Basis of Presentation and Measurement

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

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

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

(c) Going Concern of Operations

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations over the next year.
At December 31, 2012, the Company had not yet achieved profitable operations, had accumulated losses of $11,832,712 since inception, had working capital $2,513,126 and expects to incur further losses in the development of its business. The Company will require additional financing in order to conduct its planned work programs on its mineral properties, meet its ongoing levels of corporate overhead and discharge its liabilities as they come due. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. Accordingly these financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption is not valid then the adjustments required to report the Company's assets and liabilities on a liquidation basis could be material to these financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Future accounting policies:

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

- IAS 1, *Presentation of Financial Statements*, has been amended to require entities to separate items presented in Other Comprehensive Income ("OCI") into two groups, based on whether or not items may be recycled in the future.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- Entities that choose to present OCI items before tax will be required to show the amount of tax related to the two groups separately. The amendment is effective for annual periods beginning on or after July 1, 2012 with earlier application permitted.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

a) Rehabilitation Provisions

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

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

b) Exploration and Evaluation Expenditures

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

c) Title to Mineral Property Interests

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

d) Share-based Payment Transactions

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

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

5. RECLAMATION BONDS

Included in Mineral Exploration and Development Costs as at December 31, 2012, is the Company's aggregate reclamation bonds posted with the Mining and Minerals Division of the British Columbia Government in the amount of $97,400 (March 31, 2012 - $119,900). In October 2012 the Company received a refund of $22,500 related to the Auro claims. The remaining bonds cover the future site restoration costs with respect to the Seel and Ox claims. All or part of the $97,400 can be recovered subject to the inspection of the sites and assessment of the restoration costs by the Mining and Minerals Division of the British Columbia Government.

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

6. MINERAL PROPERTIES

The Company owns the following two contiguous claim groups collectively known as the Ootsa Property:

Seel Property

- 100% interest in the Seel Property, located in central British Columbia, comprised of 25 claims totalling 11,858 hectares. Of these 25 claims, 17 claims totalling 8,466 hectares are subject to a 1% Net Smelter Return ("NSR"). The purchase agreement with the vendor, Rupert Seel , has no buyout provision entitling the Company to purchase any portion or all of the 1% NSR. The remaining 8 mineral claims were acquired by staking and accordingly there is no NSR payable. In January 2013 the Company staked 1 additional claim comprised of 1,479 hectares thereby bringing the overall totals to 26 claims totaling 13,337 hectares.

Ox Property

- 100% interest in the Ox property, located in central British Columbia, comprised of 38 mineral claims totalling 10,868 hectares. Of these 38 mineral claims, 14 claims totalling 575 hectares are subject to a 2% NSR. The purchase agreement with the vendor, Silver Standard Resources Inc., ("Silver") entitles the Company to purchase a 1% portion of the 2% NSR from Silver at any time by the payment to Silver of $500,000. The Company may purchase the remaining 1% NSR at any time by payment to Silver of an additional $1,000,000. In November 2012 the Company an additional 13 mineral claims totalling 22,875 hectares were acquired by staking and accordingly there is no NSR payable. In February 2013, the Company staked 1 additional claim comprised of 479 hectares thereby bringing the overall totals to 52 claims totaling 34,222 hectares.

There are now a total of 78 contiguous claims owned by the Company, totalling 47,559 hectares in the Seel and Ox properties.

Auro Property

Separate from the Ootsa Property, the Company owns a 2% NSR arising from the sale of its mineral interest in the following group of claims:

During January 2010 through April 2010, the Company acquired a 100% interest the Auro Property comprise of 17 mineral claims totalling 21,3481 hectares known as the Auro and Auro South claims located in central British Columbia. The Company retained a 2% NSR on all the claims, of which 1% can be purchased by the Company at any time for $500,000.

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

a) A minimum of $500,000 during the balance of 2012 – deferred and added to the calendar year 2013 amount of $500,000 for a total of $1,000,000 in 2013,
b) A minimum of an additional $500,000 during calendar year 2013, and
c) A minimum of an additional $500,000 during calendar year 2014

6. MINERAL PROPERTIES (continued)

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

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

The sale arrangement with New Gold did not include the recovery of the Company's $22,500 rehabilitation bond which was refunded to the Company by the Government of British Columbia in October 2012.

6. MINERAL PROPERTIES (continued)

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

(a) Mineral Property Costs for the Nine Months Ended December 31, 2012

	Seel	Ox	Auro	Total
Property acquisition costs				
Balance, beginning of the period	$ 326,347	$ 280,000	$ -	$ 606,347
Cash costs	40,299	-	-	40,299
Balance, end of the period	366,646	280,000	-	646,646
Deferred exploration and development costs				
Balance, beginning of the period	6,814,805	908,842	22,500	7,746,147
Incurred during the period:				
Drilling, blasting and trenching	4,421,201	-	-	4,421,201
Barge	75,653	-	-	75,653
Geology	280,092	-	-	280,092
Geophysics	82,522	-	-	82,522
Consulting fees	15,561	-	-	15,561
Field costs	709,090	-	-	709,090
Reclamation bond	-		(22,500)	(22,500)
Travel	32,274	-	-	32,274
Assaying	753,284	-	-	753,284
Camp costs	257,520	-	-	257,520
Roads	109,914	-	-	109,914
Fuel	328,725	-	-	328,725
Insurance	6,789	-	-	6,789
Mapping	59,300	-	-	59,300
BC tax credit refund	(5,187)	-	-	(5,187)
Wages and related expenses	654,127	-	-	654,127
Total expenditures during the period	7,780,865	-	(22,500)	7,758,365
Total expenditures, end of the period	14,595,670	908,842	-	15,504,512
Balance, end of the period	$ 14,962,316	$ 1,188,842	$ -	$ 16,151,158

6. MINERAL PROPERTIES (continued)

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

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

7. EQUIPMENT AND CAMP BUILDINGS

	CONTINUITY SCHEDULE				
	Office equipment	**Camp Vehicles and Equipment**	**Camp Buildings**	**Bridge**	**Total**
Cost					
Balance at March 31, 2011	3,515	46,218	-	-	49,733
Additions	3,574	47,916	-	-	51,490
Disposals	-	-	-	-	-
Balance at March 31, 2012	7,089	94,134	-	-	101,223
Additions	11,936	-	158,000	32,855	202,791
Disposals	-	-	-	-	-
Balance at December 31, 2012	19,025	94,134	158,000	32,855	304,014
Depreciation and impairment					
Balance at March 31, 2011	2,820	6,942	-	-	9,762
Additions	745	17,634	-	-	18,379
Disposals	-	-	-	-	-
Balance at March 31, 2012	3,565	24,576	-	-	28,141
Additions	4,339	13,850	11,575	1,096	30,860
Disposals	-	-	-	-	-
Balance at December 31, 2012	7,904	38,426	11,575	1,096	59,001
Carrying amounts					
At March 31, 2012	3,524	69,558	-	-	73,082
At December 31, 2012	11,121	55,708	146,425	31,759	245,013

8. RELATED PARTY TRANSACTIONS

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

	For the nine months ended December 31, 2012	2011
Management fees - mineral property costs	$ 127,000	$ 136,537
Professional fees - legal	24,785	-
Professional fees - administration	24,300	-
Management and administration	163,500	59,000
	$ 339,585	$ 195,537

Key management personnel compensation:

	For the nine months ended December 31, 2012	2011
Management fees	$ 339,585	$ 195,537

Non-key management personnel compensation:

	For the nine months ended December 31, 2012	2011
Directors fees	$ 24,000	$ -

9. SHARE CAPITAL AND CONTRIBUTED SURPLUS

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

(b) Issued and fully paid:

	Number of Shares	Amount
Balance – March 31, 2012	24,532,884	$ 22,708,764
Issued for cash – flow through	1,111,075	1,599,381
Issued for cash – non flow through	1,100,000	1,210,000
Exercise of warrants	3,455,498	2,095,799
Exercise of options	119,000	62,000
Less: share issue costs		(8,133)
Less: share issue costs SBC		(121,388)
Balance – December 31, 2012	30,318,457	$ 27,546,423

9. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

Transactions during the Nine Months Ended December 31, 2012

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

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

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

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

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

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

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

9. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

In October 2012, as part of entering into a Letter of Understanding with the Cheslatta Carrier Nation ("Cheslatta") located in British Columbia, the Company issued 150,000 share purchase warrants to the Cheslatta entitling them, for each warrant held, to purchase one common share of the Company at any time prior to October 12, 2017 at a price of $1.50 per common share.

Transactions during the Year ended March 31, 2012

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

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

(c) Share purchase warrants:

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

As at December 31, 2012 outstanding share purchase warrants are:

Number of Warrants	Exercise Price	Expiry Date
240,000	$0.60	February 7, 2013
800,000	$0.60	March 3, 2013
2,055,000	$0.90	July 14, 2013
968,333	$0.90	September 15, 2013
300,000	$0.75	May 28, 2013
1,100,000	$1.40	June 26, 2014
250,000	$1.50	October 12, 2017
811,075	$2.50	October 30, 2013
6,524,408		

9. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

(d) Agents' warrants:

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

	Number of Warrants	Weighted Average Exercise Price
Balance, March 31, 2011	366,564	$0.59
Expired	(75,000)	$0.75
Exercised	(150,000)	$0.50
Balance, March 31, 2012	141,564	$0.60
Issued	18,750	$2.50
Exercised	(139,653)	$0.60
Expired	(1,911)	$0.60
Balance, December 31, 2012	18,750	$2.50

As at December 31, 2012 outstanding agent's warrants are:

Number of Warrants	Exercise Price	Expiry Date
18,750	$2.50	October 30, 2013

(e) Nature and Purpose of Equity and Reserves

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

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

(f) Stock options:

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

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

9. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

(f) Stock options (continued):

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

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

9. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

(f) Stock options (continued):

A summary of the Company's option transactions for the nine months ended December 31, 2012 is as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Contractual Life (years)
Balance, March 31, 2011	1,528,473	$0.35	2.54
Granted	78,000	$0.50	
Granted	223,000	$0.65	
Granted	100,000	$0.70	
Granted	1,158,000	$0.60	
Granted	22,754	$0.70	
Granted	96,000	$0.60	
Exercised	(712,939)	$0.20	
Exercised	(10,000)	$0.45	
Forfeited / cancelled	(30,000)	$0.50	
Balance, March 31, 2012	2,453,288	$0.57	3.67
Granted	161,000	$0.83	
Granted	253,429	$1.50	
Granted	112,950	$1.41	
Exercised	(50,000)	$0.45	
Exercised	(10,000)	$0.50	
Exercised	(5,000)	$0.50	
Exercised	(24,000)	$0.50	
Exercised	(20,000)	$0.65	
Exercised	(10,000)	$0.70	
Forfeited / cancelled	(67,000)	$0.50	
Forfeited / cancelled	(5,000)	$0.60	
Forfeited / cancelled	(5,000)	$0.70	
Balance, December 31, 2012	2,784,667	$0.65	3.66

9. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

(f) Stock options (continued)

As at December 31, 2012 outstanding stock options are:

Number of Options	Exercise Price	Expiry Date
100,800	$0.30	March 31, 2015
50,000	$0.45	June 8, 2015
95,000	$0.45	July 13, 2015
290,934	$0.50	January 7, 2016
38,800	$0.50	February 7, 2013
75,000	$0.60	March 3, 2013
42,000	$0.50	May 18, 2016
203,000	$0.65	July 14, 2016
85,000	$0.70	September 20, 2016
1,158,000	$0.60	January 3, 2017
22,754	$0.70	January 23, 2017
96,000	$0.60	March 30, 2017
161,000	$0.83	June 12, 2017
253,429	$1.50	June 27, 2017
112,950	$1.41	October 31, 2017
2,784,667		

The model inputs for options granted during the nine months ended December 31, 2012 included:

Grant Date	Expiry Date	Share Price At Grant Date	Exercise Price	Risk-Free Interest Rate	Expected Life	Volatility Factor	Dividend Yield
June 12, 2012	June 12, 2017	$0.87	$0.83	1.02	5 years	1.6070	0
June 27, 2012	June 27, 2017	$1.40	$1.50	1.00	5 years	1.6312	0
October 31, 2012	October 31, 2017	$1.39	$1.41	1.08	5 years	1.6514	0

9. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

(f) Stock options (continued)

The model inputs for finders warrants granted during the nine months ended December 31, 2012 included:

Grant Date	Expiry Date	Share Price At Grant Date	Exercise Price	Risk-Free Interest Rate	Expected Life	Volatility Factor	Dividend Yield
October 30, 2012	October 30, 2013	$1.41	$2.50	1.11	1 year	1.2138	0

(g) Contributed Surplus:

During the nine months ended December 31, 2012, $622,548 was recorded as stock-based compensation expense (Year ended March 31, 2012 - $934,050) related to the granting of 527,379 incentive stock options (Year ended March 31, 2012 – 1,677,754).

A continuity of contributed surplus is as follows:

	For the Nine Months ended December 31, 2012	For the Year Ended March 31, 2012
Balance, beginning of period	2,025,905	1,302,790
Stock-based compensation - expensed	622,548	934,050
Stock-based compensation - share issue costs	8,133	
Adjustment to contributed surplus on the exercise of stock options	-	(210,935)
Balance, end of period	2,656,586	2,025,905

10. FINANCIAL INSTRUMENTS, MANAGEMENT OF CAPITAL AND FINANCIAL RISK

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

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

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

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

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

Financial Instrument Risk Exposure and Risk Management

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

(a) Credit risk:

Credit risk is the risk of potential loss to the Company if a counter party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash and cash equivalents and amounts receivable. The Company limits exposure to credit risk arising from its cash and cash equivalents by maintaining its cash and cash equivalents with high credit quality financial institutions. The Company's receivables consist of sales taxes due from the Federal Government of Canada. The Company has not experienced and does not expect to experience any bad debts on its receivables outstanding at December 31, 2012.

(b) *Liquidity risk*:

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

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

(c) *Market risk*:
The market risk exposures to which the Company is exposed are interest rate risk and foreign currency exchange risk.

(*i*) Interest rate risk:

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

(*ii*) Foreign currency exchange risk:

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

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

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

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

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

The capital of the Company consists of shareholders' equity - $18,370,297 (March 31, 2012 - $14,159,871).

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

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

11. SEGMENTED INFORMATION

During the nine months ended December 31, 2012 and 2011, the Company operated in one reportable operating segment, being the acquisition, exploration and development of mineral properties. Administrative expenses and working capital balances are located in Canada.

12. COMMITMENTS AND CONTINGENCIES

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

2013	$47,340
2014	71,562
2015	72,123
2016	36,346

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

2013	$11,835
2014	17,891
2015	18,031
2016	9,086

13. SUBSEQUENT EVENTS

In January and February 2013, the Company staked an additional 2 claims comprised of 1,958 hectares, all of which are contiguous to the Ootsa Property claims owned by the Company.

In February 2013, 240,000 share purchase warrants were exercised at a price of $0.60 per share and 38,800 stock options were exercised at a price of $0.50 per share.