Condensed Consolidated Interim Financial Statements
(Unaudited)

(Stated in Canadian Dollars)

WOLFDEN RESOURCES CORPORATION

September 30, 2012

NOTICE TO SHAREHOLDERS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2012

WOLFDEN RESOURCES CORPORATION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited condensed consolidated interim financial statements of Wolfden Resources Corporation were prepared by management in accordance with International Financial Reporting Standards ('IFRS"). Management acknowledges responsibility for the preparation and presentation of the unaudited condensed consolidated interim financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Corporation's 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 unaudited condensed consolidated interim 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 unaudited condensed consolidated interim financial statements and (ii) the unaudited condensed consolidated interim financial statements fairly present in all material respects the financial position, results of operations and cash flows of the Corporation, as of the date of and for the periods presented by the unaudited condensed consolidated interim financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited condensed consolidated interim financial statements together with other financial information of the Corporation 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 unaudited condensed consolidated interim financial statements together with other financial information of the Corporation. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited condensed consolidated interim financial statements together with other financial information of the Corporation for issuance to the shareholders.

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

In accordance with National Instrument 51-102 released by the Canadian Securities Administration, the Corporation discloses that its auditors have not reviewed the unaudited condensed consolidated interim financial statements for the period ended September 30, 2012.

Wolfden Resources Corporation
(Incorporated under the laws of Ontario)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Stated in Canadian Dollars)
(Unaudited)

	As at September 30 2012 $	As at December 31 2011 $
ASSETS		
Current assets		
Cash and cash equivalents	**103,962**	814,376
Accounts receivable	**37,490**	46,580
Prepaids and deferred transaction costs	**119,066**	66,003
Total current assets	**260,518**	926,959
Non-current assets		
Equipment and leaseholds *[note 6]*	**102,344**	22,292
Total assets	**362,862**	949,251
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	**200,149**	109,752
Short term note payable *[note 5]*	**125,309**	-
Total current liabilities	**325,458**	109,752
EQUITY		
Share capital *[note 8]*	**5,714,166**	5,547,672
Reserves *[note 8]*	**214,833**	(95,601)
Deficit	**(5,891,595)**	(4,612,572)
Total equity	**37,404**	839,499
Total liabilities and equity	**362,862**	949,251

Commitments *[note 11]*
Subsequent events *[note 14]*

See accompanying notes to the condensed consolidated interim financial statements

These condensed consolidated financial statements are authorized for issue by the Board of Directors on November 21, 2012

They are signed on the Corporation's behalf by:

"Don Hoy"	*"William McCrindle"*
Director	Director

Wolfden Resources Corporation

(Incorporated under the laws of Ontario)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS

(Stated in Canadian Dollars)
(Unaudited)

	For the three months ended September 30		For the nine months ended September 30	
	2012	2011	**2012**	2011
	$	$	$	$
REVENUE				
Investment income	**-**	2,486	**3,352**	4,454
EXPENSES				
Depreciation *[note 6]*	**5,967**	1,015	**10,698**	1,015
Share-based payments *[note 8]*	**-**	-	**312,570**	-
General and administrative	**189,274**	120,234	**424,073**	185,312
Professional fees	**24,955**	12,749	**28,966**	46,431
Exploration expenses *[note 7]*	**47,880**	164,121	**500,711**	664,375
Exchange loss/(gain)	**1,719**	(6,673)	**5,357**	(1,543)
	269,795	291,446	**1,282,375**	895,590
Loss for the period	**(269,795)**	(288,960)	**(1,279,023)**	(891,136)
Exchange differences on translation of foreign operations	**(2,135)**	-	**2,136**	-
Loss and comprehensive loss for period	**(267,660)**	(288,960)	**(1,281,159)**	(891,136)
Basic and diluted loss per share *[note 9]*	**(0.01)**	(0.01)	**(0.05)**	(0.04)

See accompanying notes to the condensed consolidated interim financial statements

Wolfden Resources Corporation

(Incorporated under the laws of Ontario)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOW

FOR THE NINE MONTHS ENDED SEPTEMBER 30

(Stated in Canadian Dollars)
(Unaudited)

	2012 $	2011 $
OPERATING ACTIVITIES		
Loss and comprehensive loss for the period	**(1,281,159)**	(891,136)
Add charges to earnings not involving a current payment (receipt) of cash		
Depreciation	**10,698**	1,015
Share-based payments	**312,570**	-
	(957,891)	(890,121)
Changes in non-cash working capital balances related to operations		
Accounts receivable	**9,090**	(15,989)
Prepaids and deferred transaction costs	**(53,063)**	(1,081)
Accounts payable and accrued liabilities	**90,397**	(9,064)
Short term note payable	**125,309**	-
Cash used in operating activities	**(786,158)**	(916,255)
INVESTMENT ACTIVITIES		
Purchase of equipment and leaseholds	**(90,750)**	(27,068)
Cash used in investment activities	**(90,750)**	(27,068)
FINANCING ACTIVITIES		
Shares issued in private placements	**180,000**	1,273,750
Share issue costs	**(13,506)**	-
Cash provided by financing activities	**166,494**	1,273,750
Increase (decrease) in cash position during period	**(710,414)**	330,427
Cash, beginning of period	**814,376**	1,115,389
Cash, end of period	**103,962**	1,445,816

See accompanying notes to the condensed consolidated interim financial statements

Wolfden Resources Corporation
(Incorporated under the laws of Ontario)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Stated in Canadian Dollars)
(Unaudited)

	Share Capital				Reserves				
Issued and outstanding:	Number of Shares	Share Capital	Shares subscribed	Warrants	Equity Settled Employee Benefits	Agents Options	Foreign exchange differences	Deficit	Total Equity
Balance as at December 31, 2010	19,958,333	4,273,922	-	-	-	-	(59,717)	(3,243,054)	971,151
Private placements	5,095,000	1,273,750	-	-	-	-	-	-	1,273,750
Loss and comprehensive loss for the period	-	-	-	-	-	-	-	(891,136)	(891,136)
Balance as at September 30, 2011	25,053,333	5,547,672	-	-	-	-	(59,717)	(4,134,190)	1,353,765
Loss and comprehensive loss for the period	-	-	-	-	-	-	(35,884)	(478,382)	(514,266)
Balance as at December 31, 2011	25,053,333	5,547,672	-	-	-	-	(95,601)	(4,612,572)	839,499
Private placement	720,000	180,000	-	-	-	-	-	-	180,000
Share-based payments	-	-	-	-	312,570	-	-	-	312,570
Share issue costs	-	(13,506)	-	-	-	-	-	-	(13,506)
Loss and comprehensive loss for the period	-	-	-	-	-	-	(2,136)	(1,279,023)	(1,281,159)
Balance as at September 30, 2012	**25,773,333**	**5,714,166**	**-**	**-**	**312,570**	**-**	**(97,737)**	**(5,891,595)**	**37,404**

See accompanying notes to the condensed consolidated interim financial statements

Wolfden Resources Corporation

(Incorporated under the laws of Ontario)

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Stated in Canadian Dollars)
(Unaudited)

For the nine months ended September 30, 2012
(with comparative figures for the year ended December 31, 2011)

1. NATURE OF BUSINESS

Wolfden Resources Corporation (the "Corporation" or "Wolfden") was incorporated under the laws of the Province of Ontario on August 12, 2009. The principal business activity of the Corporation is the acquisition, exploration and development of mineral properties that it believes contain mineralization that will be economically recoverable in the future.

On April 23, 2010, the Corporation acquired all of the outstanding and issued shares in the capital of MPC Sub Corporation ("MPC Subco") from Mineral Processing Corporation ("MPC").

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The condensed consolidated interim financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements.

Basis of Consolidation

The Corporation's financial statements consolidate those of the parent Corporation and all of its subsidiary's undertakings drawn up to September 30, 2012. Subsidiaries are all entities over which the Corporation has the power to control the financial and operating policies. The Corporation obtains and exercises control through more than half of the voting rights. The subsidiary has a year end of December 31. The Corporation's subsidiary is:

	Percentage of ownership	Jurisdiction	Principal activity
MPC Sub Corporation	100%	Michigan	Mineral exploration

All transactions and balances between the Corporation and its subsidiary are eliminated on consolidation, including unrealized gains and losses on transactions between the companies. Where unrealized losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of its subsidiary have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Corporation.

Profit or loss and other comprehensive income or loss of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Business Combinations

For business combinations occurring since January 1, 2010, the requirements of IFRS 3 have been applied. The consideration transferred by the Corporation to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Corporation, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Corporation recognizes identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognised amount of any non-controlling interest in the acquiree and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

Joint Operations

Operations that are jointly owned or jointly controlled by the Corporation and other venturers independent of the Corporation (joint ventures) are accounted for using the proportionate consolidation method, whereby the Corporation's share of the assets, liabilities, income and expenses is included line by line in the consolidated financial statements.

Unrealized gains and losses on transactions between the Corporation and its joint ventures are eliminated to the extent of the Corporation's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

Amounts reported in the financial statements of jointly controlled entities have been adjusted where necessary to ensure consistency with the accounting policies of the Corporation.

Foreign currency translation

The condensed consolidated interim financial statements are presented in Canadian dollars (CDN), which is also the functional currency of the parent Corporation.

Foreign currency transactions are translated into the functional currency of the respective Corporation, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year-end exchange rates are recognised in profit or loss.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

In the Corporation's financial statements, all assets, liabilities and transactions of Corporation entities with a functional currency other than the CDN (the Corporation's presentation currency) are translated into CDN upon consolidation. The functional currency of the entities in the Corporation have remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into CDN at the closing rate at the reporting date. Income and expenses have been translated into the Corporation's presentation currency at the average rate over the reporting period. Exchange differences are charged/credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation the cumulative translation differences recognised in equity are reclassified to profit or loss and recognised as part of the gain or loss on disposal. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into CDN at the closing rate.

Financial instruments

Financial assets and financial liabilities are recognised when the Corporation becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value adjusted by transactions costs, and subsequently accounted for at amortized cost, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

Financial assets and financial liabilities are measured subsequently as described below.

Financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- loans and receivables
- financial assets at fair value through profit or loss
- held-to-maturity investments
- available-for-sale financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that the recoverable amount of a financial asset or a group of financial assets exceeds its carrying amount. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within 'general and administrative costs', 'investment income' or 'other income'.

<u>Loans and receivables</u>

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Corporation's cash and cash equivalents, and accounts receivable fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty may default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of derivative financial instruments are determined by reference to active market transactions or using a valuation technique where no active market exists.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as held-to-maturity if the Corporation has the intention and ability to hold them until maturity. The Corporation currently does not hold any investments designated into this category.

Held-to-maturity investments are measured subsequently at amortised cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognised in profit or loss.

Available-for-sale financial assets

Available-for-sale ("AFS") financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets.

All other available-for-sale financial assets are measured at fair value. Gains and losses are recognised in other comprehensive income and reported within the available-for-sale reserve within equity, except for impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income. Interest calculated using the effective interest method and dividends are recognised in profit or loss within 'finance income'.

Reversals of impairment losses are recognised in other comprehensive income, except for financial assets that are debt securities which are recognised in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognised.

Financial liabilities

The Corporation's financial liabilities include accounts payable and accrued liabilities.

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit or loss, that are carried subsequently at fair value with gains or losses recognised in profit or loss.

All derivative financial instruments that are not designated and effective as hedging instruments are accounted for at fair value through profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within 'general and administrative costs'.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each financial position reporting date. Financial assets are impaired where there is objective evidence that, a a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flow of the investment have been impacted. For unlisted shares classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

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

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

For certain categories of financial assets, such as amounts receivable, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an amount receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credit against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decreases can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. In respect of AFS equity securities, impairment loses previously recognized through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

Exploration and Evaluation

The Corporation is in the process of exploring its mineral properties and chooses to expense acquisition costs for property rights. Mineral property acquisition costs include the cash consideration given, direct legal costs incurred for the acquisition, and issuance of shares for mineral property interests. Where the Corporation has entered into an option agreement for the acquisition of an interest in a mineral property which provides for periodic payments, such amounts unpaid are not recorded as a liability since they are payable entirely at the Corporation's discretion.

The Corporation has adopted the policy of expensing exploration costs and periodic maintenance costs incurred prior to the determination that a property has economically recoverable reserves.

Equipment and leaseholds

Equipment and leaseholds are stated at historical cost less accumulated depreciation and any provision for impairment in value. Cost includes the purchase price, any directly attributable costs of bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, and the present value of the estimated costs of decommissioning and restoration, if applicable. Costs relating to major upgrades are included in buildings and equipment if it is probable that future economic benefits associated with the expenditure will flow to the Corporation.

Depreciation on equipment is recognised on a declining balance basis to write down the cost or valuation less estimated residual value of equipment. Depreciation on leaseholds is recognized on the straight-line basis over the term of the lease, which is 5 years. The rates generally applicable are:

Vehicles	30%
Leaseholds	Straight line over term

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Gains or losses arising on the disposal of equipment are determined as the difference between the disposal proceeds and the carrying amount of the equipment and are recognised in profit or loss within 'other income' or 'other expenses'.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Impairment of non-financial assets

At each financial position reporting date the carrying amounts of the Corporation's non-financial assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less that its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Share capital

Share capital represents the fair value of consideration received. Equity instruments are contracts that give a residual interest in the net assets of the Corporation. Financial instruments issued by the Corporation are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Corporation’s common shares, contributed surplus, share options and share warrants are classified as equity instruments. Incremental costs directly attributable to the issue of new shares, options or warrants are shown in equity as a deduction, net of tax, from the proceeds.

The Corporation periodically issues units to investors consisting of common shares and warrants in non-brokered private placements. Each whole warrant issued entitles the holder to acquire a common share of the Corporation, at a fixed Canadian dollar price over a specified term. These warrants are not transferable from the original investor to a new investor. The Corporation’s investor warrants are equity instruments and not financial liabilities or financial derivatives. Accordingly, gross investor proceeds received from the issuance of units are accounted for as an increase in share capital. No separate valuation (i.e. “bifurcation”) of investor warrants is made for accounting purposes at the time of issuance or at any time thereafter.

When investor or other warrants are exercised, the proceeds received are added to share capital. When investor or other warrants expire unexercised, no accounting entry is recorded.

Share-based payment transactions

The Corporation operates equity-settled share-based remuneration plans for its employees, directors and consultants. None of the Corporation's plans feature any options for a cash settlement.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted. This fair value is determined at the grant date.

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to 'reserves'.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit or other current tax activities, which differs from profit or loss in the financial statements. Calculation of current tax expense is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Corporation and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income. To the extent that the Corporation does not consider it probable that a future tax asset will be recovered, it provides a valuation allowance against the excess.

Deferred tax assets and liabilities are offset only when the Corporation has a right and intention to offset current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of taxable income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

Provisions

Provisions are recognized when the Corporation or its subsidiaries have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost. Contingent liabilities are not recognized in the financial statements, if not estimable and probable, and are disclosed in notes to the financial information unless their occurrence is remote. Contingent assets are not recognized in the financial statements, but are disclosed in the notes if their recovery is deemed probable.

Environmental rehabilitation

Provisions for environmental rehabilitation are made in respect of the estimated future costs of closure and restoration and for environmental rehabilitation costs (which include the dismantling and demolition of infrastructure, removal of residual materials and remediation of disturbed areas) in the accounting period when the related environmental disturbance occurs. The provision is discounted using a pre-tax rate, and the unwinding of the discount is included in finance costs. At the time of establishing the provision, a corresponding asset is capitalized and is depreciated over future production from the mining property to which it relates. The provision is reviewed on an annual basis for changes in cost estimates, discount rates and operating lives. Changes to estimated future costs are recognized in the statement of financial position by adjusting the rehabilitation asset and liability. If, for mature mines, the revised mine assets net of rehabilitation provisions exceeds the carrying value, that portion of the increase is charged directly to expenses. For closed sites, changes to estimated costs are recognized immediately in the profit and loss.

Loss per share

The Corporation presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Corporation by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

Segment reporting

An operating segment is a component of an entity (i) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), (ii) whose operating results are regularly reviewed by the entity's management, and (iii) for which discrete financial information is available. The Corporation's operating segments are its separately identifiable exploration and evaluation properties [see note 7].

Significant accounting judgements and estimates

The preparation of these condensed consolidated interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The condensed consolidated interim financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the condensed consolidated interim financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the balance sheet 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:

i. the recoverability of amounts receivable which are included in the condensed consolidated interim statement of financial position;

ii. the estimated useful lives of equipment and leaseholds which are included in the condensed consolidated interim statement of financial position and the related depreciation included in the condensed consolidated interim statement of comprehensive loss;

iii. the inputs used in accounting for share purchase option expense in the condensed consolidated interim statement of comprehensive loss; and

iv. the provision for income taxes which is included in the condensed consolidated interim statements of comprehensive loss and composition of deferred income tax liabilities included in the condensed consolidated interim statement of financial position.

Interest

Interest income and expenses are reported on an accrual basis using the effective interest method.

Operating expenses

Operating expenses are recognised in profit or loss upon utilization of the service or at the date of their origin.

3. RECENT ACCOUNTING PRONOUNCEMENTS

The Corporation has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Corporation has not yet early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its consolidated financial statements.

a) Accounting Standards Issued and Effective January 1, 2013

IFRS 9, Financial Instruments, replaces the current standard IAS 39, Financial Instruments: Recognition and Measurement, replacing current classification and measurement criteria for financial assets and liabilities with only two classification categories: amortized cost and fair value.

IFRS 10, Consolidated Financial Statements, establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. This standard:

- Requires a parent entity (an entity that controls one or more other entities) to present consolidated financial statements;
- Defines the principle of control, and establishes control as the basis for consolidated;
- Sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee; and
- Sets out the accounting requirements for the preparation of consolidated financial statements

IFRS 10 supersedes IAS 27 and SIC-12, Consolidation - Special Purpose Entities.

IFRS 11, Joint Arrangements, establishes the core principle that a party to a joint arrangement determines the type of joint arrangements in which it is involved by assessing its rights and obligations and accounts for those rights and obligations in accordance with the type of joint arrangement.

IFRS 12, Disclosure of Involvement with Other Entities, requires the disclosure of information that enables users of consolidated financial statements to evaluate the nature of and risks associated with, its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

IFRS 13, Fair Value Measurement, 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 another IFRS requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except for the following:

- Share-based payment transactions within the scope of IFRS 2, Share-based Payment;
- Leasing transactions within the scope of IAS 17, Leases;
- Measurements that have some similarities to fair value but that are not fair value, such as net realizable value in IAS2, Inventories, or value in use in IAS 36, Impairment Assets.

IAS 27, Separated Financial Statements, has the objective of setting standards to be applied in accounting for investments in subsidiaries, jointly ventures, and associates an entity elects, or is required by local regulations, to present separate (non-consolidated) financial statements.

IAS 28, Investments in Associates and Joint Ventures, prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. IAS 28 applies to all entities that are investors with joint control of, or significant influence over, an investee (associated or joint venture).

IFRIC Interpretation 20, Stripping Costs in the Production Phase of a Surface Mine, summarizes the method of accounting for waste removal costs incurred as a result of surface mining activity during the production phase of a mine.

4. SEGMENTED INFORMATION

The Corporation's significant segments are represented by its separately identifiable exploration and evaluation properties (see *note 7* for disclosure by property). The Corporation also operates in two distinct geographic areas. The Canadian operations are managed from the Corporation's head office in Thunder Bay.

	NON-CURRENT ASSETS		LOSS AND COMPREHENSIVE LOSS	
Country / Region	**As at September 30, 2012**	As at December 31, 2011	**Period ended September 30, 2012**	Period ended December 31, 2011
	$	**$**	**$**	$
Canada	**102,344**	22,292	**1,031,272**	693,244
U.S.A.	**-**	-	**249,887**	712,158
	102,344	22,292	**1,281,159**	1,405,402

5. SHORT TERM NOTE PAYABLE

On March 29, 2012, the Corporation entered into the Loan Facility with Ewan Downie, Director of the Corporation, as amended on September 12, 2012, whereby amounts drawn down on the facility incur interest at 10% per annum and mature on November 30, 2012. Any principal and interest outstanding on the maturity date of the Loan Facility may be converted into Common Shares at the election of the holder at a 10% discount to the prior day's closing price of the Common Shares on a stock exchange in North America, provided that the holder may also elect to convert the principal amount of the Loan plus accrued interest thereon into Common Shares at the time of or in connection with the initial public offering by the Corporation of its Common Shares, in which case, the conversion price for such conversion shall be equal to the offering price per Common Share in connection with the IPO. If the Common Shares are not listed on a stock exchange in North America on the Maturity Date, the principal and accrued interest are not convertible into Common Shares under the Loan Facility. At period end, $125,309 [2011 - $NIL] is outstanding on the facility.

6. EQUIPMENT AND LEASEHOLDS

	Vehicles	**Leaseholds**	**Total**
	$	**$**	**$**
Cost			
Balance, January 1, 2011	-	-	-
Assets acquired	27,068	-	27,068
Balance, December 31, 2011	27,068	-	27,068
Assets acquired	-	90,750	90,750
Balance, September 30, 2012	**27,068**	**90,750**	**117,818**
Accumulated depreciation			
Balance, December 31, 2011	4,776	-	4,776
Depreciation for the period	4,648	6,050	10,698
Balance, September 30, 2012	**9,424**	**6,050**	**15,474**
Carrying amounts			
December 31, 2011			22,292
September 30, 2012			**102,344**

7. EXPLORATION AND EVALUATION ASSETS

	Carlton / Aitkin	**Rum River**	**Other**	**Total for current period**	**Total inception to date**
Analytical / Sampling	-	-	390	**390**	103,641
Geological	-	356	21,408	**21,764**	365,878
Geophysical	-	25,934	145,027	**170,961**	218,369
Transportation/ Accommodation	-	2,107	500	**2,607**	20,194
Exploratory Drilling	4,209	-	-	**4,209**	219,524
Operations Support	6	696	8,882	**9,584**	26,342
Administration	690	46	240	**976**	13,974
Total Exploration	4,905	29,139	176,447	**210,491**	967,922
Acquisition/ Development Costs	81,132	119,088	90,000	**290,220**	3,638,591
Total	86,037	148,227	266,447	**500,711**	4,606,513

Mineral property acquisitions and agreements

Carlton / Aitkin and Rum River Properties

As a part of the acquisition of MPC Subco, the Corporation acquired the right, title, and interest to mineral property interests located in Carlton, Aitkin, Kanabec and Mille Lacs counties in Minnesota. The Corporation relinquished its interest in the Rum River properties, as well as a portion of the Carlton-Aitkin properties, located in Minnesota U.S.A. The Corporation now retains only its interest in the Lawman leases that are part of the Carlton-Aitkin property.

Armstrong agreement

On September 19, 2011 the Corporation signed an agreement, which was amended on September 12, 2012, to acquire a 100% interest in the Armstrong Property located in New Brunswick. As consideration, the Corporation is required to make the following payments: (i) $40,000 cash payment was paid upon signing the agreement ; (ii) $70,000 in exploration expenditures before the Corporation lists on the stock exchange (this has been satisfied by the Corporation); (iii) $30,000 in cash payment on the date the Corporation lists on the stock exchange; (iv) $90,000 worth of common shares on or prior to January 17, 2013; (v) $40,000 in cash payment and $40,000 worth of common shares on or prior to January 17, 2014; (vi) $40,000 in cash payment, $40,000 worth of common shares and $2,500,000 of exploration expenditures ($1,250,000 on diamond drilling) on or prior to January 17, 2015; (vii) $25,000 in cash payment, and $25,000 worth of common shares on or prior to January 17, 2016; and (viii) $25,000 in cash payment, and $25,000 worth of common shares and an additional $2,500,000 of exploration expenditures on or prior to January 17, 2017.

There is a 1.5% NSR on the property in favour of the vendor, 0.5% of the NSR can be purchased by the Corporation for $2,000,000 on or before delivery of a positive feasibility study. An additional 0.5% of the NSR can be purchased for $2,500,000 on or before commencement of commercial production.

The Corporation is required to make $25,000 annual advance royalty payments after the Corporation acquires a 100% interest in the property until delivery of a positive feasibility study. $50,000 in annual advance royalty payments shall be made following delivery of a positive feasibility study up until the first anniversary date following commercial production. Advance royalty payments are deductible against proceeds of the NSR.

Bonus cash payments to vendor are as follows: (i) $25,000 and $50,000 worth of common shares upon discovery of volcanic-hosted massive sulphides ("VHMS") in situ on the property greater than 5% lead-zinc-copper over 1 metre; (ii) $125,000 cash and $150,000 worth of common shares upon delineation of a VHMS deposit in excess of 1,000,000 tonnes (greater than 5% lead-zinc-copper)

Penalty payments to the vendor are as follows: (i) $25,000 in the event the Corporation does not list on a stock exchange in North America prior to March 19, 2012, and $25,000 in the event the Corporation does not list on a stock exchange in North America prior to October 17, 2012. $25,000 has been paid by the Corporation for not meeting the March 19, 2012 listing deadline.

Clarence Stream Agreements

(i) On March 7, 2012 the Corporation executed an agreement, which was amended March 29, 2012, and further amended September 6, 2012, to purchase a 30% interest in the Clarence Stream property located in New Brunswick from Rockport Mining Corp. ("RMC"). The amended agreement states that provided Wolfden obtains receipt for the preliminary prospectus on or before September 30, 2012, the agreement has amended the definition for the "Closing Date" to the date within 90 days of the Corporation's receipt of its Final Prospectus, and no later than November 30, 2012. On the Closing Date, RMC will sell, assign and transfer to the Corporation the Subject Interest and the Exploration Data, and the Corporation will purchase the Subject Interest and Exploration Data from RMC, for the following consideration:

(a) A non-refundable deposit of $75,000 paid on signing of the agreement;
(b) the sum of $1,000,000, payable by the Corporation to RMC (or its designated Affiliate); and
(c) the allotment and issuance by the Corporation to RMC (or its designated Affiliate, subject to compliance with Applicable Securities Laws), of that number of IPO Securities having a deemed aggregate value equal to $560,000 (the “Transaction Units”) at a price per Transaction Unit equal to the IPO price of the IPO Securities.

Following the Closing Date, the Corporation agrees to retain qualified RMC consultants and personnel (the "Consultants") to assist the Corporation with future exploration work with respect to the Property and pay such Consultants an aggregate of up to $5,000 per month at industry standard rates for a period of 12 months following the Closing Date for aggregate payments to the Consultants of $60,000. In the event exploration work ceases or is delayed during the 12 month period following the Closing Date, such retainer and payments will be delayed and such time deadline will be extended for a time equal to such period that exploration work on the Property has ceased or been delayed and the balance of the $60,000 not paid shall be carried forward until a total of $60,000 has been expended.

(ii) On January 13, 2012 the Corporation executed an agreement to purchase a 70% interest in the Clarence Stream property located in New Brunswick from Cliffs Chromite Ontario Inc ("Cliffs"). This agreement was amended on March 30, 2012, and then further amended on September 10, 2012 to extend the Effective Date of the agreement. On the Effective Date, Cliffs sold, assigned and transferred to the Corporation the Subject Interest and the Exploration Data, and the Corporation purchased the Subject Interest and Exploration Data from Cliffs, for the following consideration:

(a) the sum of $10, paid by the Corporation to Cliffs on the Effective Date;
(b) the sum of $2,000,000, payable by the Corporation to Cliffs (or its designated Affiliate) within five (5) Business Days of the Listing Date;
(c) the allotment and issuance by the Corporation to Cliffs (or its designated Affiliate, subject to compliance with Applicable Securities Laws), within five (5) Business Days of the Listing Date, of that number of Shares having a deemed aggregate value equal to $1,600,000 (the “Transaction Shares”) at a price per Share equal to the IPO price of the Shares;
(d) the grant by, and agreement of, the Corporation to pay on behalf of itself and its successors and assigns, and the reservation by Cliffs on behalf of itself and its successors and assigns of, a 1% net smelter returns royalty on the Property (the “Net Smelter Returns Royalty”) in perpetuity for each year with respect to all Minerals, all as more formally provided in the Royalty Agreement; and
(e) the assumption of certain liabilities by the Corporation.

There is a 2% and 1 % Net Smelter Royalty ("NSR") on the property, and the Corporation is required to make $15,000 advance royalty payments which are deductible against the 2% NSR.

On October 18, 2012 the Corporation completed its acquisition of a 100% interest in the Clarence Stream Property (see *note 14* - Subsequent events).

8. SHARE CAPITAL AND RESERVES

i. Authorized

The Corporation is authorized to issue an unlimited number of common shares.

ii. Details of share issuances

2012

On March 13, 2012 the Corporation completed a private placement of 720,000 Units at a price of $0.25 per Unit ("Units") for gross proceeds of $180,000. Each Unit is comprised of one common share and one-half of one common share purchase warrant. Each whole common share purchase warrant is exercisable to purchase one common share of the Corporation for a period of 24 months at a price of $0.40.

2011

On February 25, 2011 the Corporation completed a private placement of 5,095,000 Units at a price of $0.25 per Unit ("Units") for gross proceeds of $1,273,750. Each Unit is comprised of one common share and one-half of one common share purchase warrant. Each whole common share purchase warrant is exercisable to purchase one common share of the Corporation for a period of 12 months at a price of $0.40.

iii. Warrants

The following table reflects the continuity of warrants as at September 30, 2012:

Expiry Date	Exercise Price	2012 Opening Balance	Warrants Issued	Warrants Exercised	Warrants Expired	2012 Closing Balance
	$	#	#	#	#	#
February 25, 2013	0.40	2,547,500	-	-	-	**2,547,500**
March 13, 2013	0.40	-	360,000	-	-	**360,000**
		2,547,500	360,000	-	-	**2,907,500**
Weighted average exercise price		0.40	0.40	-	-	**0.40**

iv. Share purchase option compensation plan

The Corporation has a stock option plan (the "Plan") which is restricted to directors, officers, key employees and consultants of the Corporation. The number of common shares subject to options granted under the Plan (and under all other management options and employee stock purchase plans) is limited to 10% in the aggregate and 5% with respect to any one optionee of the number of issued and outstanding common shares of the Corporation at the date of the grant of the option. Options issued under the Plan may be exercised during a period determined by the Board of Directors which cannot exceed ten years.

The following table reflects the stock options outstanding as at September 30, 2012:

Expiry Date	Exercise Price $	2012 Opening Balance #	Granted #	Exercised #	Expired/ Cancelled #	2012 Closing Balance #
March 9, 2022	0.75	-	1,510,000	-	-	**1,510,000**
Weighted average exercise price		-	0.75	-	-	**0.75**

The Corporation applies the fair value method of accounting for all stock based compensation awards and accordingly, $312,570 was recorded as compensation for the options (2011 - $NIL was recorded as compensation for the year). As of September 30, 2012 there were no unvested stock options.

For purposes of the options granted, the fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model, with the following assumptions:

	2012	2011
Risk-free interest rate	**2.02%**	-
Annualized volatility	**100%**	-
Expected dividend	**NIL**	NIL
Expected option life in years	**10 years**	-

9. LOSS PER SHARE

Both the basic and diluted earnings per share have been calculated using the loss attributable to shareholders of the Corporation as the numerator. No adjustments to profit were necessary in 2012 or 2011.

	2012	2011
Numerator:		
Net loss	**(1,281,159)**	(1,405,402)
Denominator:		
Weighted average number of common shares	**25,581,508**	24,271,634
Basic and diluted loss per share	**(0.05)**	(0.06)

10. RELATED PARTY TRANSACTIONS

The Corporation's related parties include key management personnel and entities over which they have control or significant influence as described below.

	Nature of transactions
DSA Corporate services	Corporate secretarial
The Alyris Group	Accounting, management and facilities rental
Alyris Leasing Inc.	Facilities

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

The following are the related party transactions, recorded at the exchange amount as agreed to by the parties:

[a] Included in general and administrative expenses are amounts totaling $254 (2011 - $138) for corporate secretarial services provided by DSA Corporate Services of which is related to the Corporation through Shaun Drake, Corporate Secretary of Wolfden.

[b] Included in general and administrative expenses are amounts totaling $80,134 (2011 - $93,250), IT consulting, and accounting and management services provided by 1752466 Ontario Inc., a company related to the Corporation through Ewan Downie, Director of Wolfden and Dan Mechis, Director of Wolfden.

[c] Included in general and administrative expenses are amounts totaling $940 (2011 - $22,476) or administrative and management services paid to Mineral Processing Corporation, a Company that is an insider of the Corporation and of which Thomas Quigley is a common director.

[d] Included in general and administrative expenses are amounts totaling $31,693 (2011 - $NIL) for rent, common cost, and co-op cost paid by Alyris Leasing Inc., a company related to the Corporation through Ewan Downie, Director of Wolfden and Dan Mechis, Director of Wolfden.

[e] Included in equipment and leaseholds are amounts totaling $90,750 (2011 - $NIL) for leasehold improvements paid to Alyris Leasing Inc., a company related to the Corporation through Ewan Downie, Director of Wolfden and Dan Mechis, Director of Wolfden.

Key management personnel remuneration includes the following amounts:

	2012 $	2011 $
Salary and wages	**129,231**	120,508
Share-based payments	**56,925**	-
	186,156	120,508

11. COMMITMENTS

The Corporation has commitments relating to an office lease expiring June 2017.

The minimum payments are as follows:

	$
2012	20,260
2013	81,043
2014	81,043
2015	81,043
2016	81,043
Thereafter	40,521
	384,953

12. FINANCIAL INSTRUMENTS AND RELATED RISKS

The Corporation's operations include the acquisition and exploration of mineral properties in Canada. The Corporation examines the various financial risks to which it is exposed and assesses the impact and likelihood of occurrence. These risks may include credit risk, liquidity risk, currency risk, interest rate risk and other risks. Where material, these risks are reviewed and monitored by the Board of Directors.

[a] Credit Risk
Counterparty credit risk is the risk that the financial benefits of contracts with a specific counterparty will be lost if a counterparty defaults on its obligations under the contract. This includes any cash amounts owed to the Corporation by those counterparties, less any amounts owed to the counterparty by the Corporation where a legal right of off-set exists and also includes the fair values of contracts with individual counterparties which are recorded in the financial statements.

i) Trade credit risk
The Corporation is in the exploration stage and has not yet commenced commercial production or sales. Therefore, the Corporation is not exposed to significant credit risk and overall the Corporation's credit risk has not changed significantly from the prior year.

ii) Cash and cash equivalents
In order to manage credit and liquidity risk the Corporation invests only in highly rated investment grade instruments that have maturities of six months or less. Limits are also established based on the type of investment, the counterparty and the credit rate.

iii) Derivative financial instruments
As at September 30, 2012, the Corporation has no derivative financial instruments. It may in the future enter into derivative financial instruments in order to manage credit risk, it will only enter into derivative financial instruments with highly rate investment grade counterparties.

[b] Liquidity risk
Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation manages liquidity risk through the management of its capital structure.

Accounts payable and accrued liabilities are due within the current operating period.

[c] 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 risk that the Corporation will realize a significant loss as a result of a decline in the fair market value is limited as the Corporation holds all of its funds in cash.

[d] Currency risk
The Corporation is exposed to the financial risk related to the fluctuation of foreign exchange rates. The functional and reporting currency of the Corporation is the Canadian dollar, however it has operations located in the United States, and as such is subject to fluctuations in that currency. Changes in the currency exchange rates between the Canadian dollar relative to the US dollar could have an effect on the Corporation's results of operations, financial position or cash flows. The Corporation has not hedged its exposure to currency fluctuations. At September 30, 2012 a 100 basis point decrease/increase in the U.S. Dollar would result in a foreign exchange gain/loss of approximately CDN$2,350.

The Corporation does not invest in derivatives to mitigate these risks.

13. MANAGEMENT OF CAPITAL RISK

The Corporation manages its common shares, stock options and warrants as capital. The Corporation's objectives when managing capital are to safeguard the Corporation's ability to continue as a going-concern in order to pursue the exploration of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Corporation manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Corporation may attempt to issue new shares and, acquire or dispose of assets.

In order to maximize ongoing exploration efforts, the Corporation does not pay out dividends. The Corporation's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with short-term maturities, selected with regard to the expected timing of expenditures from continuing operations.

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 - quoted prices (unadjusted) 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 following table sets forth the Corporation's financial assets measured at fair value by level within the fair value hierarchy.

	Level 1	Level 2	Level 3	Total
	$	$	$	$
Assets				
Cash and cash equivalents	**103,962**	**-**	**-**	**103,962**
	103,962	**-**	**-**	**103,962**

14. SUBSEQUENT EVENTS

Initial Public Offering

On October 18, 2012 the Corporation completed its initial public offering (the "Offering") whereby the Corporation issued 16,440,000 units (each, a "Unit") at a price of $0.50 per Unit and 3,156,400 flow-through common shares (each, a "FT Share) at a price of $0.55 per FT Share for total gross proceeds of $9,956,020. Each Unit consists of one common share and one-half of one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant will entitle the holder to purchase one common share at an exercise price of $0.75 per share until October 18, 2014. The Corporation has the right to require the holders of the Warrants to exercise the warrants in the event that the average trading price of the common share is equal to or greater than $1.50 for a period of 20 consecutive trading days.

On the closing date, the Corporation paid the Agents a cash commission of $580,199 and issued 1,339,208 warrants (each, an "Agent's Warrant"). Each Agent's Warrant entitles the holder to acquire one common share at an exercise price of $0.55 per share until October 18, 2014.

The Corporation has granted the Agents an over-allotment option (the "Over-Allotment Option") exercisable in whole or in part for a period of 30 days from the closing date of the Offering, to purchase 2,937,960 Units at a price of $0.50 per Until. Of the 16,440,000 Units issued on the Closing Date, 10,000 Units were issued pursuant to a partial exercise of the Over-Allotment Option. in respect of the Over-Allotment Option, the Corporation has agreed to pay the Agents a fee equal to 6% of the gross proceeds realized through the issue of the offered securities and agreed to issue Agent's Warrants equal to 7% of the number of offered securities sold pursuant to the Over-Allotment Option.

Acquisition of the Clarence Stream Property

On October 18, 2012 the Corporation paid $2,000,000 from the net proceeds of the Initial Public Offering to Cliffs Chromite Ontario Inc. ("Cliffs Ontario") and issued 3,200,000 common shares at $0.50 per common share to Cliffs Quebec Iron Mining Limited / Cliffs Quebec Mine de Fer Limitee ("Cliffs Quebec") in order to fulfil the Corporation's remaining obligations required in connection with its prior acquisition of a 70% interest in the Clarence Stream Property located in New Brunswick. Cliffs continues to hold a 1% net smelter returns royalty on the property.

On October 18, 2012 the Corporation paid an additional $1,000,000 from the net proceeds of the Initial Public Offering and issued 1,120,000 common shares to Rockport Mining Corp. ("Rockport") at a price of $0.50 per common share to acquire the remaining 30% interest in the Clarence Stream Property.