Cadan Resources

AMENDED DECEMBER 7, 2012
Note 11 amended as to outstanding warrants for the period.

CADAN RESOURCES CORPORATION

(An exploration stage company)

Condensed Consolidated Interim Financial Statements
Nine month periods ended September 30, 2012 and 2011
(Expressed in Canadian Dollars)

Unaudited - Prepared by Management

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Condensed Consolidated Interim Financial Statements

CADAN RESOURCES CORPORATION
(An exploration stage company)
Condensed Consolidated Interim Balance Sheets
Unaudited
(Expressed in Canadian dollars)

	September 30, 2012	December 31, 2011
Assets		
Current		
Cash and cash equivalents	$ 310,162	$ 3,584,642
Amounts and advances receivable	1,096,171	120,231
Prepaid expenses	231,885	307,686
	1,638,218	4,012,559
Exploration and evaluation assets(notes 4 and 12)	25,950,867	30,609,015
Investment in Mining Group Ltd (note 7)	576,405	-
Investment in Philco Mining Corp (note 6)	1,211,828	-
Loan to Philco Mining Corp (note 6)	10,307,538	-
Property, plant and equipment (note 8)	2,629,514	2,598,970
	$ 42,314,370	$ 37,220,544
Liabilities		
Current		
Accounts payable and accrued liabilities (note 12)	$ 777,062	$ 674,700
Secured loan (note 9)	-	1,044,190
Convertible notes (note 10)	2,679,479	2,449,076
	3,456,541	4,167,966
Retirement benefit obligation	114,753	279,219
	3,571,294	4,447,185
Shareholders' equity		
Share capital (notes 11and 14)	52,151,445	50,278,839
Share subscriptions received(note 14)	1,800,200	-
Reserves(note 11)	3,228,581	4,553,870
Deficit	(18,029,577)	(21,648,598)
Non-controlling interest	(407,573)	(410,752)
	38,743,076	32,773,359
	$ 42,314,370	$ 37,220,544

Approved on behalf of the Board:

"Robert G Butchart"
……………………………………………………… Director
Robert G Butchart

"Doug Evans"
……………………………………………………… Director
Doug Evans

See notes to the condensed consolidated interim financial statements

CADAN RESOURCES CORPORATION

(An exploration stage company)
Condensed Consolidated Interim Statements of Comprehensive Income(Loss)
Unaudited
(Expressed in Canadian dollars)

		Three months ended September 30		Nine months ended September 30	
		2012	**2011**	**2012**	**2011**
Expenses					
Consulting fees (note 11)	$	275,804	404,625	1,341,292	820,800
Settlement Red Earth Group (note 13)		321,988	-	321,988	-
Bank charges and interest		88,834	2,388	244,004	5,289
Legal and professional		52,087	60,524	336,466	270,736
Rent		33,349	23,323	92,870	69,981
Office and miscellaneous		21,817	23,058	77,821	85,657
Reorganization costs		17,557	58,550	17,557	146,414
Regulatory and shareholder costs		14,516	5,461	34,476	38,126
Share based payments (note 12)		13,750	152,960	13,750	342,405
Travel and accommodation		5,055	22,170	64,202	81,717
Web site		-	-	1,800	100
Amortization		1,356	-	3,215	-
Loss before other items		(846,113)	(753,059)	(2,549,441)	(1,861,225)
Other items					
Philco Mining gain on sale (note 5)		1,040,812	-	6,019,765	-
Philco Mining share of equity loss (note 6)		(19,129)	-	(19,532)	-
Unrealized loss on options held for resale (note 7)		(28,695)	-	234,582	-
Loss on retirement of assets		(45,785)	-	(45,785)	-
Foreign exchange loss/(gains)		(87,698)	(35,339)	(147,100)	(154,362)
Interest income		152	1,613	7,147	17,131
Net income (loss) before taxes		13,544	(786,785)	3,499,636	(1,998,456)
Deferred tax expense		-	107,467	-	-
Net Income (Loss)	$	13,544	(679,318)	3,499,636	(1,998,456)
Other Comprehensive loss					
Unrealized loss on shares held for resale (note 7)		(481,229)	-	(1,559,039)	-
Comprehensive Income (Loss)	$	(467,685)	(679,318)	1,940,597	(1,998,456)
Comprehensive Income (Loss) attributed to:					
Owners of the Company	$	(385,572)	(652,983)	2,059,982	(1,905,123)
Non-Controlling Interest		(82,113)	(26,335)	(119,385)	(93,333)
	$	(467,685)	(679,318)	1,940,597	(1,998,456)
Gain/(Loss) Per Share – basic	$	(0.01)	(0.01)	0.02	-0.03
Gain/(Loss) Per Share – diluted	$	(0.01)	(0.01)	0.02	-0.03
Weighted Average Number of Common Shares Outstanding		84,354,108	57,562,55	80,378,939	57,562,559

See notes to the condensed consolidated interim financial statements

CADAN RESOURCES CORPORATION
(An exploration stage company)
Condensed Consolidated Interim Statements of Changes in Equity
Unaudited
(Expressed in Canadian dollars)

	Number of shares issued	Share capital	Share subscriptions received	Share-based payments reserve	Revaluation reserve	Deficit	Non-Controlling Interest	Shareholders' Equity
Balance at January 1, 2010	34,750,053	32,543,276	467,500	3,705,190	(17,128,778)	19,587,188	50,083	19,637,271
Fair value of re-priced warrants	-	-	-	473,337	(473,337)	-	-	-
Stock-based compensation grant of options	-	-	-	122,480	-	122,480	-	122,480
Common shares issued for cash, warrants exercised (note 11(b) & (d))	70,000	53,500	-	-	-	53,500	-	53,500
Common shares issued for cash ($0.85 per share) (note 11(b))	5,144,523	4,372,845	(467,500)	-	-	3,905,345	-	3,905,345
Common shares issued to finders	123,080	116,926	-	-	-	116,926	-	116,926
Share issue costs	-	(403,033)	-	190,507	-	(212,526)	-	(212,526)
Common shares issued for cash, options exercised (note 11(b) & (c))	100,000	50,000	-	-	-	50,000	-	50,000
Net loss for period	-	-	-	-	(719,374)	(719,374)	(23,444)	(742,818)
Balance at September 30, 2010	40,187,656	36,733,514	-	4,491,514	(18,321,489)	22,903,539	26,639	22,930,178

	Number of shares issued	Share capital	Share subscriptions received	Share-based payments reserve	Revaluation reserve	Deficit	Non-Controlling Interest	Shareholders' Equity
Balance at December 31, 2011	78,369,515	50,278,839	-	4,553,870	-	(21,648,598)	(410,752)	32,773,359
Unrealized loss on shares held for resale	-	-	-	-	(1,559,039)	-	-	(1,559,039)
Non-controlling interest	-	-	-	-	-	-	122,564	122,564
Share subscriptions received	-	-	1,800,200	-	-	-	-	1,800,200
Common shares issued for cash ($0.15 per share) (note 11(b))	13,488,834	2,023,325	-	-	-	-	-	2,023,325
Common shares issued for mineral property (note 11(b))	125,000	-	-	13,750	-	-	-	13,750
Common shares issued to settle dispute (note 11(b))	2,000,000	-	-	220,000	-	-	-	220,000
Share issue costs	-	(150,719)	-	-	-	-	-	(150,719)
Net loss for period	-	-	-	-	-	3,619,021	(119,385)	3,499,636
Balance at September 30, 2012	93,983,349	52,151,445	1,800,200	4,787,620	(1,559,039)	(18,029,577)	(407,573)	38,743,076

See notes to the condensed consolidated interim financial statements

CADAN RESOURCES CORPORATION

(An exploration stage company)
Condensed Consolidated Interim Statements of Cash Flows
Unaudited
(Expressed in Canadian dollars)

	Nine months ended September 30, 2012	2011
Operating Activities		
Net income (loss)	$ 3,499,636	$ (1,998,456)
Items not involving cash		
Non-cash settlement consideration	233,750	342,405
Amortization	197,015	-
Unpaid interest expense	230,403	-
Loss on retirement of assets	45,785	-
Unrealized gain on revaluation of options held for resale	(234,582)	-
Philco Mining gain on sale	(6,019,765)	-
Philco Mining share of equity loss	19,532	-
Unrealized gain on foreign exchange	(23,447)	461
	(2,051,673)	(1,655,590)
Changes in non-cash working capital		
Amounts receivable and advances	(975,940)	(24,424)
Prepaid expenses	75,801	(214,480)
Retirement benefit obligation	(164,466)	-
Due to related parties	-	(196,932)
Accounts payable and accrued liabilities	102,362	(391,476)
	(962,243)	(827,312)
Cash Used in Operating Activities	(3,013,916)	(2,482,902)
Investing Activities		
Deferred exploration costs (note 4)	(6,728,094)	(4,729,974)
Investment in Mining Group Ltd (note 5)	(126,024)	-
Purchase of capital assets	(185,662)	(420,849)
Cash Used in Investing Activities	(7,039,780)	(5,150,823)
Financing Activities		
Proceeds from issuance of common shares	2,023,325	1,368,250
Share subscriptions received	1,800,200	48,500
Share issue costs	(150,719)	(8,076)
Repayment of secured loan	(1,044,190)	-
Proceeds on sale of Philco Mining	4,150,600	-
Cash Provided by Financing Activities	6,779,216	1,408,674
Inflow (Outflow) of Cash	(3,274,480)	(6,255,512)
Cash and Cash Equivalents, Beginning of Period	3,584,642	6,481,045
Cash and Cash Equivalents, End of Period	$ 310,162	$ 255,533

See notes to the condensed consolidated interim financial statements

1. GOING CONCERN AND NATURE OF OPERATIONS

Cadan Resources Corporation (the "Company" or "Cadan") is incorporated under the laws of British Columbia. The Company is an exploration stage company and its principal business activity is natural resource exploration, focusing on resources located in the Philippines. On October 10, 2012, the Company's Philippines' affiliate, Tribal Mining Corp. (TMC), received a declaration of mining project feasibility (DMPF) from the Mines and Geosciences Bureau (MGB), enabling the Company to commence mining production at the T'Boli gold-silver mine within its mineral processing and sharing agreement.

The head office, principal and registered address and records office of the Company is Suite 1720, 1111 West Georgia Street, Vancouver, British Columbia.

These condensed consolidated interim financial statements are prepared on a going concern basis, which contemplates that the Company will realize its assets and discharge its liabilities in the normal course of business. Accordingly, these condensed consolidated interim financial statements do not give effect to any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

With receipt of DMPF from the MGB, the Company began mining production subsequent to September 30, 2012, during the fourth quarter of 2012. The T'Boli project is fully equipped, including a trained local work force, a fully constructed and commissioned carbon-in-leach (CIL) gold-silver processing plant, gravity concentrator, electrowinning circuit, tailings storage facility and powerhouse. The decision to become a gold producer is not based on a feasibility study of mineral reserves as defined by National Instrument 43-101 and there is no certainty the proposed operation will be economically viable, which, in addition to the factors discussed below, casts significant doubt on the Company's ability to continue as a going concern. For the nine months ended September 30, 2012, the Company had comprehensive income of $1,940,597(September 30, 2011 –comprehensive loss $1,998,456). At September 30, 2012, the Company had an accumulated deficit of $-18,029,577(December 31, 2012 - $21,648,598).The Company has no history of revenue and has significant cash requirements to conduct its planned exploration, progress the approval process for development of the T'Boli mine and processing plant, meet its repayment obligations on its convertible debt and meet its administrative overhead and maintain its resource interests. To date, the Company has relied principally upon the issuance of securities for financing. The Company's ability to continue as a going concern is dependent on funds generated from its T'Boli mining production and its ability to secure additional financing to fund planned exploration,continued development of the T'Boli mine and processing plant, meet its repayment obligations on its convertible debt and its ongoing administrative expenditures, and, while it has been successful in doing so in the past, there can be no assurance that it will be able to do so in the future.

Mining and exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations.

The recoverability of the Company's investment in, and expenditures on, exploration and evaluation assets is dependent on several factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of resource interests.

2. BASIS OF PRESENTATION

(a) Statement of Compliance

These condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*. The condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2011, which have been prepared in accordance with IFRS as issued by the IASB.

(b) Approval of the consolidated financial statements

The condensed consolidated interim financial statements of the Company, for the nine month period ended September 30, 2012, were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on November 23, 2012.

(c) Use of estimates

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated interim financial statements, and the reported amounts of revenues and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Significant areas requiring the use of management estimates include: fair value of financial instruments; recoverability of investment in and expenditures on exploration and evaluation assets and property, plant and equipment; rates of amortization; balances of accrued liabilities; determination of provision for reclamation liability; the determination of the variables used in the calculation of share-based payments; and actuarial assumptions for retirement benefit obligations. While management believes the estimates are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

(d) Foreign currency translation

The Company's functional and reporting currency is the Canadian dollar. In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary assets and liabilities are translated using the period end foreign exchange rate. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. Non-monetary assets and liabilities that are stated at fair value are translated using the historical rate on the date that the fair value was determined. All gains and losses on translation of these foreign currency transactions are included in comprehensive income (loss).

(Expressed in Canadian dollars, unless otherwise stated)

3. FINANCIAL INSTRUMENTS

The Company has classified its cash and cash equivalents as fair value through profit or loss (FVTPL), amounts and advances receivable (excluding HST receivable), and loan to Philco Mining Corp. as loans and receivables, and accounts payable and accrued liabilities, secured loan and convertible notes, as other financial liabilities.

The carrying values of cash and cash equivalents, amounts and advances receivable (excluding HST receivable), accounts payable and accrued liabilities, and secured loan, approximate their fair values due to the short terms to maturity of these financial instruments. The carrying values of amounts due to related parties approximates their fair value as the amounts are due on demand. The carrying values of convertible notes were determined in accordance with level 2 of the fair value hierarchy, by discounting the face value of the notes over the one year term of the notes by 2.5% (LIBOR plus 2%) and accreting the discount over the 12 month term to the anticipated conversion date of the notes.

The investment in Mining Group Ltd is classified by its two components. The options component is classified as FVTPL, and the fair value was determined in accordance with level 2 of the fair value hierarchy using the Black Scholes option pricing model (note 7). The shares component is classified as an available-for-sale financial asset, and the fair value was determined in accordance with level 1 of the fair value hierarchy based on the market price per share at September 30, 2012 (note 7).

(a) Credit risk

The Company is exposed to credit risk with respect to its cash and cash equivalents and amounts and advances receivable. Cash and cash equivalents have been placed on deposit with major Canadian, Philippine and Australian financial institutions. The risk arises from the non-performance of counterparties of contractual financial obligations.

The Company manages credit risk, in respect of cash and cash equivalents, by maintaining deposits and guaranteed investment certificates at major financial institutions with strong investment-grade ratings. Concentration of credit risk exists with respect to the Company's cash and cash equivalents, as the majority of the amounts are held with only a few Canadian and Philippine financial institutions with strong investment-grade ratings. The Company's concentration of credit risk and maximum exposure thereto, is as follows:

		September 30, 2012		December 31, 2011
Canadian dollar	$	118,309	$	3,420,002
Philippine peso		191,853		162,285
Australian dollar		-		2,355
Total cash and cash equivalents	$	310,162	$	3,584,642

3. FINANCIAL INSTRUMENTS (Continued)

(a) Credit risk (continued)

The Company manages its credit risk on amounts and advances receivable by monitoring creditors and frequently following up on outstanding amounts. The Company's exposure with respect to amounts and advances receivable is $1,096,171 at September 30, 2012 (December 31, 2011 - $120,231). The $1,096,171 includes the AUD$1,000,000 that came due when the Company fulfilled the requirements and earned the right to receive the additional AUD$1,000,000 under the agreement to sell the 80% interest in affiliate Philco to Mining Group (notes 5, 11 and 13).

(b) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

(i) Interest rate risk

Interest rate risk consists of two components:

(a) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

(b) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company's cash and cash equivalents consists of cash held in bank accounts and funds held in trust. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on their estimated fair values as of September 30, 2012, and 2011. Future cash flows from interest income on cash will not be material. The Company's convertible notes have a fixed interest rate due over the term of the debt or to conversion. The Company manages interest rate risk by investing in highly liquid investments with maturities of one year or less.

3. FINANCIAL INSTRUMENTS (Continued)

(ii) Foreign currency risk

The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars.

The Company is exposed to foreign currency risk with respect to cash and cash equivalents, and accounts payable and accrued liabilities, and amounts due to related parties as a portion of these amounts are denominated in Philippine pesos and Australian dollars as follows:

	September 30, 2012	**December 31, 2011**
Philippine pesos:		
Cash and cash equivalents	8,146,644	6,995,028
Accounts payable and accrued liabilities	(20,183,844)	(8,947,347)
Net exposure in pesos	(12,037,200)	(1,952,319)
Australian dollars		
Accounts receivable	1,000,000	-
Net exposure in Australian dollars	1,000,000	-
Canadian dollar equivalent	738,424	$ (45,293)

The Company manages foreign currency risk by only holding funds in foreign currencies for short-term requirements of no more than two months. The Company has not entered into any foreign currency contracts and does not utilize derivatives to mitigate this risk.

A 1% fluctuation in the value of the Philippine pesos and Australian dollars at September 30, 2012, would result in a change to comprehensive income of $7,384(comprehensive loss December 31, 2011 - $453).

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to significant other price risk.

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows required for operations and anticipated investing and financing activities. Accounts payable are all due within three months, and amounts due to related parties are without specific terms of repayment, however, they are expected to be repaid withinone year.

3. FINANCIAL INSTRUMENTS (Continued)

(c) Liquidity risk (Continued)

The Company's secured loan became part of the purchase price when the Company entered into a transaction with the lender on January 17, 2012 (note 5). The convertible notes are not expected to be converted prior to the maturity date of December 23, 2012, therefore, repayment on the convertible notes will likely occur within one year.

The Company will require significant cash funding to conduct its exploration programs, and transition into production at the T'Boli mine and processing plant, meet its administrative overhead costs, meet its repayment obligations on the convertible notes, and maintain its resource interests. This will require the Company to obtain additional financing during the remainder of 2012 and in 2013.

4. EXPLORATION AND EVALUATION ASSETS

(a) Permits and licenses

Through its subsidiaries and the Philippine companies, the Company has interests in certain permits and licences to explore and develop exploration and evaluation assets located in the Philippines, as described below:

(i) Batoto, Barangay Camanlangan, Municipality of New Bataan, Compostela Valley Province, Philippines.

There are no royalties payable to the Government of the Philippines because the properties are located in an indigenous area. The indigenous peoples will, upon commercial production, be given a royalty equivalent to 1% of the operating cost of any operation. There are no annual work commitments.

(ii) T'Boli, Barangay Kematu, Municipality of T'Boli, South Cotabato Province, Philippines.

There is a 2% mineral royalty payable to the government of the Philippines in respect of any future mineral production.

(Expressed in Canadian dollars, unless otherwise stated)

4. EXPLORATION AND EVALUATION ASSETS (Continued)

(b) Expenditures on exploration and evaluation assets

	Batoto	T'Boli	2012 Total
Opeing balance acquition costs	1,038,101	1,041,061	2,079,162
Adjustments recorded in 2011	(8,623)	-	(8,623)
Acquisition costs	1,029,478	1,041,061	2,070,539
Deferred exploration costs			
Balance, beginning of of period	5,680,300	11,471,934	17,152,234
Incurred during period			
Assaying	-	37,580	37,580
Community development	23,169	327,795	350,964
Consultants	77,438	766,984	844,422
Depreciation and amortization	-	-	-
Drilling costs	10,136	366,258	376,394
Exploration and mineral processing	1,241	619,140	620,381
Field supplies and miscellaneous	5,239	1,496,538	1,501,777
Geological	727	10,124	10,851
Repair, Supplies & Materials	218,538	2,245,570	2,464,108
Mill Site	4,673	149,719	154,392
Transportation & Travel	151	34,278	34,429
Recovery on metal sales	9,839	322,957	332,796
Total for the period	351,151	6,376,943	6,728,094
Balance, end of period	6,031,451	17,848,877	23,880,328
	7,060,929	18,889,938	25,950,867

(Expressed in Canadian dollars, unless otherwise stated)

4. EXPLORATION AND EVALUATION ASSETS (Continued)

	Panag, Suriganon and Tagpura	Batoto	T'Boli	2011 Total
Opeing balance acquition costs	1,037,981	1,038,101	1,041,061	3,117,143
Adjustments recorded in 2011	(6,694)	(8,623)	-	(15,317)
Acquisition costs	1,031,287	1,029,478	1,041,061	3,101,826
Deferred exploration costs				
Balance, beginning of of period	9,074,959	5,057,730	6,707,012	20,839,701
Incurred during period				
Assaying	20,247	-	31,079	51,326
Community development	30,459	59,992	187,138	277,589
Consultants	174,477	98,014	572,505	844,996
Depreciation and amortization	45,644	14,204	100,654	160,502
Drilling costs	184,044	(10,769)	489,753	663,028
Exploration and mineral processing	50,157	29,554	1,134,113	1,213,824
Field supplies and miscellaneous	405,907	311,315	1,635,511	2,352,733
Geological	92,950	64,983	139,455	297,388
Repair, Supplies & Materials	146,933	20,942	70,120	237,995
Taxes, licenses and fees	92,141	23,711	255,351	371,203
Transportation & Travel	37,037	10,624	197,888	245,549
Recovery on metal sales	-	-	(48,645)	(48,645)
Total for the period	1,279,996	622,570	4,764,922	6,667,488
Balance, end of period	10,354,955	5,680,300	11,471,934	27,507,189
	11,386,242	6,709,778	12,512,995	30,609,015

4. EXPLORATION AND EVALUATION ASSETS (Continued)

(b) Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its resource exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company. Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the resource properties, the potential for production on the property may be diminished or negated.

(c) Realization of assets

The investment in and expenditures on exploration and evaluation assets comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, the attainment of successful production from the underlying properties or from the proceeds of their disposal.

Resource exploration and development is highly speculative and involves inherent risks. While the rewards, if an ore body is discovered, can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore. The amounts shown for acquisition costs and deferred exploration expenditures represent costs incurred to date and do not necessarily reflect present or future values.

(d) Title to exploration and evaluation asset interests

Although the Company has taken steps to verify the title to exploration and evaluation asset interests for which it has a permit and/or license, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company’s title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

(Expressed in Canadian dollars, unless otherwise stated)

5. SALE OF INTEREST IN PHILCO MINING CORP

On January 17, 2012, the Company completed the sale of 80% of its interests in affiliate Philco and granted an option to acquire 80% of its interests in Batoto to Mining Group. The Company received cash consideration of $3,150,600 (AUD$3,000,000) and 2,600,000 Mining Group common shares with a fair value, on January 17, 2012, of $1,774,838 (AUD$1,690,000). The Company has the right to receive an additional 2,600,000 Mining Group common shares if the trading price of Mining Group common shares is above AUD$1 for 30 consecutive days expiring on January 17, 2014. No value has been ascribed to the additional 2,600,000 Mining Group common shares due to their contingent nature.

During the quarter ending September 30, 2012, the Company fulfilled the requirements and earned the right under the agreement to receive the additional AUD$1,000,000 (notes 11 and 13).

On October 17, 2012, after the end of the quarter, the option to acquire 80% of its interests in Batoto by Mining Group expired and Cadan regained control of the Batoto Gold Project.

The Company retains a 20% investment in Philco (Note 6).

The Company recorded a gain of $6,019,765 arising from the sale and the revaluation of its remaining investment in Philco. The $6,019,765 includes the AUD$1,000,000 described above recorded during the quarter ending September 30, 2012, when the conditions required to receive the additional AUD$1,000,000 were met.

Under the terms of the agreement, the Company exercised an option to purchase (i)500,000 Mining Group common shares at $0.20 per share for $105,020 (AUD$100,000), and (ii) 2,000,000 options for $0.01 per option for $21,004 (AUD$ 20,000), each such option to purchase a Mining Group share for AUD$0.20 until January 17, 2014. The Company repaid the Secured Loan of $1,044,190 (AUD$1,000,000) from the proceeds.

Pursuant to a shareholders' agreement, the Mining Group has an obligation to fund AUD$48,000,000 in exploration activity in Philco as follows:

Exploration Expenditures	Annual amount (AUD$)	Cumulative amount (AUD$)
Year 1	5,000,000	Nil
Year 2	5,000,000	Nil
Year 3	5,000,000	15,000,000
Year 4	15,000,000	30,000,000
Year 5	18,000,000	48,000,000

Should Mining Group not meet the funding requirements, the agreement contains dilution provisions. Upon Mining Group funding the project to AUD$48,000,000, both the Company and Mining Group will fund further development pro rata on their ownership interests.

(Expressed in Canadian dollars, unless otherwise stated)

6. INVESTMENT IN AND ADVANCE TO PHILCO MINING CORP

Pursuant to the January 17, 2012, sale of an interest in Philco (Note 5), the Company retained a 20% investment in Philco. The investment is accounted for as investment in an associate using the equity method and was revalued on the date of the sale at $1,231,360 (the proportionate amount of the consideration received). The carrying amount is as follows:

Investment amount	$	1,231,360
Share of net loss		(19,532)
Carrying amount	$	1,211,828
Loan to Philco Mining Corp	$	10,307,538

The Company's advances to Philco are unsecured, non-interest bearing and have no specified terms of repayment. Pursuant to a shareholders' agreement, the Company's advance to Philco will rank equally with amounts advanced by MGL for exploration expenditures on the Philco copper-gold project. The advances will be repaid first from distribution of profits on a proportional basis until each advance is repaid.

7. INVESTMENT IN MINING GROUP LTD

Pursuant to the January 17, 2012, sale of an interest in Philco (Note 5), the Company acquired 3,100,000 common shares of Mining Group and 2,000,000 share purchase options to acquire a Mining Group common share for AUD$0.20 until January 17, 2014. At September 30, 2012, the fair value of the shares is $320,819and of the options (derivative financial instruments) is $255,586.

The Company recorded an unrealized loss of $28,695 for the three months ended September 30, 2012, and an unrealized gain of $234,582 for the nine months ended September 30, 2012, on the options in net income and an unrealized loss of $481,229 for the three months ended September 30, 2012, and an unrealized loss $1,559,039for the nine months ended September 30, 2012, on the shares in other comprehensive income.

(Expressed in Canadian dollars, unless otherwise stated)

8. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Vehicles and exploration equipment	Construction in progress	Office furniture and equipment	Leasehold improvements	Total
Cost							
Balance, December 31, 2010	75,660	409,718	970,536	1,182,528	58,716	12,735	2,709,893
Additions	105,985	-	253,640	300,132	9,379	-	669,136
Balance, December 31, 2011	181,645	409,718	1,224,176	1,482,660	68,095	12,735	3,379,029
Disposition of Philco Mining	903	(1,382)	(616,577)	(1,482,660)	(47,319)	(12,735)	(2,159,770)
Additions	-	-	1,819,323	-	40,690	-	1,860,013
Balance, September 30, 2012	182,548	408,336	2,426,922	-	61,466	-	3,079,272
Accumulated amortization and impairment losses							
Balance, December 31, 2010	-	35,022	536,856	-	51,372	6,649	629,899
Amortization	-	16,000	137,280	-	3,416	(6,536)	150,160
Balance, December 31, 2011	-	51,022	674,136	-	54,788	113	780,059
Disposition of Philco Mining	-	242	(480,777)	-	(46,668)	(113)	(527,316)
Amortization	-	12,206	173,312		11,497	-	197,015
Balance, September 30, 2012	-	63,470	366,671	-	19,617	-	449,758
Net book value							
Balance, December 31, 2010	75,660	374,696	433,680	1,182,528	7,344	6,086	2,079,994
Balance, December 31, 2011	181,645	358,696	550,040	1,482,660	13,307	12,622	2,598,970
Balance, September 30, 2012	**182,548**	**344,866**	**2,060,251**	**-**	**41,849**	**-**	**2,629,514**

During the quarter ended September 30, 2012, the Company completed the transfer of the CIP plant between Philco Mining Corp and Tribal Mining Corp. The transfer was contemplated in the sale of Cadan's interest in Philco Mining Corp (note 5) and was completed by adjusting the intercompany debt accounts between the Company and Philco Mining Corp and Tribal Mining Corp for the value of the CIP plant.

9. SECURED LOAN

On November 4, 2011, Mining Group issued to the Company a $1,044,190 (AUD$1,000,000) secured loan ("MGL Loan"). The MGL Loan was secured with a chattel mortgage on a specified exploration permit. The loan matured and was repaid on January 17, 2012, when the Company completed an agreement with Mining Group to effect the sale of 80% of the Company's interest in the Panag, Surigaonon and Tagpura properties (note 5).

10. CONVERTIBLE NOTES

On December 23, 2011, the Company issued 2,500,000 convertible notes that mature on December 23, 2012, with a face value of $1 per note ("Convertible Notes") for a total of $2,500,000. The Convertible Notes, and any securities issued on conversion thereof, were subject to a four month hold period that expired on April 24, 2012. Each Convertible Note converts to 5 common shares of the Company and an option to purchase an additional share for $0.20 for a period of twenty-one months, or, on the maturity date if the Company has not obtained a listing on the Australian Securities Exchange (“ASX”).

(Expressed in Canadian dollars, unless otherwise stated)

The Convertible Notes bear interest at 10% per annum, and convert on issue of a prospectus, for the listing of the Company’s securities on the ASX, with the Australian Securities and Investments Commission(“ASIC”), or, at the election of the Company, at any time before repayment. If not converted, the note holders can demand payment on the maturity date, on change of control of the Company, or in the event of default by the Company. To date, the Company has accrued interest of $193,306 in interest on the notes.

The Company recognized $60,976 as the value of the conversion feature which is accounted for as debt discount recognized as interest cost over the 12 month term to the maturity of the notes. The unamortized discount of $29,155 reduces the carrying value of the notes. The carrying value of the convertible notes at September 30, 2012, was $2,601,309 determined as follows:

	September 30, 2012		December 31, 2011	
Face value of notes	$	2,500,000	$	2,500,000
Accrued interest		193,306		5,479
unamortized discount		(13,827)		(56,403)
	$	2,679,479	$	2,449,076

11. SHARE CAPITAL

(a) Authorized

Unlimited common shares without par value

(b) Issued

At September 30, 2012, 93,983,349(December 31, 2011 - 78,369,515) common shares were issued and outstanding.

On September 2, 2011, the Company completed the first tranche of a non-brokered private placement consisting of 4,560,667 units priced at $0.30 per unit, for gross proceeds of $1,368,200. Each unit is comprised of one common share of the Company and one common share purchase warrant. Each warrant is exercisable to acquire one common share of the Company at a price of $0.45 for two years from the Closing date. The gross proceeds were allocated as $1,140,167 to the common shares within share capital, and $228,033 to the warrants within share-based payments reserve. The Company paid finders’ fees in connection with the financing by issuing 259,140 finders’ units with a fair value of $77,742. Other cash share issuance costs in the amount of $8,026 were incurred by the Company related to this placement.

On December 20, 2011, the Company completed a non-brokered private placement consisting of 16,370,000 common shares priced at $0.15 per share, for gross proceeds of $2,455,500. Other cash share issuance costs in the amount of $26,478 were incurred by the Company related to this placement.

11. SHARE CAPITAL (Continued)

(b) Issued (continued)

During the year ended December 31, 2011, a warrant holder exercised warrants and purchased 100 common shares at $0.50 per share for gross proceeds of $50.

On August 17, 2012, the Company issued 125,000 common shares to G. Lluch valued at $13,750. The shares were issued in connection with the supplementary mineral property and royalty agreement with G. Lluch & Sons Inc. and Philco Mining Corp. The supplementary agreement amends and updates various property access, exploration and mining rights, and royalty agreements.

On September 7, 2012, the Company, pursuant to the deed of settlement, issued two million common shares valued at $220,000 and paid AUD$100,000 to settle a dispute against the Company and one of its Philippine affiliated companies that is claiming the Company owed them $722,073 (AUD$714,924)(note 13). The settlement satisfied the conditions under the sale agreement between the Mining Group and the Company for the final payment by the Mining Group to the Company of AUD$1,000,000 (note 5).

On July 17 and September 14, 2012, the Company completed the first and second tranche of a non-brokered private placement consisting of 13,448,834 units priced at $0.15 per unit, for gross proceeds of $2,023,325. Each unit is comprised of one common share of the Company and one common share purchase warrant. Each warrant is exercisable to acquire an additional common share for a period of two years from the closing date at a price of 20 cents for the first year and at a price of 25 cents for the second year. The Company paid finders' fees in connection with the financing of $124,425 in cash. Other cash share issuance costs in the amount of $26,294 were incurred by the Company related to this placement.

(c) Stock options

The Company has a stock option plan whereby the Board of Directors is authorized to grant options to a rolling ceiling of 10% of the issued and outstanding common shares of the Company.

Options to purchase common shares have been granted to directors, employees and consultants at exercise prices determined by reference to the market value on the date of the grant. The terms of the option and the option price are fixed by the directors at the time of grant, subject to restrictions imposed by the TSX Venture Exchange. Stock options awarded have a maximum term of ten years. The vesting terms of the options are determined by the directors, however, options granted to investor relations consultants are subject to a minimum twelve-month vesting schedule whereby no more than 25% vest in any three-month period.

Stock options held by officers, directors and employees of the Company expire one year following their departure from the Company.

(Expressed in Canadian dollars, unless otherwise stated)

11. SHARE CAPITAL (Continued)

(c) Stock options (continued)

As at September 30, 2012, and September 30, 2011, the following incentive stock options were outstanding and exercisable:

Expiry Date	Exercise Price	**September 30, 2012**	**September 30, 2011**
July 20, 2014	$ 0.50	789,900	840,000
September 30, 2014	$ 0.50	135,000	292,500
March 1, 2015	$0.95	150,000	150,000
August 17, 2015	$ 0.50	50,000	96,000
July 12, 2016	$ 0.50	28,000	64,000
July 24, 2017	$ 0.50	190,000	189,900
November 6, 2017	$ 0.50	1,064,000	1,174,500
April 15, 2014	$ 0.63	450,000	450,000
September 21, 2016	$ 0.45	750,000	750,000
December 6, 2016	$ 0.20	2,190,000	-
		5,796,900	4,006,900

The options outstanding and exercisable at September 30, 2012, have a weighted average remaining contractual life of 3.7 years (2011 –4.38 years). Stock option activity for the year ended September 30, 2011, was as follows:

	September 30, 2012		**December 31, 2011**	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding and exercisable, beginning of year	6,196,900	$0.41	3,237,000	$0.52
Awarded	-	-	3,390,000	$0.31
Expired	(400,000)	$0.50	(430,000)	$0.50
Exercised	-	-	(100)	$0.50
Outstanding and exercisable, end of year	5,796,900	$0.40	6,196,900	$0.41

No stock options were granted during the three and nine months ended September 30, 2012. During the nine months ending September 30, 2012, 400,000 options with exercise prices of $0.50 expired and no options were exercised (September 30, 2011, 430,000 options with exercise prices of $0.50 expired and 100 options were exercised).

(Expressed in Canadian dollars, unless otherwise stated)

11. SHARE CAPITAL (Continued)

(a) Stock options (continued)

On April 5, 2011, the Company granted 450,000 fully vested incentive stock options. The exercise price of the options is $0.63 each, exercisable until April 15, 2014. The fair value of stock options granted was $189,445 ($0.42 each), as estimated at the date of grant using the Black-Scholes option pricing model.

On September 21, 2011, the Company granted 750,000 fully vested incentive stock options. The exercise price of the options is $0.45 each, exercisable until September 21, 2016. The fair value of stock options granted was $152,960 ($0.20 each), as estimated at the date of grant using the Black-Scholes option pricing model.

On December 6, 2011, the Company granted 2,190,000 fully vested incentive stock options. The exercise price of the options is $0.20 each, exercisable until December 6, 2016. The fair value of the stock options granted was $325,018 ($0.15 each),as estimated at the date of the grant using the Black-Scholes option pricing model.

Share-based payments

The fair value of stock options granted was estimated at the date of grant using the Black-Scholes option pricing model with weighted average assumptions for grants during the three and nine month periods ended September 30, 2012, and three and nine month periods ended September 30, 2011as follows:

	2012	**2011**
Risk free rate	n/a	1.77%
Expected life	n/a	4.25 years
Expected volatility	n/a	124.24%
Expected dividend yield	n/a	Nil

Total stock-based compensation recognized during the three and nine month periods ending September 30, 2012, with respect to options, $Nil(2011- $189,445).

(Expressed in Canadian dollars, unless otherwise stated)

11. SHARE CAPITAL (Continued)

(c) Warrants

As at September 30, 2012, and December 31, 2011, the following share purchase warrants were outstanding:

Expiry Date	Exercise Price	**September 30, 2012**	**December 30, 2011**
October 31, 2012	$0.80	6,580,000	6,580,000
August 14, 2013	$1.50	2,000,000	2,000,000
December 8, 2015	$1.10	11,000,000	11,000,000
December 8, 2012	$1.10	1,100,000	1,100,000
September 2, 2013	$0.30[1]	4,560,667	4,560,667
September 2, 2013	$0.45	259,140	259,140
July 16, 2014	$0.20	9,558,834	NA
September 14, 2014	$0.20	3,930,000	NA
September 15, 2015	$ 1.25[2]	2,079,846	2,079,846
October 18, 2015	$ 1.00[2]	2,980,188	2,980,188
		44,048,675	30,559,841

(1) On February 8, 2012, the Company reduced the exercise price from $0.45 to $0.30 per share on 4,560,667 warrants issued as part of the Private Placement on September 1, 2011 (note 11b).

(2) The warrants are exercisable at $1.00 for the first two years and $1.25 for the remaining three years.

Share purchase warrant transactions and the number of share purchase warrants outstanding are summarized as follows:

	September 30, 2012		**December 30, 2011**	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of Period	30,559,841	$ 0.95	34,906,090	$ 1.06
Issued	13,488,834	$ 0.20	4,819,807	$ 0.45
Expired	-	-	(9,166,056)	$ 1.10
Outstanding, end of period	44,048,675	$ 0.71	30,559,841	$ 0.95

(Expressed in Canadian dollars, unless otherwise stated)

12. RELATED PARTY TRANSACTIONS AND BALANCES

During the nine month periods ended September 30, 2012 and 2011, the Company incurred management compensation as follows:

	2012	2011
Key management - consulting fees	540,000	405,000
Key management - share based payments	-	135,000
	540,000	540,000

Of this amount, $450,000 (2011 - $255,000) was expensed and $90,000(2011 - $150,000) was capitalized to investment in, and expenditures on, exploration and evaluation assets.

At September 30, 2012, the Company owed $Nil (December 31, 2011 - $Nil) for consulting fees. Amounts due to related parties are non-interest-bearing, unsecured and without specific terms of repayment. Amounts are expected to be repaid within one year.

At September 30, 2012, the Company is committed to pay termination payments to four officers and directors in the event those individuals are terminated without cause. The payments range from two to three years of annual salary per individual. If the termination payments were triggered for all four individuals, the Company would be required to pay to those individuals in total $1,620,000.

13. CONTINGENT LIABILITY

In December 2011, an Australian company filed, in Singapore, a Notice of Arbitration (the “Notice”) against the Company, and one of its Philippine affiliated companies, claiming the Company owed them $722,073 (AUD$714,924).

During the quarter ended September 30, 2012, the Company issued two million common shares valued at $220,000 and paid $101,990 (AUD$100,000) to the Australian company to settle the dispute (notes 11and 5).

14. CAPITAL MANAGEMENT

The Company is an exploration stage company and this involves a high degree of risk. The Company has not determined whether its properties contain economically recoverable reserves of ore and currently has not earned any revenues from its resource property interests and, therefore, does not generate cash flows from operations. On October 10, 1012, the Company’s Philippines affiliate, Tribal Mining Corp. (TMC), received a declaration of mining project feasibility (DMPF) from the Mines and Geosciences Bureau (MGB), enabling the Company to commence mining production at the T'Boli gold-silver mine within its mineral processing and sharing agreement. With receipt of DMPF from the MGB, the Company began mining production in Q4 2012. The T'Boli project is fully equipped, including a trained local work force, a fully constructed and commissioned carbon-in-leach (CIL) gold-silver processing plant, gravity concentrator, electrowinning circuit, tailings storage facility and powerhouse. The decision to become a gold producer is not based on a feasibility study of mineral reserves as defined by National Instrument 43-101 and there is no certainty the proposed operation will be economically viable. The Company's primary source of funds continues to come from the issuance of share capital and debt. The Company considers common shares to be the capital of the Company and has issued common shares for $52,151,445 to September 30, 2012 (December 31, 2011 - $50,278,839). The Company has received $1,800,200 from investors participating in a 50,000,000 unit private placement consisting of one common share and one share purchase warrant, with each warrant exercisable to acquire an additional share for a period of 2 years from closing date at a price of $0.20 for the first year from the closing date and $0.25 for the second year. The Company issued a secured loan for $1,044,190 (AUD$1,000,000)(note 9) which was redeemed on January 17, 2012 as part of the transaction with Mining Group (note 5). In addition, the Company issued convertible notes for $2,500,000 (note 10). The Company is not subject to any externally imposed capital requirements.

(Expressed in Canadian dollars, unless otherwise stated)

The Company's objectives of capital management are intended to safeguard its ability to meet normal operating requirements on an ongoing basis and continue the development and exploration of its resource properties. To effectively manage the Company's capital requirements, the Company has in place a planning process to determine the funds required to ensure appropriate liquidity to meet its operating and growth objectives. The Company monitors actual expenses on all exploration projects and overhead to manage costs, commitments and exploration activities.

15. SEGMENTED INFORMATION

The Company has one operating segment: resource property exploration. The Company's corporate assets are located in Canada. The Company has investments in corporations located in the Philippines and Australia, and natural resource exploration activities have occurred in Colombia in past years.

	September 30, 2012				
	Canada	Australia	Philippines	Colombia	Consolidated
Current assets	$ 1,295,588	$ -	$ 342,630	$ -	$ 1,638,218
Deferred exploration costs	1,423,273	-	24,527,594	-	25,950,867
Loan to Philco Mining	10,307,538	-	-	-	10,307,538
Investments held for resale	576,405	-	-	-	576,405
Investment in Philco Mining	1,211,828	-	-	-	1,211,828
Property, plant and equipment	13,116	-	2,616,398	-	2,629,514
Total Assets	$ 14,827,748	$ -	$ 27,486,622	$ -	$ 42,314,370
Total Liabilities	$ 2,981,211	$ -	$ 590,083	$ -	$ 3,571,294
	December 31, 2011				
	Canada	Australia	Philippines	Colombia	Consolidated
Current assets	$ 3,641,363	$ 2,535	$ 368,661	$ -	$ 4,012,559
Deferred exploration costs	895,894	-	29,713,121	-	30,609,015
Property, plant and equipment	-	-	2,598,970	-	2,598,970
Total Assets	$ 4,537,257	$ 2,535	$ 32,680,752	$ -	$ 37,220,544
Total Liabilities	$ 3,960,388	$ -	$ 486,797	$ -	$ 4,447,185

16. SUBSEQUENT EVENTS

On October 16, 2012, the Company announced the receipt of subscriptions to purchase an additional $2,290,200 of units at 15 cents per unit in connection with its previously announced non-brokered private placement. On closing, and when combined with the previous tranches, the Company issued a total of 28,756,834 units for gross proceeds of $4,313,525. Each unit consists of one common share in the capital of the Company and one share purchase warrant. Each warrant is exercisable to acquire an additional common share for a period of two years from the closing date at a price of 20 cents for the first year and at a price of 25 cents for the second year. In addition the Company granted 4,500,000 fully vested incentive stock options. The exercise price of the options is $0.15 each, exercisable until October 16, 2017. The fair value of the stock options granted was $550,948 ($0.12 each), as estimated at the date of the grant using the Black-Scholes option pricing model.

On October 18, 2012, the Company announced that its Philippines affiliate, Tribal Mining Corp. (TMC), received the Mines and Geosciences Bureau (MGB) declaration of mining project feasibility (DMPF), enabling the Company to commence commercial mining production at the T'Boli gold-silver mine within the mineral processing and sharing agreement (MPSA) No. 090-97-XI.

On October 29, 2012, the Company announced that the option agreement over the Batoto project with Mining Group Ltd. has lapsed, and the Company will not enter into a similar agreement in the short term.

On November 5, 2012, the Company announced that it had completed the sale of a further 2,109,661 units as part of its previously announced non-brokered private placement. The Company will close the sale of a further 13,158,339 units subscribed for by a single Singapore-based investor upon completion of standard TSX Venture Exchange background checks. Each unit consists of one common share in the capital of the company and one share purchase warrant. Each warrant is exercisable to acquire an additional common share for a period of two years at a price of 20 cents until Oct. 31, 2013, and at a price of 25 cents until Oct. 31, 2014. On a combined basis, including subscriptions pending TSX-V approval, the Company will have issued a total of 28,756,834 units for gross proceeds of $4,313,525.

On November 9, 2012, the Company announced that the TSX Venture Exchange has accepted for filing documentation with respect to a non-brokered private placement announced July 10, 2012, August 13, 2012, and September 13, 2012, for 10.3 million shares @ $0.15 plus 10.3 million share purchase warrants to purchase 10.3 million shares @ $0.20 cents for a one-year period and $0.25 cents in the second year.

On November 14, 2012, the Company announced that, pursuant to its previously announced non-brokered private placement, it has closed on 10.3 million units to a single Singapore-based investor and will, upon completion of standard TSX Venture Exchange background check and approval, complete an additional 6,161,334 units to the same investor. The Company has been informed by the TSX-V that it may take approximately three weeks to complete. Each unit consists of one common share in the capital of the Company and one share purchase warrant. Each warrant is exercisable to acquire an additional common share for a period of two years at a price of 20 cents until Nov. 7, 2013, and at a price of 25 cents until Nov. 7, 2014. On a combined basis, including subscriptions pending TSX-V approval, the Company will have issued a total of 32,059,829 units for gross proceeds of $4,808,974.35.

On November 26, 2012, the Company announced that it is proposing to complete a private placement of up to 15,000,000 units of the Company at a price of $0.20 per unit for total proceeds of $3,000,000. Each Unit consists of one common share and one share purchase warrant of the Company. Each warrant is exercisable to acquire an additional common share for a period of 2 years from the closing date at a price of $0.27 per share. In addition, the Company announced that it is proposing to complete a further private placement of convertible debentures for gross proceeds of $1,500,000. The convertible debentures will be convertible into units of the Company at a price of $0.25 per unit, with each Unit consisting of one common share and one common share purchase warrant of the Company. Each warrant will entitle the holder to purchase one additional common share of the Company for a period of 12 months from the date the closing date at a price of $0.27 per share.