Condensed Consolidated Interim Financial Statements

For the Three Months Ended

March 31, 2013

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited interim consolidated financial statements of Canterra Minerals Corporation (the “Company”) have been prepared by and are the responsibility of the Company’s management.

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

CANTERRA MINERALS CORPORATION
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION (unaudited)
(Expressed in Canadian Dollars)

	March 31 2013	December 31 2012
ASSETS		
Current		
Cash	$ 723,857	$ 958,244
Receivables (Note 4)	18,467	33,806
Prepaid expenses	1,717	1,717
	744,041	993,767
Equipment (Note 5)	121,708	128,716
Exploration deposits (Note 6)	4,000	4,000
Mineral properties (Note 7)	8,821,709	8,724,570
	$ 9,691,458	$ 9,851,053
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Note 8)	$ 42,848	$ 74,245
	42,848	74,245
Shareholders' equity		
Share capital (Note 10)	103,695,034	103,655,034
Reserves (Note 10)	165,187	189,889
Deficit	(94,211,611)	(94,068,115)
	9,648,610	9,776,808
	$ 9,691,458	$ 9,851,053

Nature and continuance of operations (Note 1)
Basis of presentation (Note 2)
Subsequent events (Note 15)

Approved and authorized by the Board on May 8, 2013

"Randy C. Turner"
Randy C. Turner, Director

"John McDonald"
John McDonald, Director

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

CANTERRA MINERALS CORPORATION

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS (unaudited)
(Expressed in Canadian Dollars)

	Three Month Period Ended March 31 2013	Three Month Period Ended March 31 2012
Expenses		
Business development	$ 2,001	$ 2,052
Depreciation	7,008	9,254
Insurance	35,975	35,100
Legal, audit and accounting	10,792	1,969
Management fees and corporate services	7,625	2,240
Office and miscellaneous	6,113	15,720
Regulatory and transfer agent fees	11,145	11,750
Rent	20,720	30,644
Travel	2,738	5,816
Wages and benefits	28,372	23,523
Exploration expenditures (Note 7)	38,453	36,456
	(170,942)	(174,524)
Interest income	2,744	2,764
	2,744	2,764
Loss and comprehensive loss for the period	$ (168,198)	(171,760)
Basic and diluted loss per common share	$ (0.01)	$ (0.01)
Weighted average number of common shares outstanding	49,516,565	49,411,009

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

CANTERRA MINERALS CORPORATION

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS (unaudited)

(Expressed in Canadian Dollars)

	Three Month Period Ended March 31 2013	Three Month Period Ended March 31 2012
Cash flows from operating activities		
Income (loss) for the period	$ (168,198)	$ (171,760)
Items not affecting cash:		
Depreciation	7,008	9,254
Changes in non-cash working capital items:		
(Increase) decrease in receivables	15,339	15,916
(Increase) decrease in prepaid expenses	-	(458)
Increase (decrease) in accounts payable and accrued liabilities	(31,397)	(102,254)
Net cash used in operating activities	(177,248)	(249,302)
Cash flows from investing activities		
(Acquisition) disposition of mineral properties	(57,139)	-
Net cash used in investing activities	(57,139)	-
Change in cash during the period	(234,387)	(249,302)
Cash, beginning of the period	958,244	1,615,231
Cash, end of the period	$ 723,857	$ 1,365,929

Supplemental disclosure with respect to cash flows (Note 12)

CANTERRA MINERALS CORPORATION

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY (unaudited)

(Expressed in Canadian Dollars)

	Share Capital				
	Number	Amount	Reserves	Deficit	Total
Balance, December 31, 2012	49,411,009	$ 103,655,034	$ 189,889	$ (94,068,115)	$ 9,776,808
Issued for mineral properties	500,000	40,000	-	-	40,000
Reserves transferred on expired options	-	-	(24,702)	24,702	-
Loss for the period	-	-	-	(168,198)	(168,198)
Balance, March 31, 2013	49,911,009	$ 103,695,034	$ 165,187	$ (94,211,611)	$ 9,648,610
Balance, December 31, 2011	49,411,009	$ 103,655,034	$ 760,212	$ (92,259,696)	$ 12,155,550
Loss for the year	-	-	-	(171,760)	(171,760)
Balance, March 31, 2012	49,411,009	$ 103,655,034	$ 760,212	$ (92,431,456)	$ 11,983,790

1. NATURE AND CONTINUANCE OF OPERATIONS

Canterra Minerals Corporation (the "Company") is incorporated under the Business Corporations Act, British Columbia and is considered to be in the exploration stage with respect to its mineral properties. Based on the information available to date, the Company has not yet determined whether its mineral properties contain ore reserves.

The Company's head office and principal address is 1410 – 650 West Georgia Street, Vancouver, British Columbia, Canada, V6B 4N8. The Company's registered and records office is 2300 – 550 Burrard Street, Vancouver, British Columbia, Canada, V6C 2B5.

These condensed consolidated interim financial statements have been prepared by management on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred ongoing losses and has no source of recurring revenue. These uncertainties may cast significant doubt upon the Company's ability to continue as a going concern. A number of alternatives including, but not limited to selling an interest in one or more of its properties or completing a financing, are being evaluated with the objective of funding ongoing activities and obtaining additional working capital. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due.

The recovery of the amounts comprised in mineral properties is dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete their exploration and development, and upon future profitable production.

These condensed consolidated interim financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2. BASIS OF PREPARATION

Statement of Compliance

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounts Standards ("IAS") 34, "Interim Financial Reporting" using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of Consolidation and Presentation

These condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial assets measured at fair value. All dollar amounts presented are in Canadian dollars unless otherwise specified.

These condensed consolidated interim financial statements incorporate the financial statements of the Company and its controlled subsidiaries. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The condensed consolidated interim financial statements include the accounts of the Company and its direct wholly-owned subsidiaries (Note 9). All significant intercompany transactions and balances have been eliminated upon consolidation.

2. BASIS OF PREPARATION *(continued)*

Use of Estimates

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the year.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the depreciation of equipment, recoverability of mineral properties, valuation of share-based payments, and recognition of deferred tax amounts.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the condensed consolidated interim financial statements are as follows:

<u>Economic recoverability and probability of future economic benefits of exploration and evaluation costs</u>
Management has determined that exploration, evaluation, and related costs incurred which were capitalized have future economic benefits and are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and metallurgic information, history of conversion of mineral deposits to proven and probable reserves, scoping and feasibility studies, accessible facilities, existing permits and life of mine plans.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

<u>Valuation of share-based payments</u>
The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company’s earnings and equity reserves.

<u>Income taxes</u>
In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

<u>Depreciation for equipment</u>
Depreciation expense is allocated based on assumed asset lives. Should the asset life or depreciation rates differ from the initial estimate, an adjustment would be made in the condensed consolidated interim statements of comprehensive loss.

3. SIGNIFICANT ACCOUNTING POLICIES

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

Equipment

Equipment is carried at cost, less accumulated depreciation and accumulated impairment losses. Depreciation is recognized using the declining balance method at the following annual rates:

Furniture and equipment	20%
Computer equipment	30%
Field supplies and equipment	20%

Foreign exchange

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and each of its subsidiaries is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors indentified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in comprehensive loss.

Flow through shares

Canadian Income Tax legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. The Company accounts for flow through shares whereby the premium paid for the flow through shares in excess of the market value of the shares without flow through features at the time of issue is credited to other liabilities and then recognized into income when the qualifying expenditures are made.

Share-based payments

The Company grants stock options to directors, officers, employees and consultants. The fair value of stock options is measured on the grant date, using the Black-Scholes option pricing model and is recognized over the vesting period of the related options. Consideration paid for the shares on the exercise of stock options is credited to share capital.

For vested options that have expired or were cancelled unexercised, the Company reverses the share-based payment reserve against the deficit.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories as follows:

Fair value through profit or loss - This category comprises derivatives and financial assets acquired principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss. Cash is included in this category.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost using the effective interest method less any provision for impairment. Receivables and exploration deposits are included in this category.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method less any provision for impairment.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized in other comprehensive income (loss). Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from accumulated other comprehensive income (loss) and recognized in profit or loss.

All financial assets except those measured 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 objective evidence of impairment as a result of one or more events that have occurred after initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Financial liabilities

The Company classifies its financial liabilities into one of two categories as follows:

Fair value through profit or loss - This category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities: This category consists of liabilities carried at amortized cost using the effective interest method. Accounts payable and accrued liabilities are included in this category.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Mineral properties

The Company accounts for its mineral properties as exploration and evaluation assets in accordance with IRFS 6, *Exploration for and Evaluation of Mineral Resources*. The Company capitalizes mineral property acquisition costs, which include the cash consideration, option payments under an earn-in arrangement, and the fair value of common shares issued for mineral properties. The acquisition costs are deferred until the property is placed into production, sold or abandoned or determined to be impaired. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

The Company expenses to operations all exploration and evaluation costs incurred prior to the determination of economically recoverable reserves. Exploration and evaluation expenditures relate costs incurred for investigation and evaluation of potential mineral reserves and resources, including trenching, exploratory drilling, sampling, mapping, and other activities in searching for ore bodies under the properties, and evaluate the technical and commercial viability of developing mineral properties identified through exploration. Exploration and evaluation expenditures, net of any recoveries, are recorded on a property by property basis.

Provision for environmental rehabilitation

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of mineral properties and equipment. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision.

The increase in the provision due to the passage of time is recognized as interest expense.

The Company does not have any significant environmental rehabilitation provisions.

Impairment of tangible and intangible assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If 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 than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where 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 to an amount that 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

New standards not yet adopted

The Company has not yet adopted the following revised or new IFRS that have been issued but are not yet effective at March 31, 2013:

- IFRS 9, Financial Instruments (effective January 1, 2015) introduces new requirements for the classification and measurement of financial assets and liabilities.

The Company is currently assessing the impact that these new accounting standards will have in the consolidated financial statements.

FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2013 (Expressed in Canadian Dollars)

4. RECEIVABLES

The Company's receivables are as follows:

	March 31, 2013	December 31, 2012
HST receivable	$ 10,769	$ 19,201
Advances receivable	7,698	14,605
Total	$ 18,467	$ 33,806

5. EQUIPMENT

	Furniture and equipment	Computer equipment	Field Supplies and equipment	Total
Cost				
Balance, January 1, 2012	$ 231,434	$ 411,045	$ 164,603	$ 807,082
Additions (dispositions)	-	-	-	-
Balance, December 31, 2012	231,434	411,045	164,603	807,082
Additions (dispositions)	-	-	-	-
Balance, March 31, 2013	$ 231,434	$ 411,045	$ 164,603	$ 807,082
Accumulated depreciation				
Balance, January 1, 2012	$ 160,044	$ 368,244	$ 112,549	$ 640,837
Depreciation	14,277	10,411	12,841	37,529
Balance, December 31, 2012	174,321	378,655	125,390	678,366
Depreciation	2,785	2,031	2,192	7,008
Balance, March 31, 2013	$ 177,106	$ 380,686	$ 127,582	$ 685,374
Carrying amounts				
As at January 1, 2012	$ 71,390	$ 42,801	$ 52,054	$ 166,245
As at December 31, 2012	$ 57,113	$ 32,390	$ 39,213	$ 128,716
As at March 31, 2013	$ 54,328	$ 30,359	$ 37,021	$ 121,708

6. EXPLORATION DEPOSITS

Exploration deposits are interest-bearing and are held by major financial intuitions on behalf of mining regulators. These deposits are held primarily for prospecting permits and will be released upon the Company incurring certain exploration expenditures on specific mineral properties. Exploration deposits surrendered to mining regulators are expensed in mineral properties (Note 7).

7. MINERAL PROPERTIES

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing.

The Company holds interests in various mineral claims located in Canada and the United States, the acquisition costs of which are as follows:

		March 31, 2013		December 31, 2012
Northwest Territories & Nunavut - Canada				
Hilltop Property, Northwest Territories/Cache Property, Nunavut A 100% interest/An 80% interest.	$	252,770	$	252,770
King Property, Northwest Territories A 100% interest		60,509		60,509
Carat Property, Northwest Territories A 70% interest.		132,772		132,772
Alberta - Canada				
Buffalo Hills Property, Alberta A 33% interest.	$	8,278,519	$	8,278,519
Nevada - United States				
Highland Property, Nevada An option to purchase a 51% interest, subject to an underlying 3% NSR. To acquire its interest, the Company must make a cash payment of US$30,000 (paid), issue a total of 1,250,000 common shares (250,000 issued to date with a fair value of C$20,000) and incur aggregate exploration expenditures of US$2,000,000 over a period of 4 years from March 7, 2013. The Company can increase its interest to 70% within 2 years of earning its 51% by making an additional cash payment of US$100,000, issuing an additional 500,000 common shares and incurring an additional US$4,000,000 in exploration expenditures. The Company can buy-back 1% of the NSR for US$1,000,000.	$	51,167	$	-
East Manhattan Property, Nevada An option to purchase a 51% interest, subject to an underlying 3% NSR. To acquire its interest, the Company must make aggregate cash payments of US$175,000 (US$25,000 paid to date), issue a total of 1,250,000 common shares (250,000 issued to date with a fair value of C$20,000) and incur aggregate exploration expenditures of US$2,000,000 over a period of 4 years from March 7, 2013. The Company can increase its interest to 70% within 2 years of earning its 51% by making an additional cash payment of US$100,000, issuing an additional 500,000 common shares and incurring an additional US$4,000,000 in exploration expenditures. The Company can buy-back 1% of the NSR for US$1,000,000.		45,972		-
Total Mineral Properties:	$	**8,821,709**	$	**8,724,570**

7. MINERAL PROPERTIES *(continued)*

During the period ended March 31, 2013, the Company incurred exploration expenditures as follows:

	Geology & Geophysics	Field Sampling	Drilling	Land Use & Tenure	Data Evaluation	Reclamation & Safety	Recoveries	Total for the period
ONTARIO								
Other	4,796	-	-	473	-	-	-	**5,269**
NEVADA								
East Manhattan	20,603	-	-	-	-	-	-	**20,603**
Highland	12,581	-	-	-	-	-	-	**12,581**
	$ 37,980	**-**	**-**	**$ 473**	**-**	**-**	**-**	**$ 38,453**

During the period ended March 31, 2012, the Company incurred exploration expenditures as follows:

	Geology & Geophysics	Field Sampling	Drilling	Land Use & Tenure	Data Evaluation	Reclamation & Safety	Recoveries	Total for the period
NWT								
Hilltop/Cache	23,866	-	-	5,136	-	-	-	**29,002**
ALBERTA								
Buffalo Hills	6,134	-	1,320	-	-	-	-	**7,454**
	$ 30,000	**-**	**$ 1,320**	**$ 5,136**	**-**	**-**	**-**	**$ 36,456**

FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2013 (Expressed in Canadian Dollars)

8. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are as follows:

	March 31, 2013	December 31, 2012
Trade payables	$ 42,848	$ 51,745
Accrued liabilities	-	22,500
Total	$ 42,848	$ 74,245

9. RELATED PARTY TRANSACTIONS

The condensed consolidated interim financial statements include the financial statements of Canterra Minerals Corporation and its subsidiaries listed in the following table:

Name of Subsidiary	Country of Incorporation	Ownership	Principal Activity
Nickel Bay Resources Ltd.	British Columbia, Canada	100%	Inactive
Triex Minerals Corporation	British Columbia, Canada	100%	Holding company
Triex Minerals (US) Inc.	Nevada, USA	100%	Inactive

Key Management Personnel
Key management personnel includes those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of executive and non-executive members of the Company's Board of Directors and corporate officers, including the Company's Chief Executive Officer and Chief Financial Officer.

Compensation paid or payable to key management personnel for services rendered are as follows:

	3 month period ended March 31, 2013	3 month period ended March 31, 2012
Management fees	$ 7,625	$ 2,352
Geological consulting fees	35,000	-
Total	**$ 42,625**	**$ 2,352**

Amounts paid or payable to companies with officers and/or directors in common are as follows:

	3 month period ended March 31, 2013	3 month period ended March 31, 2012
Rent	$ 15,000	$ 15,000
Wages and benefits	7,500	7,500
Total	**$ 22,500**	**$ 22,500**

Included in receivables at March 31, 2013 is $7,698 (2012 - $3,063) due from companies with common directors and/or officers.

Included in accounts payable and accrued liabilities at March 31, 2013 is $17,304 (2012 - $Nil) due to companies with common directors and/or officers.

FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2013 (Expressed in Canadian Dollars)

10. SHARE CAPITAL AND RESERVES

a) Authorized share capital

The authorized share capital of the Company is an unlimited number of common shares without par value and an unlimited number of preferred shares without par value. All issued shares, consisting only of common shares are fully paid.

b) Issued Share Capital

On March 12, 2013 the Company issued 500,000 common shares, with a value of $40,000 as consideration towards the acquisition of mineral properties (Note 7).

c) Stock options

The Company has an incentive stock option plan in place under which it is authorized to grant options to directors and employees to acquire up to 10% of the Company's issued and outstanding common shares. Under the plan, the exercise price of each option may not be less than the market price of the Company's stock as calculated on the date of grant less the applicable discount. The options can be granted for a maximum term of 10 years and vesting periods are determined by the Board of Directors.

As at March 31, 2013, the Company had outstanding stock options, enabling the holders to acquire further common shares as follows:

Number of Shares	Exercise Price	Expiry Date
225,250	0.33	January 26, 2014
915,000	0.25	April 14, 2015
1,140,250		

Stock option transactions are summarized as follows:

	March 31, 2013		December 31, 2012	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, beginning of period	1,332,250	$ 0.28	1,924,000	$ 0.29
Granted	-	-	-	-
Exercised	-	-	-	-
Expired/cancelled	(192,000)	0.33	(591,750)	0.33
Balance, end of period	1,140,250	$ 0.27	1,332,250	$ 0.28
Options exercisable, end of period	1,140,250	$ 0.27	1,332,250	$ 0.28

FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2013 (Expressed in Canadian Dollars)

10. SHARE CAPITAL AND RESERVES *(continued)*

d) Warrants

As at March 31, 2013 the Company had outstanding share purchase warrants, enabling the holders to acquire further shares as follows:

Number of Warrants	Exercise Price	Expiry Date
13,153,266	$0.25	June 21, 2014 *(Subsequently extended)*
450,196	$0.25	June 21, 2013
13,603,462		

The outstanding share purchase warrants above are subject to an acceleration clause whereby in the event that the common shares trade at a closing price on the TSX Venture Exchange of greater than $0.50 per common share during any twenty consecutive trading-day period, the Company may accelerate the expiry date by giving such notice to the holders thereof and in such case the warrants will expire on the 21st business day after the date on which such notice is given.

Share purchase warrant transactions were as follows:

	March 31, 2013		December 31, 2012	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance, beginning of year	13,603,462	$ 0.25	13,603,462	$ 0.25
Granted	-	-	-	-
Exercised	-	-	-	-
Expired/cancelled	-	-	-	-
Balance, end of year	13,603,462	$ 0.25	13,603,462	$ 0.25
Warrants exercisable, end of year	13,603,462	$ 0.25	13,603,462	$ 0.25

11. SEGMENT INFORMATION

The Company operates in one reportable operating segment, being the acquisition, exploration, and evaluation of mineral properties in Canada and the United States

Capital assets located in:	2013	2012
Canada	$ 8,846,278	$ 8,853,286
United States	97,139	-
	$ 8,943,417	$ 8,853,286

12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The significant non-cash investing and financing transactions during the period ended March 31, 2013 consisted of:

a) The issuance of 500,000 common shares valued at $40,000 for mineral properties.

There were no significant non-cash investing and financing transactions during the period ended March 31, 2012.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The fair value of cash is measured based on level 1 of the fair value hierarchy. The fair values of receivables, exploration deposits, accounts payable and accrued liabilities approximate their book values because of the short-term nature of these instruments.

The Company is exposed to a variety of financial risks by virtue of its activities, including credit risk, interest rate risk and liquidity risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance. Risk management is carried out by management under the direction and guidance of the Board of Directors. Management is responsible for establishing controls and procedures to ensure that financial risks are mitigated to acceptable levels.

Credit risk - Credit risk is the risk of a financial loss to the Company if a counter-party to a financial instrument fails to meet its contractual obligation. The Company manages credit risk by carrying short-term investments, if any, with investment grade ratings. The Company's receivables consist primarily of sales tax receivables due from federal and provincial government agencies and receivables from exploration partners with whom the Company has established credit policies. The Company does not have a significant concentration of credit risk with any single counter-party. The Company's cash is invested in interest bearing accounts at major Canadian chartered banks. Because of these circumstances, the Company does not believe it has a material exposure to credit risk.

Interest rate risk - Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company is not exposed to any significant interest rate.

Liquidity risk - Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances, asset sales or a combination thereof. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

Price risk - The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of diamonds and precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

14. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as shareholders equity, consisting of common shares, stock options and warrants.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company has historically relied on the equity markets to fund its activities. In addition, the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it believes there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

15. SUBSEQUENT EVENTS

Subsequent to March 31, 2013 the Company has amended the expiry date of 13,153,266 outstanding warrants from June 21, 2013 to June 21, 2014. The Warrants will remain exercisable into common shares at a price of $0.25 per common share.

In addition, the Company granted incentive stock options to certain directors, officers, employees and/or consultants to purchase up to 3,000,000 common shares under the Company's Incentive Stock Option Plan. The options will be granted for a period of five (5) years, commencing April 10, 2013 and are exercisable at a price of $0.10 per share.