Global Hunter Corp.

Consolidated Financial Statements
Year Ended February 29, 2012

Expressed in Canadian dollars

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Global Hunter Corp.:

We have audited the accompanying consolidated financial statements of Global Hunter Corp., which comprise the statements of financial position as at February 29, 2012, February 28, 2011 and March 1, 2010, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years ended February 29, 2012 and February 28, 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consoidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Global Hunter Corp. as at February 29, 2012, February 28, 2011 and March 1, 2010, and its financial performance and its cash flows for the years ended February 29, 2012 and February 28, 2011, in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 to the consolidated financial statements, which describes certain conditions that give rise to substantial doubt about the entity's ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not qualified in respect of this matter.

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DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED ACCOUNTANTS

Vancouver, B.C.
June 26, 2012

Global Hunter Corp.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	Notes	February 29, 2012	February 28, 2011	March 1, 2010
		- $ -	- $ -	- $ -
			(Restated - Notes 16,18)	(Restated - Notes 16,18)
ASSETS				
Current assets				
Cash and cash equivalents	15	945,541	4,466,039	26,590
Sales tax receivables		76,410	83,715	58,306
Prepaid expenses		1,077	1,079	22,583
Marketable securities	6	1,500	15,500	4,000
		1,024,528	4,566,333	111,479
Restricted cash	7	-	517,338	-
Equipment	4	83,539	39,968	18,733
Exploration and evaluation assets	5	15,023,801	13,344,788	13,080,956
Deposits	10	29,530	8,000	8,000
		16,161,398	18,476,427	13,219,168
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities		357,149	635,889	2,140,346
Loans payable	7	2,892,262	523,566	1,086,675
Due to related parties	8	110,054	216,548	489,280
		3,359,465	1,376,003	3,716,301
NON-CURRENT LIABILITIES				
Loans payable	7	-	2,189,466	-
		-	2,189,466	-
SHAREHOLDERS' EQUITY				
Share capital	9	26,537,407	22,976,407	18,967,040
Shares to be issued (receivable)	9	(46,500)	2,910,000	64,747
Share-based payment reserves	9	3,559,140	2,712,956	2,712,956
Equity component of convertible debt reserve	9	564,407	564,407	-
Accumulated other comprehensive loss		(24,500)	(10,500)	(22,000)
Deficit		(17,788,021)	(14,242,312)	(12,219,876)
		12,801,933	14,910,958	9,502,867
		16,161,398	18,476,427	13,219,168

Nature of operations and going concern	1
Subsequent events	17

Approved by Directors:

"Rudy Brauer"

"Gurminder Sangha"

- See accompanying notes -

Global Hunter Corp.
Consolidated Statements of Comprehensive Loss
(Expressed in Canadian dollars)

	Notes	Year Ended February 29, 2012 - $ -	Year Ended February 28, 2011 - $ -
Expenses			
Amortization		8,138	1,071
Consulting	8	406,173	487,309
Insurance		14,904	17,814
Interest and finance charges	7,8	806,816	648,497
Travel		299,686	359,946
Management fees	8	307,887	253,539
Office and miscellaneous	8	218,399	137,096
Professional fees		469,704	177,776
Rent	8	117,777	106,677
Transfer agent and filing fees		72,240	52,456
Loss from operations		2,721,723	2,242,181
Other items			
Interest income		(14,537)	-
Gain on debt settlement	7	(47,188)	(203,236)
Loss (gain) on foreign exchange		24,500	(16,509)
Bad debt expense		15,026	-
		2,699,525	2,022,436
Net loss		2,699,525	2,022,436
Other comprehensive (income) loss		14,000	(11,500)
Comprehensive loss		2,713,524	2,010,936
Basic and diluted loss per share		(0.01)	(0.01)

- See accompanying notes -

Global Hunter Corp.
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	Year ended February 29, 2012 - $ -	Year ended February 28, 2011 - $ -
Cash from (used in):		
Operating Activities:		
Net loss	(2,699,525)	(2,022,436)
Items not involving cash:		
Amortization	8,138	1,071
Accrued interest	695,551	362,015
Bad debt	15,026	-
Gain on settlement of debt	(47,188)	(203,236)
Change in non-cash working capital items:		
Prepaid expenses	2	21,504
Sales tax receivables	7,305	(25,409)
Accounts payable and accrued liabilities	(81,175)	(1,504,457)
Cash used in operating activities	(2,101,866)	(3,370,948)
Investing Activities:		
Additions to equipment	(59,690)	(26,395)
Proceeds on sale of mineral properties	-	206,486
Expenditures on mineral properties	(1,671,032)	(466,229)
Cash used in investing activities	(1,730,722)	(286,138)
Financing activities:		
Proceeds from convertible debenture	-	2,500,000
Restricted cash	517,338	(517,338)
Repayment of loans	(681,725)	(118,580)
Share capital issued for cash, net of costs	51,000	3,575,185
Exercise of warrants for cash	553,500	20,000
Share subscriptions receivable	-	2,910,000
Deposit	(21,530)	-
Repayment to related parties	(106,493)	(272,732)
Cash provided in financing activities	312,090	8,096,535
Increase in cash and cash equivalents	(3,520,498)	4,439,449
Cash and cash equivalents, beginning	4,466,039	26,590
Cash and cash equivalents, ending	945,541	4,466,039

- See accompanying notes -

Global Hunter Corp.
Consolidated Statements of Changes in Equity
(Expressed in Canadian dollars)

	Notes	Share capital - $ -	Number	Shares to be issued (receivable) - $ -	Share-based payment reserves - $ -	Equity component of convertible debt - $ -	Accumulated other comprehensive income (loss) - $ -	Deficit - $ -	Total equity - $ -
Balance, February 28, 2011	18	22,976,407	226,261,137	2,910,000	2,712,956	564,407	(10,500)	(14,242,312)	14,910,958
Private placements, net of issuance costs		2,961,000	33,000,000	(2,910,000)	-	-	-	-	51,000
Exercise of warrants		600,000	6,000,000	-	-	-	-	-	600,000
Extension of warrants		-	-	-	846,184	-	-	(846,184)	-
Shares subscriptions receivable		-	-	(46,500)	-		-	-	(46,500)
Net loss		-	-	-	-	-	-	(2,699,525)	(2,699,525)
Other comprehensive income		-	-	-	-		(14,000)	-	(14,000)
Balance, February 29, 2012		26,537,407	265,261,137	(46,500)	3,559,140	564,407	(24,500)	(17,788,021)	12,801,933
Balance, March 1, 2010	16,18	18,967,040	138,187,734	64,747	2,712,956	-	(22,000)	(12,219,876)	9,502,867
Private placements, net of share issuance costs		3,449,208	72,842,732	-	-	-	-	-	3,449,208
Exercise of warrants		20,000	200,000	-	-	-	-	-	20,000
Shares issued for finders' fees		190,724	3,382,831	(64,747)	-	-	-	-	125,977
Equity component of convertible loan		-	-		-	564,407	-	-	564,407
Share subscriptions received		-	-	2,910,000	-	-	-	-	2,910,000
Shares issued for debt settlement		349,435	11,647,840	-		-	-	-	349,435
Net loss		-	-	-	-	-	-	(2,022,436)	(2,022,436)
Other comprehensive income		-	-	-	-	-	11,500	-	11,500
Balance, February 28, 2011		22,976,407	226,261,137	2,910,000	2,712,956	564,407	(10,500)	(14,242,312)	14,910,958

- See accompanying notes -

1. Nature of Business and Going Concern

Global Hunter Corp. (the “Company”) is an exploration stage enterprise incorporated under the laws of British Columbia. The Company and its subsidiary are engaged in the acquisition and exploration of mineral properties located in Canada and Chile. The Company is listed on the Toronto Stock Exchange Venture (“TSX-V”).

These consolidated financial statements have been prepared on the assumption the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. At February 29, 2012 the Company had not advanced its exploration and evaluation assets to commercial production and is not able to finance day to day activities through operations. During the year ended February 29, 2012, the Company had net loss of $2,699,525 and at February 29, 2012 had a working capital deficiency of $2,334,937. Should the Company be unable to continue as a going concern, significant adjustments to asset values may be necessary. The ability of the Company to continue as a going concern is dependent upon the Company being able to raise sufficient financing to complete exploration and development activities, the discovery of economically recoverable reserves, and upon future profitable operations or proceeds from disposition of exploration and evaluation assets. The Company presently, has not yet determined whether its exploration and evaluation assets contain economically recoverable resources. Management intends to finance operating costs over the next twelve months with funds on hand and future private placements.

The head office, registered and principal address and records office of the Company are located at 502-535 Thurlow Street, Vancouver, British Columbia, Canada.

2. Significant accounting policies and basis of preparation

The financial statements were authorized for issue on June 26, 2012 by the directors of the Company.

Statement of compliance and conversion to International Financial Reporting Standards

The consolidated financial statements of the Company comply with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These are the Company’s first set of annual financial statements prepared in accordance with IFRS. The disclosures concerning the transition from pre-changeover Canadian Generally Accepted Accounting Principles (“Canadian GAAP”) to IFRS are provided in Note 18.

Basis of preparation

The consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The consolidated financial statements are presented in Canadian dollars unless otherwise noted.

Consolidation

The consolidated financial statements include the accounts of the Company and its controlled entity. Details of controlled entity is as follows:

		Percentage owned*	
	Country of incorporation	February 29, 2012	February 28, 2011
Global Hunter Chile Ltd.	Chile	100%	100%

Inter-company balances and transactions are eliminated on consolidation.

2. Significant accounting policies and basis of preparation (continued)

Significant accounting judgments, estimates and assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation and judgment relate to the determination of the useful lives of equipment, the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments and stock-based compensation and other equity-based payments, the recognition and valuation of provisions for restoration and environmental liabilities, and the recoverability and measurement of deferred tax assets and liabilities. Actual results may differ from those estimates and judgments.

Foreign currency translation

The functional currency of each entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Canadian dollars which is the parent company and its subsidiary's functional and presentation currency.

Transactions and balances:

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of comprehensive income in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in the statement of comprehensive income to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

Foreign operations:

The financial results and position of foreign operations whose functional currency is different from the Company's presentation currency are translated as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at that reporting date; and
- income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are transferred directly to the Company's foreign currency translation reserve in the statement of comprehensive income. These differences are recognized in the profit or loss in the period in which the operation is disposed.

2. Significant accounting policies and basis of preparation (continued)

Exploration and evaluation expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses, mineral rights, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Share-based payments

The Company operates an employee stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to share-based payment reserves. The fair value of options is determined using a Black–Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, basic loss per share equals the dilutive loss per share. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

2. **Significant accounting policies and basis of preparation** (continued)

Financial instruments (continued)

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary financial assets.

Non-derivative financial liabilities (excluding financial guarantees) are initially measured at fair value and subsequently measured at amortized cost.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether impairment has arisen.

The Company does not have any derivative financial assets and liabilities.

Impairment of assets

The carrying amounts of the Company's assets (which include equipment and exploration and evaluation assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive loss.

The recoverable amount of an asset is the greater of its fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous periods.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Income taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

2. Significant accounting policies and basis of preparation (continued)

Income taxes (continued)

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:

Deferred income tax is provided using the balance sheet method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Flow-through shares:

On the issuance of flow-through shares, any premium received in excess of the closing market price of the Company's common shares is initially recorded as a liability ("flow-through tax liability") and included in trade payables and accrued liabilities. Provided that the Company has renounced the related expenditures, or that there is a reasonable expectation that it will do so, the flow-through tax liability is reduced on a pro-rata basis as the expenditures are incurred and a deferred tax liability is recognized. The reduction to the flow-through tax liability is recognized in profit or loss as other income.

To the extent that the Company has suitable unrecognized deductible temporary differences, an offsetting recovery of deferred income taxes would be recorded.

Restoration and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration 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 restoration asset will be depreciated on the same basis as other mining assets.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements. These changes are recorded directly to mining assets with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss for the period.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred.

The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

2. Significant accounting policies and basis of preparation (continued)

Leases

Leases of property, plant and equipment where substantially all the risks and benefits incidental to the ownership of the asset are transferred the Company are classified as finance leases.

Finance leases are capitalized by recording an asset and a liability at the lower of the fair value of the leasehold interest in property, plant and equipment or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognized as a liability and amortized on a straight-line basis over the life of the lease term.

Equipment

Equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of a significant replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

Depreciation and amortization are calculated on a straight-line method to write off the cost of the assets to their residual values over their estimated useful lives. The depreciation and amortization rates applicable to each category of property, plant and equipment are as follows:

Class of property, plant and equipment	Depreciation rate
Furniture and fixtures	20%
Office and other equipment	20%

3. Accounting standards issued but not yet effective

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods beginning after March 1, 2012 or later periods.

The following new standards, amendments and interpretations that have not been early adopted in these financial statements, are not currently expected to have a material effect on the Company's results and financial position:

New standard IFRS 9 "Financial Instruments"
This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2015.

(Presented in Canadian dollars)

3. Accounting standards issued by not yet effective (continued)

New standard IFRS 10 "Consolidated Financial Statements"
This new standard will replace IAS 27 "Consolidated and Separate Financial Statements", and SIC-12 "Consolidation – Special Purpose Entities". Concurrent with IFRS 10, the IASB issued IFRS 11 "Joint Ventures"; IFRS 12 "Disclosures of Involvement with Other Entities"; IAS 27 "Separate Financial Statements", which has been amended for the issuance of IFRS 10 but retains the current guidance for separate financial statements; and IAS 28 "Investments in Associates and Joint Ventures", which has been amended for conforming changes based on the issuance of IFRS 10 and IFRS 11. IFRS 10 uses control as the single basis for consolidation, irrespective of the nature of the investee, eliminating the risks and rewards approach included in SIC-12, and requires continuous assessment of control over an investee. The above consolidation standards are effective for annual periods beginning on or after January 1, 2013.

New standard IFRS 11 "Joint Arrangements"
This new standard requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venture will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, "Interests in Joint Ventures", and SIC-13, Jointly Controlled Entities-Non-monetary Contributions by Venturer. IFRS 11 is effective for annual period beginning on or after January 1, 2013.

New standard IFRS 12 "Disclosure of Interests in Other Entities"
This new standard establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities. IFRS 12 is effective for annual period beginning on or after January 1, 2013.

New standard IFRS 13 "Fair value measurement"
This new standard replaces the fair value measurement guidance currently included in various other IFRS standards with a single definition of fair value and extensive application guidance. IFRS 13 provides guidance on how to measure fair value and does not introduce new requirements for when fair value is required or permitted. It also establishes disclosure requirements to provide users of the financial statements with more information about fair value measurements. IFRS 13 is effective for annual periods beginning on or after January 1, 2013.

New interpretation IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine"
This new IFRIC clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. IFRIC 20 is effective for annual periods beginning on or after January 1, 2013.

4. Equipment

	February 29, 2012			February 29, 2011			March 1, 2010		
	Cost	Accum. Amort.	Net Book Value	Cost	Accum. Amort.	Net Book Value	Cost	Accum. Amort.	Net Book Value
	-$-	-$-	-$-	-$-	-$-	-$-	-$-	-$-	-$-
Furniture and fixtures:	21,930	(2,181)	19,749	1,186	(483)	703	1,678	(859)	819
Office and other equipment:	96,191	(32,401)	63,790	57,246	(17,980)	39,266	33,089	(15,175)	17,914
	118,121	(34,582)	83,539	58,431	(18,463)	39,968	34,767	(16,034)	18,733

(Presented in Canadian dollars)

5. Exploration and evaluation assets

	March 1, 2010 -$-	Addition (disposal) -$-	February 28, 2011 -$-	Addition (disposal) -$-	February 29, 2012 -$-
La Corona de Cobre, Chile:					
Acquisition costs	1,768,348	(206,486)	1,561,861	-	1,561,861
Logistics and support	2,187,131	34,098	2,221,228	26,352	2,247,580
Assaying	630,674	16,032	646,707	-	646,707
Drilling	1,904,276	-	1,904,276	-	1,904,276
Exploration	1,427,204	-	1,427,204	997,280	2,424,484
Geological	2,029,068	222,583	2,251,651	496,539	2,748,190
Licensing & permitting	344,388	167,531	511,919	117,593	629,512
	10,291,087	233,758	10,524,845	1,637,764	12,162,609
Rabbit South, Canada:					
Acquisition costs	445,089	30,000	475,089	39,248	514,337
Logistics and support	668,729	-	668,729	2,000	670,729
Assaying	99,708	-	99,708	-	99,708
Drilling	1,095,040	-	1,095,040	-	1,095,040
Exploration	309,162	-	309,162	-	309,162
Geological	239,370	-	239,370	-	239,370
BC Mineral Tax Credit	(67,231)	74	(67,156)	-	(67,156)
	2,789,867	30,074	2,819,942	41,248	2,861,190
Other	2	-	2	-	2
	13,080,956	263,832	13,344,788	1,679,012	15,023,801

a) La Corona de Cobre Project

By an Option Agreement dated March 2, 2005, the Company acquired a 100% interest in mineral claims located near La Serena, Chile for consideration of:

Cash payments totaling $782,646 as follows:

- US$460,928 on or before December 31, 2005 as repayment of costs (paid);
- US$90,000 on or before June 30, 2005 (paid);
- US$100,000 on or before October 31, 2005 (paid); and
- US$110,000 on or before February 28, 2006 (paid).

Issue 1,000,000 shares of the Company capital stock as follows:

- 350,000 shares of the Company's capital stock to be issued within ten days of TSX acceptance of the Agreement (issued);
- 325,000 shares on or before March 2, 2006 (issued); and
- 325,000 shares on or before March 2, 2007 (issued).

Incur exploration and development expenditures totaling $3,500,000 as follows:

- $500,000 on or before December 31, 2005 (incurred);
- $1,000,000 on or before June 30, 2006 (incurred); and
- $2,000,000 on or before June 30, 2007, amended to September 30, 2007 by amendment agreement dated February 25, 2007 (incurred).

5. Exploration and evaluation assets (continued)

Sale of mineral claims at La Corona de Cobre Project

On April 29, 2009, the Company entered into an option agreement with Minera Activa Uno SPA, the terms of which provide Mineral Activa Uno SPA the option to acquire seven concessions currently held by the Company at La Corona de Core Project in La Serena, Chile.

The consideration was US$300,000, which Minera Activa Uno paid over a two year period:

a) US$100,000 - during the first 20 days after this was entered into (received);
b) US$100,000 - during the first 18 months after this was entered into (received); and
c) US$100,000 - during the first 24 months after this was entered into (received).

b) Rabbit South Properties

By an Option Agreement dated January 26, 2004 (as amended) the Company was granted the right and option to acquire a 100% interest (subject to a 3% Net Smelter Royalty ("NSR") in fifteen mineral claims located in British Columbia, Canada for consideration of:

Cash payments totaling $300,000 as follows:

- $25,000 on execution of the Agreement (paid);
- $40,000 on or before January 20, 2005 (paid);
- $50,000 on or before January 20, 2006 (paid);
- $50,000 on or before February 27, 2007 (paid);
- $50,000 on or before January 20, 2008 (paid); and
- $85,000 on or before January 20, 2009 (paid).

Issue 300,000 shares of the Company's capital stock as follows:

- 100,000 shares of Company's capital stock to be issued within ten days of TSX acceptance of the agreement (issued);
- 100,000 shares on or before January 20, 2005 (issued); and
- 100,000 shares on or before January 20, 2006 (issued).

Incur exploration and development expenditures totaling $1,500,000 as follows:

- $200,000 on or before January 20, 2005 (incurred);
- $250,000 on or before January 20, 2006 (incurred);
- $300,000 on or before June 30, 2007 (incurred);
- $375,000 on or before January 20, 2008; amended to April 19, 2008 (incurred); and
- $375,000 on or before January 20, 2009 (incurred).

Pursuant to an amendment dated February 19, 2007, the Company issued an additional 100,000 common shares and paid $50,000 to delay the work commitment to June 30, 2007.

On August 17, 2009 the Company signed an amended agreement with the optionor whereby the Company agreed to issue 200,000 common shares of the Company (issued) and a cash payment of $85,000 (paid) to satisfy an earlier agreement dated February 19, 2007 in which the Company had requested an extension of time to make certain work expenditures.

Further consideration includes the payment of advance royalties of $30,000 per annum commencing November 30, 2008. The annual advance royalties were paid in December 2010 and 2011.

The Company may at any time purchase one third of the 3% NSR for $1,000,000.

(Presented in Canadian dollars)

6. Marketable Securities

The Company's marketable securities consist of 50,000 shares in Goldbank Mining Corp.:

	February 29, 2012 -$-	February 28, 2011 -$-	March 1, 2010 -$-
Balance, beginning	15,500	4,000	12,000
Less unrealized gain (loss)	(14,000)	11,500	(8,000)
Balance, ending	1,500	15,500	4,000

The fair value of the shares has been determined by reference to the closing price of the shares on the TSX Venture Exchange on February 29, 2012. At that date, the closing price was $0.03 per share (February 28, 2011 - $0.05; March 1, 2010 - $0.08).

7. Loans Payable

	February 29, 2012 -$-	February 28, 2011 -$-	March 1, 2010 -$-
Loans payable - current:			
Company controlled by a director (a)	-	32,701	88,580
Hudson Administrative Services Ltd. (b)	-	483,620	422,386
Emerald Fortune Ltd. (c)	7,245	7,245	7,245
Progroup services Ltd. (d)	-	-	27,321
Verona Delvelopment Corp. (d)	-	-	541,143
Convertible loan (e)	2,885,017	-	-
Total loans payable - current	2,892,262	523,566	1,086,675
Loans payable - non-current:			
Convertible loan (e)	-	2,189,466	-
Total loans payable - non-current	-	2,189,466	-

(a) At February 28, 2011, the Company had a balance owing of $32,701 (March 1, 2010: $88,580) to a company controlled by a director, including interest. The loan was unsecured, bore a monthly interest rate of 1.5% compounded daily, and did not have a fixed term of repayment. During the year ended February 29, 2012, the Company settled the loan with a payment of $28,989 and the accrued interest of $3,721 was recorded in gain on debt settlement.

(b) At February 28, 2011, the Company had a balance owing of $483,620 (March 1, 2010: $422,386) including interest of $37,376 to Hudson Administrative Services Ltd. ("Hudson"). The loan was unsecured, bore a monthly interest rate of 1.5% compounded daily, and did not have a fixed term of repayment. In November 2010, a lawsuit was commenced by Hudson claiming $446,244 for loans made to the Company. A payment of $446,244 was paid to court by a garnishee order. This amount was recorded in restricted cash as at February 28, 2011. The remaining balance of the loan was assigned by Hudson to a company controlled by a former director of the Company. During the year end February 29, 2012 the Company made a full payment of $446,244 and the accrued interest of $37,376 was recorded in gain on debt settlement.

(c) At February 29, 2012, the Company had a balance owing to Emerald Fortune Ltd. in the amount of $7,245 (February 28, 2011: $7,245, March 1 2010: $7,245). The loan is unsecured, non-interest bearing and does not have a fixed term of repayment.

7. Loans Payable (continued)

(d) At February 29, 2012, the Company had a balance owing to Progroup Services Ltd. ("Progroup") in the amount of $nil (February 28, 2011: $nil; March 1, 2010: $$27,321), including interest. The loan was unsecured, bore a monthly interest rate of 1.5% compounded daily, and did not have a fixed term of repayment.

During the year ended February 28, 2010, Progroup assigned $1,200,702 of this loan to Verona Development Corp. ("Verona"), a company with directors in common with the Company, leaving a balance outstanding of $27,321. The loan from Verona was unsecured, bore a monthly interest rate of 1.5% compounded daily, and did not have a fixed term of repayment.

On July 30, 2010, the Company extinguished its outstanding debt to Verona by issuing 11,647,840 shares with a fair value of $0.03 per share in satisfaction of $552,671 principle and accrued interest owing to Verona resulting in a gain of $203,236 (Note 9).

(e) On October 1, 2010, the Company received a $2,500,000 loan ("Convertible Loan") to advance its Corona de Cobre project in Chile. The proceeds from the loan will be used by the Company to fund project expenses and for general working capital purposes.

The loan has an eighteen month term and the loan principal will be convertible at the option of the lender in whole or in part into units ("Principal Units") of the Company until eighteen months from the date of the loan advance at the price of $0.06 per Principal Unit. Each Principal Unit is comprised of one common share and one-half of a non-transferable warrant. Each whole warrant is exercisable to purchase one additional common share for $0.10 at any time until eighteen months from the date of the loan advance. The loan bears interest at the rate of 12% per annum, payable on maturity, and accrued and unpaid interest will be convertible at the option of the lender in whole or in part into units ("Interest Units") of the Company until eighteen months from the date of the loan advance at the market price of the shares. Each Interest Unit will be comprised of one common share and one-half of a non-transferable warrant. Each whole warrant is exercisable to purchase one additional common share for 150% of the market price of the Company's shares at any time until eighteen months from the date of the loan advance. The loan principal and accrued interest is secured by a pledge of the shares of the Company's subsidiary, Global Hunter Chile Ltda., and may be repaid without penalty or bonus on 30-day notice. All shares issued on any conversion of loan principal or interest will be subject to a four month hold period from the date of advance of loan proceeds. A finder's fee equal to 6% of the loan proceeds was paid in cash.

Subsequent to February 29, 2012, the Company amended the convertible loan agreement to extend the term to repay the loan. Up to half of the principal and 100% of the accrued interest will be due and payable on October 1, 2012 if lender gives notice of the requirement to repay by September 20, 2012. The remaining balance of the laon principle and accrued interest will become due and payable without demand on October 1, 2013. As consideration for the loan extension, the Company will issue the lender detachable warrants exercisable to purchase up to 20,833,333 shares at $0.10 until the earlier of October 1, 2015 and the time of repayment of that portion of the principal in respect of which such detachable warrants would be issuable if such detachable warrants were a conversion warrant. The amended convertible loan agreement is subject to TSX-V approval (Note 17).

The loan is a compound financial instrument as it includes both liability and equity components. The Company determined the fair value of the liability component on the date of issue to be $1,935,593. The fair value of the liability was determined by calculating the fair value of the future cash flows of the loan assuming a discount rate of 30%. The equity component was determined to be $564,407 which is the residual of the proceeds less the liability component. The debt component of the convertible loan is accreted over the term to maturity, with the accretion charge included in interest expense.

(Presented in Canadian dollars)

7. Loans Payable (continued)

	February 29, 2012 -$-	February 28, 2011 -$-	March 1, 2010 -$-
Balance, beginning of period	2,189,466	-	-
Issuance of convertible loan	-	1,935,593	-
Interest expense accrual	300,616	124,110	-
Accretion expense	394,935	129,763	-
Balance, ending	2,885,017	2,189,466	-

8. Related Party Transactions

Due to related parties

The following amounts are due to related parties:

	February 29, 2012 -$-	February 28, 2011 -$-	March 1, 2010 -$-
Due to the Vice President Development and Exploration	4,149	-	-
Due to the President of the Company	4,746	-	15,000
Due to former President & Director of the Company	71,972	216,548	466,494
Due to the Chief Financial Officer	-	-	1,000
Due to company related to President of the Company	29,187	-	6,786
	110,054	216,548	489,280

Amounts due to related parties are unsecured, non-interest-bearing and are repayable on demand.

(Presented in Canadian dollars)

8. Related Party Transactions (continued)

Transactions with related parties

The Company was charged the following amounts by directors or companies with directors in common for the year ended February 29, 2012 and February 28, 2011:

	Years Ended	
	February 29, 2012 -$-	February 28, 2011 -$-
Consutling fees:		
Companies controlled by former President	-	99,375
Management fees:		
President and Chief Executive Officer	98,500	77,500
Director	54,150	13,150
Chief Financial Officer	12,000	12,000
Company controlled by former President	251,812	124,500
Vice President of Development and Exploration	85,671	26,389
Office and miscelaneous:		
Company controlled by former President	41,726	34,139
Rent:		
Company controlled by former President	14,923	99,627
Interest and finance charges:		
Companies controlled by former President	75,709	99,529
	634,491	586,209

Key management personnel compensation

	Years Ended	
	February 29, 2012 -$-	**February 28, 2011 -$-**
Management fees	502,133	253,539
Consulting fees	-	99,375
	502,133	352,914

9. Share Capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At February 29, 2012, there were 265,261,137 issued and fully paid common shares (February 28, 2011 – 226,261,137).

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the year ended February 29, 2012 was based on the loss attributable to common shareholders of $2,699,525 (2011 - $2,022,436) and the weighted average number of common shares outstanding of 260,479,734 (2011 – 178,146,398).

Diluted loss per share did not include the effect of 69,342,732 (2011: 82,508,321) share purchase warrants and 2,025,000 (2011: 2,025,000) stock options as the effect would be anti-dilutive.

9. Share Capital (continued)

Share issuance

Year ended February 29, 2012

a) In April 2011, the Company completed a private placement of 33,000,000 units at $0.10 per unit. Each unit is comprised of one common share and one-half of one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share in the capital of the Company for one year from the date of issue at $0.15 per share. The Company did not separately attribute a value to the warrants. The Company paid $339,000 as finders' fees for this private placement.

b) During the year ended February 29, 2012, the Company received $600,000 for exercise of 6,000,000 warrants at $0.10 per share.

Year ended February 28, 2011

a) In April 2010, the Company issued 6,842,732 units at $0.05 per unit pursuant to a private placement for total proceeds of $342,136. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share in the capital of the Company for two years from the date of issue at $0.10 per share. The Company did not separately attribute a value to the warrants.

b) On April 29, 2010, the Company issued 863,293 shares at $0.075 per share as a finder's fee for private placements completed during the year ended February 28, 2010. This amount was recorded as shares to be issued at February 28, 2010.

c) On June 29, 2010, the Company issued 2,000,000 units at $0.05 per unit pursuant to a private placement for total proceeds of $100,000. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share in the capital of the Company for two years from the date of issue at $0.10 per share. The Company did not separately attribute a value to the warrants.

d) On July 9, 2010, the Company issued 24,000,000 units at $0.05 per unit pursuant to a private placement for total proceeds of $1,200,000. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share in the capital of the Company for 18 months from the date of issue at $0.10 per share. The Company issued 1,358,000 shares with a fair value of $67,900 as finders' fees for this private placement. The Company did not separately attribute a value to the warrants.

e) On July 30, 2010, the Company issued 11,647,840 shares at $0.03 per share in satisfaction of $552,671 principle and accrued interest resulting in a gain of $203,236 (Note 7).

f) On November 16, 2010, the Company issued 200,000 shares pursuant to the exercise of share purchase warrants at $0.10 per warrant.

g) On December 15, 2010, the Company issued 40,000,000 units at $0.05 per unit pursuant to a private placement for total proceeds of $2,000,000. Each unit is comprised of one common share and one-half of one common share purchase warrant. Each full warrant entitles the holder to purchase one additional common share in the capital of the Company for 12 months from the date of issue at $0.10 per share. The Company issued 1,161,538 shares with fair value of $58,077 as finders' fees for this private placement. The Company did not separately attribute a value to the warrants.

h) The Company incurred finders' fees of $66,951 in cash relating to the private placements issued during the year ended February 28, 2011.

(Presented in Canadian dollars)

9. Share Capital (continued)

Share Purchase Warrants

At February 29, 2012, the Company had outstanding share purchase warrants exercisable to acquire up to 69,342,732 shares as follows:

Number	Exercise Price	Expiry Date
4,642,732	$0.10	April 8, 2012
2,200,000	$0.10	April 27, 2012
2,000,000	$0.10	June 29, 2012
24,000,000	$0.10	July 9, 2012
20,000,000	$0.10	June 15, 2012
16,500,000	$0.15	October 6, 2012
69,342,732		

The continuity of share purchase warrants outstanding is as follows:

	February 29, 2012			February 28, 2011		
	Number of shares		Weighted average exercise price	Number of shares		Weighted average exercise price
Balance, beginning	82,508,321	$	0.10	70,388,921	$	0.13
Issued at $0.15	16,500,000		0.15	-		0.00
Issued at $0.10	-		-	52,842,732		0.10
Exercised	(6,000,000)		0.10	(200,000)		0.10
Expired	(23,665,589)		0.10	(40,523,332)		0.15
Balance, ending	69,342,732	$	0.11	82,508,321	$	0.10

The weighted average life of the share purchase warrants outstanding at February 29, 2012 was 0.4 year.

On December 1, 2011, the Company extended the term of 20,000,000 outstanding share purchase warrants for six months from December 15, 2011 to June 15, 2012. The incremental fair value of the extension was determined to be $406,948 and was charged to share-based payment reserve and deficit. The following assumptions were used for the Black-Scholes valuation of the extension: Expected dividend – 0; Expected stock price volatility – 124%; Risk-free interest rate – 1.01%; Expected life of warrants – 0.54 years.

On December 5, 2011, the Company extended the term of 24,000,000 outstanding share purchase warrants by six months from January 9, 2012 to July 9, 2012. The incremental fair value of the extension was determined to be $439,236 and was charged to share-based payment reserve and deficit. The following assumptions were used for the Black-Scholes valuation of the extension: Expected dividend – 0; Expected stock price volatility – 127%; Risk-free interest rate – 0.91%; Expected life of warrants – 0.59 years.

Stock Options

The Company has adopted an incentive stock option plan (the "Plan"). The Plan provides that the aggregate number of shares of the Company's capital stock issuable pursuant to options granted under the plan may not exceed ten percent of the issued and outstanding shares of the Company at the relevant time. Options granted under the Plan may have a maximum term of five years. The exercise price of options granted under the Plan will not be less than the discounted market price of the shares (defined as the last closing market price of the Company's shares immediately preceding the grant date, less the maximum discount permitted by TSX Venture Exchange Policy), or such other price as may be agreed to by the Company and accepted by the TSX Venture Exchange. Stock options granted to consultants providing investor relations activities under the Plan are subject to vesting restrictions such that one-quarter of the option shall vest on each of the date of grant and three, six and twelve months after the date of grant.

(Presented in Canadian dollars)

9. Share Capital (continued)

Stock Options (continued)

A summary of the status of the Company's stock options at February 29, 2012 and February 28, 2011 is as follows:

	February 29, 2012			February 28, 2011		
	Number of shares		Weighted average exercise price	Number of shares		Weighted average exercise price
Balance, beginning	2,025,000	$	0.30	3,025,000	$	0.30
Expired	-		-	(1,000,000)		0.30
Balance, ending	2,025,000	$	0.30	2,025,000	$	0.30

The weighted average life of the options outstanding at February 29, 2012 was 0.5 years

At February 29, 2012, the Company had outstanding and exercisable stock options to acquire 2,025,000 shares as follows:

Number of Options Outstanding	Number of Options Exercisable	Price	Expiry Date
2,025,000	2,025,000	$ 0.30	October 4, 2012

10. Deposits

During the year ended February 29, 2012, the Company paid damage and security deposits of $29,530 for leases on office premises. The deposits of $8,000 as at February 28, 2011 and March 1, 2010 was related to a reclamation bond on the Rabbit South Properties. The bond was returned to the Company during the year ended February 29, 2012.

11. Income Tax Expenses and Deferred Tax Assets and Liabilities

	Years Ended	
	February 29, 2012 -$-	February 28, 2011 -$-
Loss before income taxes	(2,699,525)	(2,022,436)
Statutory income tax rate	26.25%	28.17%
Expected income tax recovery at statutory income tax rate	(708,625)	(569,720)
Future tax benefit of share issue costs not recognized	(88,988)	(18,685)
Expiration of non-capital losses	-	62,469
Items not deductible for tax purposes and other	81,361	85,400
Effect of change in tax rate	32,092	52,623
Change in valuation allowance	684,160	387,913
Income tax recovery	-	-

(Presented in Canadian dollars)

11. Income Tax Expenses and Deferred Tax Assets and Liabilities (continued)

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:

	February 29, 2012 -$-	February 28, 2011 -$-	March 1, 2010 -$-
Non-capital loss carry-forwards	11,764,110	9,136,703	7,423,464
Share issuance costs	444,232	357,062	474,764
Equipment	9,209	1,071	-
Investment	34,500	20,500	32,000
Exploration and evaluation assets	(579,742)	(579,668)	(546,212)
	11,672,309	8,935,668	7,384,016

The tax pools relating to these deductible temporary differences expire as follows:

	Canadian non-capital losses -$-	Canadian resource pools -$-	Equipment -$-	Investment -$-	Share issue costs -$-
2015	340,641	-	-	-	-
2026	558,653	-	-	-	-
2027	751,971	-	-	-	-
2028	2,541,949	-	-	-	-
2029	1,498,414	-	-	-	-
2030	1,469,296	-	-	-	-
2031	2,077,906	-	-	-	-
2032	2,525,280	-	-	-	-
No expiry	-	2,281,448	45,337	36,000	444,232
	11,764,110	2,281,448	45,337	36,000	444,232

12. Segmented Information

The Company is involved in one industry segment comprising the acquisition and exploration of mineral properties and two geographic segments: Canada and Chile. Expenses are incurred and the assets are located in both Canada and Chile. The Company's equipment and exploration and evaluation assets are distributed by geographic area as follows:

At February 29, 2012:

	Equipment -$-	Exploration and evaluation assets -$-	Total -$-
Canada	36,128	2,861,192	2,897,320
Chile	47,411	12,162,609	12,210,020
	83,539	15,023,801	15,107,340

(Presented in Canadian dollars)

12. Segmented Information (continued)

At February 28, 2011:

	Equipment -$-	Exploration and evaluation assets -$-	Total -$-
Canada	6,543	2,819,943	2,826,486
Chile	33,425	10,524,845	10,558,270
	39,968	13,344,788	13,384,756

13. Financial Instruments and Risk Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with major banks in Canada and Chile. As most of the Company's cash is held by two banks there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The Company's secondary exposure to risk is on its sales tax receivables. This risk is minimal as receivables consist primarily of refundable government goods and services taxes.

The Company's concentration of credit risk and maximum exposure thereto is as follows:

	February 29, 2012 -$-	February 28, 2011 -$-
Bank accounts – Canada	765,718	4,330,689
Bank accounts – Chile	179,823	135,350
	945,541	4,466,039

(b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

Historically, the Company's source of funding has been the issuance of equity securities for cash, primarily through private placements, loans and advances from related parties. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding, nor continued support from related parties by way of loans or advances.

13. Financial Instruments and Risk Management (continued)

(b) Liquidity Risk (continued)

The following is an analysis of the contractual maturities of the Company's non-derivative financial liabilities as at February 29, 2012:

	Within one year	Between one and five years	More than five years
Accounts payables	$ 317,009	$ -	$ -
Loans payable	2,892,262	-	-
Due to related parties	110,054	-	-
	$ 3,319,325	$ -	$ -

(c) Market Risk

The significant market risks to which the Company is exposed are interest rate risk, currency risk and other price risk. These are discussed further below:

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. The Company is exposed to interest rate risk on its cash equivalents as these instruments have original maturities of three months or less and are therefore exposed to interest rate fluctuations on renewal. A 1% change in market interest rates would have an impact on the Company's net income or loss of approximately $5,600.

Currency Risk
Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company's Chilean subsidiary is exposed to currency risk as it incurs expenditures that are denominated in Chilean pesos and US dollars while its functional currency is the Canadian dollar. The Company does not hedge its exposure to fluctuations in foreign exchange rates.

(d) Market Risk (continued)

As at February 29, 2012, the Company has financial instruments denominated in foreign currencies as below and is exposed to currency risk as follows:

	USD	Chilean Peso
Cash	16,584	178,976
Accounts payable	144,029	15,568
	160,613	194,544

Based on the above, assuming all other variables remain constant, a 10% weakening or strengthening of the Canadian dollar against the US dollar could result in an increase/decrease of approximately $16,000 in the Company's loss for the year, or a corresponding change in the Chilean peso could result in an increase/decrease of approximately $19,000 in the Company's loss for the year.

(Presented in Canadian dollars)

13. Financial Instruments and Risk Management (continued)

Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of its business. The capital structure of the Company consists of share and working capital.

There were no changes in the Company's approach to capital management during the year.

The Company is not subject to any externally imposed capital requirements.

Fair value
The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The following is an analysis of the Company's financial assets measured at fair value at February 29, 2012 and February 28, 2011:

	As at February 29, 2012		
	Level 1 -$-	Level 2 -$-	Level 3 -$-
Cash and cash equivalents	941,541	-	-
Marketable securities	1,500	-	-
	943,041		

	As at February 28, 2011		
	Level 1 -$-	Level 2 -$-	Level 3 -$-
Cash and cash equivalents	4,466,039	-	-
Marketable securities	15,500	-	-
	4,481,539		

(Presented in Canadian dollars)

14. Commitments

Operating leases commitments

At February 29, 2012, the Company had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	February 29, 2012
	- $ -
Within one year	157,000
Between two to five years	360,000
	517,000

Operating lease payments represent rentals payable by the Company for its office premises. Leases are negotiated for a term of five years.

15. Supplemental Cash Flow Information

During the year ended February 29, 2012 and February 28, 2011, the Company incurred the following non-cash transactions that are not reflected in the statement of cash flows:

	Years Ended	
	February 29, 2012	February 28, 2011
	-$-	-$-
Shares issued for debt settlement (Note 9)	-	349,435
Share issued for finders' fees (Note 9)	-	190,724
	-	540,159

Cash and cash equivalents are comprised of:

	Years Ended	
	February 29, 2012	February 28, 2011
	-$-	-$-
Cash in bank	382,141	3,408,539
Short-term investments	563,400	1,057,500
	945,541	4,466,039

(Presented in Canadian dollars)

16. Re-statement

During the year ended February 28, 2010 the Company incurred but did not accrue amounts payable to third parties for services for $90,105.

Recognition of the amounts payable resulted in a $90,105 decrease in retained earnings and an increase in accounts payable for the fiscal year 2010.

The following presents the effect of the re-statement at March 1, 2010:

	As previously Reported - $ -	Increase (Decrease) - $ -	Restated - $ -
Accounts payable	2,050,241	90,105	2,140,346
Deficit	(12,129,771)	(90,105)	(12,219,876)

The following presents the effect of the re-statement at February 28, 2011:

	As previously Reported - $ -	Increase (Decrease) - $ -	Restated - $ -
Accounts payable	545,784	90,105	635,889
Deficit	(14,195,422)	(90,105)	(14,285,527)

17. Subsequent Events

On March 3, 2012, the Company received the consent of the TSX Venture Exchange to extend the exercise term of 16,500,000 outstanding share purchase warrants originally set to expire on April 6, 2012 by six months, to October 6, 2012.

On May 14, 2012, the Company arranged a non-brokered private placement consisting of up to 40,000,000 units to be issued at the price of $0.05 per unit for gross proceeds of up to $2,000,000. Each unit will be comprised of one common share and one-half of one transferable share purchase warrant. One whole warrant will entitle the holder to purchase one common share for a period of one year at the price of $0.10. Subsequent to February 29, 2012, the Company received subscription funds of $665,000. Completion of the private placement is subject to TSX Venture Exchange acceptance. The Company will pay finders' fees in cash and/or securities in connection with the private placement, in accordance with TSX VentureExchange Policy. All securities issued pursuant to the private placement will be subject to a four-month hold period from the closing date. The proceeds from the privae placement will be used to finance exploration activities and for general corporate expenses.

Subsequent to February 29, 2012, 26,842,732 share purchase warrants expired without exercised.

Subsequent to February 29, 2012, the Company amended the convertible loan agreement (Note 7) to extend the term to repay the loan. Up to half of the principal and 100% of the accrued interest will be due and payable on October 1, 2012 if lender gives notice of the requirement to repay by September 20, 2012. The remaining balance of the loan principle and accrued interest will become due and payable without demand on October 1, 2013. As consideration for the loan extension, the Company will issue the lender detachable warrants exercisable to purchase up to 20,833,333 shares at $0.10 until the earlier of October 1, 2015 and the time of repayment of that portion of the principal in respect of which such detachable warrants would be issuable if such detachable warrants were a conversion warrant. The amended convertible loan agreement is subject to TSX-V approval.

18. Transition to International Financial Reporting Standards

As result of the Accounting Standards Board of Canada's decision to adopt IFRS for publicly accountable entities for financial reporting periods beginning on or after January 1, 2011, the Company has adopted IFRS in these financial statements, making them the first annual financial statements of the Company under IFRS. The Company previously applied the available standards under previous Canadian GAAP that were issued by the Accounting Standards Board of Canada.

As required by IFRS 1 "First-time Adoption of International Financial Reporting Standards", March 1, 2010 has been considered to be the date of transition to IFRS by the Company. Therefore, the comparative figures that were previously reported under previous Canadian GAAP have been restated in accordance with IFRS.

The Company has applied the following transition exemptions to full retrospective application of IFRS:

Business combinations

The Company elected to utilize the option in IFRS 1 to not apply IFRS 3 "Business Combinations" ("IFRS 3") retrospectively to business combinations prior to March 1, 2010 and to apply IFRS 3 prospectively to business combinations on or after the March 1, 2010 transition date. The impact of this policy decision is that all prior business combinations will continue to be accounted for as originally recorded under Canadian GAAP. There were no business combinations during fiscal 2010.

Borrowing costs

The Company elected the option in IFRS 1 to not apply IAS 23 "Borrowing Costs" retrospectively to borrowing costs prior to January 1, 2010. The impact of this policy decision is that all previously expensed interest and related borrowing costs to March 1, 2010 will continue to be accounted for as originally recorded under Canadian GAAP.

Share based payments

The Company elected the transition exemption available to not retrospectively apply the IFRS 2 "Share-based Payments" calculation method to any share options vested before March 1, 2010.

Exploration and evaluation

The Company maintained its current capitalization policy and will continue to capitalize all costs related to exploration and evaluation asset acquisition and exploration. In accordance with IFRS, the Company has elected to use the cost method and not the revaluation method due to the difficulty in determining accurate fair value information and the effort required to continually monitor fair values.

Notes to Reconciliation

(a) Convertible loan

Under Canadian GAAP, the Company allocated the loan proceeds between the liability and equity components using the relative fair value method. IFRS requires that the carrying value initially recorded for the liability component be determined by measuring the fair value of a similar instrument that does not have an associated equity component (Note 7). The carrying amount of the equity component is then determined by deducting the fair value of the liability from the fair value of the convertible loan as a whole. At February 28, 2011, this resulted in the initial amount recorded for the liability increasing by $229,213 and equity component, which was recorded in equity component of convertible debt reserve, decreasing by $229,213.

Under Canadian GAAP, the accretion of the difference between the initial amount allocated to the liability component and the maturity value of the loan was presented separately as accretion interest in the statement of comprehensive loss. IFRS requires that this amount is included in interest and finance charges.

18. Transition to International Financial Reporting Standards

(b) Reserves

Under Canadian GAAP, amounts recorded in relation to the fair value of stock options granted and warrants issued for services were recorded to contributed surplus. Under IFRS, these amounts have been reclassified to the share-based payment reserves.

Under Canadian GAAP, amounts recorded in relation to the equity component of convertible debt are recorded to contributed surplus. Under IFRS, these amounts have been reclassified to the equity component of convertible debt reserve.

(Presented in Canadian dollars)

18. Transition to International Financial Reporting Standards (continued)

Reconciliation of Statement of Financial Position as at February 28, 2011

	Note	Canadian GAAP (Restated)	Effect of Transition to IFRS	IFRS
		$	$	$
ASSETS				
Current Assets				
Cash and cash equivalents		4,466,039	-	4,466,039
Sales tax receivable		83,715	-	83,715
Prepaid expenses		1,079	-	1,079
Marketable securities		15,500	-	15,500
		4,566,333	-	4,566,333
Restricted cash		517,338	-	517,338
Equipment		39,968	-	39,968
Exploration and evaluation assets		13,344,788	-	13,344,788
Deposits		8,000	-	8,000
		18,476,427	-	18,476,427
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities		635,889	-	635,889
Loans payable		523,566	-	523,566
Due to related parties		216,548	-	216,548
		1,376,003	-	1,376,003
NON-CURRENT LIABILITIES				
Loans payable	18(a)	2,003,468	185,998	2,189,466
		2,003,468	185,998	2,189,466
SHAREHOLDERS' EQUITY				
Share capital		22,976,407	-	22,976,407
Shares to be issued (receivable)		2,910,000	-	2,910,000
Contributed surplus	18(b)	3,506,576	(3,506,576)	-
Share-based payment reserve	18(b)	-	2,712,956	2,712,956
Equity component of convertible debt reserve	18(a,b)	-	564,407	564,407
Accumulated other comprehensive loss		(10,500)	-	(10,500)
Deficit		(14,285,527)	43,215	(14,242,312)
		15,096,956	(185,998)	14,910,958
		18,476,427	-	18,476,427

The transition to IFRS did not have an impact on the statement of financial position as at March 1, 2010.

(Presented in Canadian dollars)

18. Transition to International Financial Reporting Standards (continued)

Reconciliation of Statement of Comprehensive Loss for the Year ended February 28, 2011

	Note	Canadian GAAP	Effect of Transition to IFRS	IFRS
		$	$	$
Expenses				
Accretion on convertible loan	18(a)	172,978	(172,978)	-
Amortization		1,071	-	1,071
Consulting		487,309	-	487,309
Insurance		17,814	-	17,814
Interest and finance charges	18(a)	518,734	129,763	648,497
Travel		359,946	-	359,946
Management fees		253,539	-	253,539
Office and miscellaneous		137,096	-	137,096
Professional fees		177,776	-	177,776
Rent		106,677	-	106,677
Transfer agent and filing fees		52,456	-	52,456
Loss from operations	18(a)	2,285,396	(43,215)	2,242,181
Other items				
Gain on debt settlement		(203,236)	-	(203,236)
Gain on foreign exchange		(16,509)	-	(16,509)
		(219,745)	-	(219,745)
Net loss		2,065,651	(43,215)	2,022,436
Other comprehensive gain		(11,500)	-	(11,500)
Comprehensive loss		2,054,151	(43,215)	2,010,936

Reconciliation of Cash Flow

The transition to IFRS did not have an impact on the classification of cash flows between operating, investing and financing activities.