Global Hunter Corp.

Condensed Consolidated Interim Financial Statements
May 31, 2012 and 2011

(Unaudited - Expressed in Canadian dollars)

NOTICE TO READER

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

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

Global Hunter Corp.
Condesensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian dollars - unaudited)

	Notes	May 31, 2012	February 29, 2012
		- $ -	- $ -
ASSETS			
Current assets			
Cash and cash equivalents	15	908,962	945,541
Sales tax receivables		93,745	76,410
Prepaid expenses		1,077	1,077
Due from related parties	8	11,004	-
Marketable securities	6	3,750	1,500
		1,018,538	1,024,528
Equipment	4	80,525	83,539
Exploration and evaluation assets	5	15,333,478	15,023,801
Deposits	10	20,421	29,530
		16,452,962	16,161,398
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		360,661	357,149
Loans payable	7	3,087,441	2,892,262
Due to related parties	8	75,709	110,054
		3,523,811	3,359,465
SHAREHOLDERS' EQUITY			
Share capital	9	26,537,407	26,537,407
Shares to be issued (receivable)	9	618,500	(46,500)
Share-based payment reserves	9	3,559,140	3,559,140
Equity component of convertible debt reserve	9	564,407	564,407
Accumulated other comprehensive loss		(22,250)	(24,500)
Deficit		(18,328,053)	(17,788,021)
		12,929,151	12,801,933
		16,452,962	16,161,398

Nature of operations and going concern	1
Subsequent events	16

Approved by Directors:

"Rudy Brauer"

"Gurminder Sangha"

- See accompanying notes -

Global Hunter Corp.
Condensed Consolidated Interim Statements of Comprehensive Loss
For the three months ended May 31
(Expressed in Canadian dollars - unaudited)

	Notes	May 31, 2012 - $ -	May 31, 2011 - $ -
Expenses			
Amortization		5,397	321
Consulting	8	84,352	69,453
Insurance		9,461	2,840
Interest and finance charges	7,8	195,712	164,148
Travel		47,159	48,160
Management fees	8	71,750	129,618
Office and miscellaneous	8	39,702	31,643
Professional fees		22,280	33,808
Rent	8	21,377	19,493
Transfer agent and filing fees		13,226	20,531
Loss from operations		510,417	520,015
Other items			
Interest income		(1,746)	-
Loss (gain) on foreign exchange		31,361	2,190
		540,032	522,205
Net loss		540,032	522,205
Other comprehensive (income) loss		-	1,500
Comprehensive loss		540,032	523,705
Basic and diluted loss per share		(0.00)	(0.00)

- See accompanying notes -

Global Hunter Corp.
Condensed Consolidated Inerim Statements of Cash Flows
For the three months ended May 31
(Expressed in Canadian dollars – unaudited))

	May 31 2012 - $ -	May 31 2011 - $ -
Cash from (used in):		
Operating Activities:		
Net loss	(540,032)	(522,205)
Items not involving cash:		
Amortization	5,397	321
Accrued interest	195,712	164,148
Change in non-cash working capital items:		
Prepaid expenses	-	(135,602)
Sales tax receivables	(17,335)	(27,410)
Accounts payable and accrued liabilities	(5,699)	(47,847)
Cash used in operating activities	(361,957)	(568,595)
Investing Activities:		
Additions to equipment	(6,604)	(1,955)
Expenditures on mineral properties	(309,677)	(306,725)
Cash used in investing activities	(316,281)	(308,680)
Financing activities:		
Restricted cash	-	517,338
Repayment of loans	-	(125,000)
Share capital issued for cash, net of costs	-	61,000
Share subscriptions receivable	665,000	176,885
Repayment to related parties	(23,341)	61,514
Cash provided in financing activities	641,659	691,737
Increase in cash and cash equivalents	(36,579)	(185,538)
Cash and cash equivalents, beginning	945,541	4,466,039
Cash and cash equivalents, ending	908,962	4,280,501

- See accompanying notes -

Global Hunter Corp.
Condensed Consolidated Interim Statements of Changes in Equity
For the three months ended May 31
(Expressed in Canadian dollars - unaudited)

	Notes	Share capital - $ -	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, 2012		26,537,407	265,261,137	(46,500)	3,559,140	564,407	(24,500)	(17,788,021)	12,801,933
Private placements, net of issuance costs	9	-	-	665,000	-	-	-	-	665,000
Exercise of warrants		-	-	-	-	-	-	-	-
Extension of warrants		-	-	-	-	-	-	-	-
Shares subscriptions receivable		-	-	-	-	-	-	-	-
Net loss		-	-	-	-	-	-	(540,032)	(540,032)
Other comprehensive income		-	-	-	-	-	2,250		2,250
Balance, May 31, 2012		26,537,407	265,261,137	618,500	3,559,140	564,407	(22,250)	(18,328,053)	12,929,151
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
Private placements, net of issuance costs		2,961,000	33,000,000	(2,910,000)	-	-	-	-	51,000
Equity component of convertible loan		-	-	-	-	-	-	-	-
Share subscriptions received		-	-	176,885	-	-	-	-	176,885
Net loss		-	-	-	-	-	-	(522,205)	(522,205)
Other comprehensive income		-	-	-	-	-	(1,500)	-	(1,500)
Balance, May 31, 2011		25,937,407	259,261,137	176,885	2,712,956	564,407	(12,000)	(14,764,517)	14,615,138

- 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 May 31, 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 the three months ended May 31, 2012, the Company had net loss of $540,032 and at May 31, 2012 had a working capital deficiency of $2,505,273. 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 presentation

The condensed interim financial statements were authorized for issue on July 30, 2012 by the directors of the Company.

Statement of compliance

The condensed consolidated interim 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 condensed consolidated interim financial statements comply with International Accounting Standard (“IAS”) 34, Interim Financial Reporting. These condensed consolidated interim financial statements do not include all of the information required of a complete set of consolidated financial statements and are intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and the performance of the Company since the end of its last annual reporting period. It is therefore recommended that these condensed consolidated interim financial statements be read in conjunction with the annual consolidated financial statements of the Company for the year ended February 29, 2012, which were prepared in accordance with IFRS as issued by the IASB.

Basis of presentation

These condensed consolidated interim financial statements have been prepared using the same accounting policies and methods of their application as the most recent annual consolidated financial statements of the Company for the year ended February 29, 2012. The condensed consolidated interim financial statements have been prepared on an accrual basis and are based on historical costs, except for certain financial instruments which are measured at fair value. The condensed consolidated financial statements are presented in Canadian dollars, unless otherwise indicated.

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

Consolidation

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

	Country of incorporation	Percentage owned* May 31, 2012	Percentage owned* February 29, 2012
Global Hunter Chile Ltd.	Chile	100%	100%

Inter-company balances and transactions are eliminated on consolidation.

Significant accounting judgments, estimates and assumptions

The presentation 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.

<u>Transactions and balances:</u>

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.

<u>Foreign operations:</u>

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 presentation (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 presentation** (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 presentation (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 presentation (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 - unaudited)

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

	May 31, 2012			February 29, 2012			February 28, 2011		
	Cost	Accum. Amort.	Net Book Value	Cost	Accum. Amort.	Net Book Value	Cost	Accum. Amort.	Net Book Value
	-$-	-$-	-$-	-$-	-$-	-$-	-$-	-$-	-$-
Furniture and fixtures:	46,097	(10,583)	35,514	21,930	(2,181)	19,749	1,186	(483)	703
Office and other equipment:	78,628	(33,618)	45,010	96,191	(32,401)	63,790	57,246	(17,980)	39,266
	124,725	(42,200)	80,525	118,121	(34,582)	83,539	58,431	(18,463)	39,968

(Presented in Canadian dollars - unaudited)

5. Exploration and evaluation assets

	February 28, 2011 -$-	Addition (disposal) -$-	February 29, 2012 -$-	Addition (disposal) -$-	May 31, 2012 -$-
La Corona de Cobre, Chile:					
Acquisition costs	1,561,861	-	1,561,861	-	1,561,861
Logistics and support	2,221,228	26,352	2,247,580	(65)	2,247,515
Assaying	646,707	-	646,707	-	646,707
Drilling	1,904,276	-	1,904,276	-	1,904,276
Exploration	1,427,204	997,280	2,424,484	142,597	2,567,081
Geological	2,251,651	496,539	2,748,190	50,504	2,798,694
Licensing & permitting	511,919	117,593	629,512	116,641	746,153
	10,524,845	1,637,764	12,162,609	309,677	12,472,286
Rabbit South, Canada:					
Acquisition costs	475,089	39,248	514,337	-	514,337
Logistics and support	668,729	2,000	670,729	-	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	(67,156)	-	(67,156)	-	(67,156)
	2,819,942	41,248	2,861,190	-	2,861,190
Other	2	-	2	-	2
	13,344,788	1,679,012	15,023,801	309,677	15,333,478

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 - unaudited)

6. Marketable Securities

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

	May 31, 2012 -$-	February 29, 2012 -$-
Balance, beginning	1,500	15,500
Less unrealized gain (loss)	2,250	(14,000)
Balance, ending	3,750	1,500

The fair value of the shares has been determined by reference to the closing price of the shares on the TSX Venture Exchange on May 30, 2012. At that date, the closing price was $0.075 per share (February 29, 2012 - $0.03).

7. Loans Payable

	May 31, 2012 -$-	February 29, 2012 -$-
Loans payable - current:		
Emerald Fortune Ltd. (a)	7,245	7,245
Convertible loan (b)	3,080,196	2,885,017
Total loans payable - current	3,087,441	2,892,262

(a) At May 31, 2012 the Company had a balance owing to Emerald Fortune Ltd. in the amount of $7,245 (February 29, 2012 - $7,245). The loan is unsecured, non-interest bearing and does not have a fixed term of repayment.

(b) 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 was 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.

(Presented in Canadian dollars - unaudited)

7. Loans Payable (continued)

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 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 (Note 16).

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.

	May 31, 2012 -$-	February 29, 2012 -$-
Balance, beginning of period	2,885,017	2,189,466
Interest expense accrual	75,000	300,616
Accretion expense	120,179	394,935
Balance, ending	3,080,196	2,885,017

8. Related Party Transactions

Due from Related parties

	May 31, 2012 -$-	February 29, 2012 -$-
Due from company related to former President of the Company	11,004	-

Due to related parties

	May 31, 2012 -$-	February 29, 2012 -$-
Due to the Vice President Development and Exploration	-	4,149
Due to the President of the Company	-	4,746
Due to former President & Director of the Company	75,709	71,972
Due to company related to President of the Company	-	29,187
	75,709	110,054

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

(Presented in Canadian dollars - unaudited)

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 three months ended May 31, 2012 and 2011:

	Three months ended	
	May 31, 2012 -$-	May 31, 2011 -$-
Management fees:		
President and Chief Executive Officer	48,000	22,500
Director	12,000	17,550
Chief Financial Officer	3,000	3,000
Company controlled by former President	-	86,568
Office and miscelaneous:		
Company controlled by former President	-	2,765
Rent:		
Company controlled by former President	-	10,384
	63,000	142,767

Key management personnel compensation

	Three months ended	
	May 31, 2012 -$-	May 31, 2011 -$-
Management fees	63,000	129,618

9. Share Capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At May 31, 2012, there were 265,261,137 issued and fully paid common shares (February 29, 2012 - 265,261,137).

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the year ended May 31, 2012 was based on the loss attributable to common shareholders of $540,032 (2011 - $522,205) and the weighted average number of common shares outstanding of 265,261,137 (2011 – 245,989,398).

Diluted loss per share did not include the effect of 62,500,000 (2011: 99,008,321) 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

Three months ended May 31, 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 Venture Exchange 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 private placement will be used to finance exploration activities and for general corporate expenses.

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.

(Presented in Canadian dollars - unaudited)

9. Share Capital (continued)

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.

Share Purchase Warrants

At May 31, 2012, the Company had outstanding share purchase warrants exercisable to acquire up to 62,500,000 shares as follows:

Number	Exercise Price	Expiry Date
20,000,000	$0.10	June 15, 2012
2,000,000	$0.10	June 29, 2012
24,000,000	$0.10	July 9, 2012
16,500,000	$0.15	October 6, 2012
62,500,000		

The continuity of share purchase warrants outstanding is as follows:

	May 31, 2012			February 29, 2012		
	Number of shares		Weighted average exercise price	Number of shares		Weighted average exercise price
Balance, beginning	69,342,732	$	0.11	82,508,321	$	0.10
Issued at $0.15	-		-	16,500,000		0.15
Exercised	-		-	(6,000,000)		0.10
Expired	(6,842,732)		0.10	(23,665,589)		0.10
Balance, ending	62,500,000	$	0.11	69,342,732	$	0.11

The weighted average life of the share purchase warrants outstanding at May 31, 2012 was 0.1 years.

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.

(Presented in Canadian dollars - unaudited)

9. Share Capital (continued)

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.

A summary of the status of the Company's stock options at May 31, 2012 and February 29, 2012 is as follows:

	May 31, 2012			February 29, 2012		
	Number of shares		Weighted average exercise price	Number of shares		Weighted average exercise price
Balance, beginning	2,025,000	$	0.30	2,025,000	$	0.30
Expired	-		-	-		-
Balance, ending	2,025,000	$	0.30	2,025,000	$	0.30

The weighted average life of the options outstanding at May 31, 2012 was 0.3 years.

At May 31, 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 three months ended May 31, 2012, the Company recovered $9,109 from its former office damage and security deposits.

(Presented in Canadian dollars - unaudited)

11. Income Tax

The tax pools relating to 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 May 31, 2012:

	Equipment -$-	Exploration and evaluation assets -$-	Total -$-
Canada	35,514	2,861,192	2,896,706
Chile	45,011	12,472,286	12,517,297
	80,525	15,333,478	15,414,003

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 - unaudited)

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:

	May 31, 2012	February 29, 2012
	-$-	-$-
Bank accounts – Canada	665,735	765,718
Bank accounts – Chile	243,227	179,823
	908,962	945,541

(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.

The following is an analysis of the contractual maturities of the Company's non-derivative financial liabilities as at May 31, 2012:

	Within one year	Between one and five years	More than five years
Accounts payables	$ 360,661	$ -	$ -
Loans payable	3,087,441	-	-
Due to related parties	75,709	-	-
	$ 3,523,811	$ -	$ -

13. Financial Instruments and Risk Management (continued)

(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 $2,413.

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.

As at May 31, 2012, the Company has financial instruments denominated in foreign currencies as below and is exposed to currency risk as follows:

	USD	Chilean Peso
Cash	15,520	243,227
Accounts payable	138,410	15,000
	153,930	258,227

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 $15,400 in the Company's loss for the year, or a corresponding change in the Chilean peso could result in an increase/decrease of approximately $25,800 in the Company's loss for the year.

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.

(Presented in Canadian dollars - unaudited)

13. Financial Instruments and Risk Management (continued)

Fair value (continued)

The following is an analysis of the Company's financial assets measured at fair value at May 31, 2012 and February 29, 2012:

	As at May 31, 2012		
	Level 1	Level 2	Level 3
	-$-	-$-	-$-
Cash and cash equivalents	908,962	-	-
Marketable securities	3,750	-	-
	912,712		

	As at February 29, 2012		
	Level 1	Level 2	Level 3
	-$-	-$-	-$-
Cash and cash equivalents	945,541	-	-
Marketable securities	1,500	-	-
	947,041		

14. Commitments

Operating leases commitments

At May 31, 2012, the Company had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	May 31, 2012
	- $ -
Within one year	133,000
Between two to five years	336,000
	469,000

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

(Presented in Canadian dollars - unaudited)

15. Supplemental Cash Flow Information

During the three months ended May 31, 2012 and 2011, the Company incurred the following non-cash transactions that are not reflected in the statement of cash flows:

	Three months ended	
	May 31, 2012 -$-	May 31, 2011 -$-
Cash Paid for interest	-	37,376

Cash and cash equivalents are comprised of:

	May 31, 2012 -$-	February 29, 2012 -$-
Cash in bank	667,646	382,141
Short-term investments	241,316	563,400
	908,962	945,541

16. Subsequent Events

On July 18, 2012, the Company announced that it had closed off the subscriptions for its non-brokered private placement announced on May 14, 2012. The company issued 20,900,000 units to be issued at the price of $0.05 per unit for gross proceeds of up to $1,045,000. 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. The Company will pay finders' fees in cash and/or securities in connection with the private placement, in accordance with TSX Venture Exchange Policy. All securities issued pursuant to the private placement will be subject to a four-month hold period from the closing date (June 8, 2012). The proceeds from the private placement will be used to finance exploration activities and for general corporate expenses.

Subsequent to May 31, 2012, 46,000,000 share purchase warrants expired without exercised.

On July 9, 2012, the Company announced that it had 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.