STRONGBOW EXPLORATION INC.

CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 31, 2013

(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Strongbow Exploration Inc.

We have audited the accompanying consolidated financial statements of Strongbow Exploration Inc., which comprise the consolidated statements of financial position as at January 31, 2013 and January 31, 2012 and the consolidated statements of loss and comprehensive loss, cash flows and changes in equity for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated 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.

Auditors' 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 auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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 consolidated financial statements.

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

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Strongbow Exploration Inc. as at January 31, 2013 and January 31, 2012 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about the ability of Strongbow Exploration Inc. to continue as a going concern.

Vancouver, Canada — Chartered Accountants

April 25, 2013

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STRONGBOW EXPLORATION INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)
As at JANUARY 31

	2013	2012
ASSETS		
Current		
Cash	$ 167,495	$ 186,209
Short-term investments	-	74,750
Marketable securities (Note 5)	13,525	21,800
Receivables (Note 6)	55,250	19,443
Prepaid expenses	33,389	49,503
	269,659	351,705
Investment (Note 5)	120,490	626,549
Deposits	10,945	35,518
Equipment (Note 8)	19,486	23,725
Exploration and evaluation assets (Note 9)	3,345,945	13,657,201
	$ 3,766,525	$ 14,694,698
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 7)	$ 74,380	$ 86,148
Asset retirement obligation (Note 12)	81,170	-
	155,550	86,148
CAPITAL AND RESERVES		
Capital stock (Note 10)	26,415,443	25,280,132
Share-based payment reserve (Note 10)	4,095,128	3,983,741
Investment revaluation reserve	-	355,870
Deficit	(26,899,596)	(15,011,193)
	3,610,975	14,608,550
	$ 3,766,525	$ 14,694,698

Nature and Continuance of Operations and Going Concern Assumption (Note 1)
Commitments (Note 15)

Approved and authorized on behalf of the Board on April 25, 2013:

"D. Grenville Thomas" Director *"Kenneth A. Armstrong"* Director

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

STRONGBOW EXPLORATION INC.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
YEAR ENDED JANUARY 31
(Expressed in Canadian dollars)

	2013	2012
EXPENSES		
Advertising and promotion	$ 98,063	$ 137,375
Depreciation (Note 8)	8,782	10,153
Insurance	43,008	43,110
Office, miscellaneous and rent	92,025	78,589
Professional fees	54,617	145,480
Generative exploration costs	148,403	338,016
Regulatory and filing fees	17,312	18,626
Salaries and benefits	249,682	209,207
Share-based compensation (Note 10)	102,470	523,296
Loss before other items	(814,362)	(1,503,852)
OTHER ITEMS		
Foreign exchange gain (loss)	(11,581)	48,077
Gain on sale of marketable securities (Note 5)	2,410	-
Interest income	782	17,467
Loss on the disposal of equipment (Note 8)	(10,244)	(1,921)
Mineral exploration tax credits received	11,188	39,052
Write-off of exploration and evaluation assets (Note 9)	(10,908,132)	(462,600)
Write-off of marketable securities and investments (Note 5)	(158,464)	-
	(11,074,041)	(359,925)
Loss for the year	(11,888,403)	(1,863,777)
Unrealized loss on marketable securities	(355,870)	(261,282)
Comprehensive loss for the year	$ (12,244,273)	$ (2,125,059)
Basic and diluted loss per share	$ (0.13)	$ (0.02)
Weighted average number of common shares outstanding	90,156,603	81,913,243

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

STRONGBOW EXPLORATION INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEAR ENDED JANUARY 31
(Expressed in Canadian dollars)

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	$(11,888,403)	$ (1,863,777)
Items not involving cash:		
Depreciation	8,782	10,153
Gain on sale of marketable securities	(2,410)	-
Generative exploration costs	81,170	-
Loss on the disposal of equipment	10,244	1,921
Share-based compensation	102,470	523,296
Write-off of exploration and evaluation assets	10,908,132	462,600
Write-off of marketable securities and investments	158,464	-
Changes in non-cash working capital items:		
Decrease (increase) in receivables	(38,106)	7,111
Decrease in prepaid expenses	16,114	10,415
Decrease in accounts payable and accrued liabilities	(6,802)	(48,839)
Net cash used in operating activities	(650,345)	(897,120)
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease (increase) in deposits	24,573	(35,518)
Decrease in short-term investments	74,750	-
Expenditures on exploration and evaluation assets	(634,043)	(2,202,806)
Recoveries on exploration and evaluation assets	25,000	115,342
Acquisition of equipment	(14,787)	(1,840)
Proceeds from sale of marketable securities	11,910	-
Net cash used in investing activities	(512,597)	(2,124,822)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of capital stock	1,157,000	-
Proceeds from the exercise of options and warrants	-	288,781
Share issue costs	(12,772)	-
Net cash provided by financing activities	1,144,228	288,781
Change in cash during the year	(18,714)	(2,733,161)
Cash beginning of year	186,209	2,919,370
Cash end of year	$ 167,495	$ 186,209
Cash paid during the year for interest	$ -	$ -
Cash paid during the year for income taxes	$ -	$ -

Supplemental disclosure with respect to cash flows (Note 14)

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

STRONGBOW EXPLORATION INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEAR ENDED JANUARY 31
(Expressed in Canadian dollars)

	Capital Stock		Reserves			
	Number of shares	Amount	Share-based payment reserve	Investment revaluation reserve	Deficit	Total
Balance at January 31, 2011	81,223,463	$ 24,809,253	$ 3,642,543	$ 617,152	$ (13,147,416)	$ 15,921,532
Exercise of options and warrants	772,500	470,879	(182,098)	-	-	288,781
Share-based compensation	-	-	523,296	-	-	523,296
Unrealized loss on marketable securities	-	-	-	(261,282)	-	(261,282)
Loss for the year	-	-	-	-	(1,863,777)	(1,863,777)
Balance at January 31, 2012	**81,995,963**	**$ 25,280,132**	**$ 3,983,741**	**$ 355,870**	**$ (15,011,193)**	**$ 14,608,550**
Shares issued for cash – private placement	8,900,000	1,157,000	-	-	-	1,157,000
Shares issued for cash – finder's units	181,200	23,556	-	-	-	23,556
Share issue costs	-	(45,245)	8,917	-	-	(36,328)
Share-based compensation	-	-	102,470	-	-	102,470
Permanent loss on marketable securities and investments	-	-	-	(355,870)	-	(355,870)
Loss for the year	-	-	-	-	(11,888,403)	(11,888,403)
Balance at January 31, 2013	**91,077,163**	**$ 26,415,443**	**$ 4,095,128**	**$ -**	**$ (26,899,596)**	**$ 3,610,975**

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

1. NATURE AND CONTINUANCE OF OPERATIONS AND GOING CONCERN ASSUMPTION

Strongbow Exploration Inc. (the "Company") is incorporated federally under the laws of the Canada Business Corporations Act ("CBCA").

The consolidated financial statements of the Company are presented in Canadian dollars, which is the functional currency of the Company. The Company trades on the TSX Venture Exchange, (TSXV – SBW) and its head office is located at Suite 860 – 625 Howe Street, Vancouver, BC, Canada V6C 2T6.

The Company's principal business activity is the acquisition and exploration of exploration and evaluation assets. To date, the Company has not generated significant revenues from operations and is considered to be in the exploration stage.

The Company is in the process of acquiring and exploring its exploration and evaluation assets and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets and related deferred costs is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the financing necessary to complete the development of its exploration and evaluation assets and upon future profitable production.

These consolidated financial statements have been prepared on a going concern basis with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. However, the Company has sustained substantial losses from operations since inception and has no current source of revenue. Continued operations of the Company and further exploration on the remaining exploration and evaluation assets is dependent on the Company's ability to complete additional equity financings or generate profitable operations in the future. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported amounts of expenses and the classification of statement of financial position items if the going concern assumption was inappropriate. These adjustments could be material.

2. BASIS OF PRESENTATION

Statement of Compliance

These consolidated financial statements have been prepared in accordance 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 consolidated financial statements have been prepared on a historical basis except for certain financial assets measured at fair value. All dollar amounts presented are in Canadian dollars unless otherwise specified. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The policies applied in these consolidated financial statements are based on IFRS issued and outstanding as of April 25, 2013, the date the Board of Directors approved the statements.

New Accounting Standards

The following new standards, amendments and interpretations have not been early adopted in these consolidated financial statements. The Company is currently evaluating the effect of adopting the new standards, amendments and interpretation on future operations:

2. BASIS OF PRESENTATION – *Continued*

New Accounting Standards – *Continued*

IFRS 9 *Financial instruments,* was issued in November 2009 and addresses classification and measurement of financial assets. It replaces the multiple category and measurement models in International Accounting Standard ("IAS 39"), Financial instruments – Recognition and Measurement, for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit and loss. IFRS 9 also replaces the models for measuring equity instruments. Such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent that they do not clearly represent a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely.

Requirements for financial liabilities were added to IFRS 9 in October 2010 and they largely carried forward existing requirements in IAS 39 except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss are generally recorded in other comprehensive income. This standard is effective for all annual periods beginning on or after January 1, 2015.

IFRS 10 *Consolidated financial statements* requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 *Consolidation—special purpose entities* and parts of IAS 27 *Consolidated and separate financial statements*. This standard is effective for all annual periods beginning on or after January 1, 2013.

IFRS 11 *Joint arrangements* 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 venturer 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 venturers*. This standard is effective for all annual periods beginning on or after January 1, 2013.

IFRS 12 *Disclosure of interests in other entities* 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. This standard is effective for all annual periods beginning on or after January 1, 2013.

IFRS 13 *Fair value measurement* is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures. This standard is effective for all annual periods beginning on or after January 1, 2013.

2. BASIS OF PRESENTATION – *Continued*

New Accounting Standards – *Continued*

IAS 1 *Presentation of financial statements*, was amended to require entities to group items within other comprehensive income that may be reclassified to profit or loss. This standard is effective for annual periods beginning on or after July 1, 2012.

IAS 28 *Investment in associates*, was amended to include joint ventures in its scope and to address the changes in IFRS 10 to 13. This amendment is effective for annual periods beginning on or after January 1, 2013.

IAS 32 *Financial instruments: presentation*, was amended to address inconsistencies in current practice when applying the offsetting criteria in IAS 32. Under this amendment, the meaning of "currently has a legally enforceable right of set-off" was clarified as well as providing clarification that some gross settlement systems may be considered equivalent to net settlement. This amendment is effective for annual periods beginning on or after January 1, 2014.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Significant Accounting Estimates and Judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed by management on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the revision affects both current and future periods.

Significant areas requiring the use of management judgment and estimate include:

(i) Recorded costs of exploration and evaluation assets are not intended to reflect present or future values of these properties. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that changes in future conditions could require a material change in the recognized amount.

(ii) The determination of the fair value of stock options or warrants using stock pricing models, require the input of highly subjective assumptions, including the expected price volatility. Changes in the subjective input assumptions could materially affect the fair value estimate; therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options and warrants.

(iii) The determination of deferred tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.

3. SIGNIFICANT ACCOUNTING POLICIES – *Continued*

a) Significant Accounting Estimates and Judgments – *Continued*

(iv) Option or sale agreements, under which the Company may receive shares as payment, require the Company to determine the fair value of the shares received. Many factors can enter into this determination, including, if public shares, the number of shares received, the trading value of the shares, and volume of shares, and if non-public shares, the underlying asset value of the shares, or value of the exploration and evaluation asset interests under option or sale. This determination is highly subjective and does not necessarily provide a reliable single measure of the fair value of the shares received.

b) Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary Palmetto State Gold, Inc. ("Palmetto"), a South Carolina, U.S.A. corporation. All inter-company transactions and balances have been eliminated upon consolidation.

c) Foreign currencies

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

The consolidated statements of financial position have been translated to the Canadian dollar in accordance with IAS 21. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at rates prevailing at the date when the fair value was determined. All gains and losses on translation of these foreign currency transactions are included in the statements of loss and comprehensive loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The Company's presentation currency is the Canadian dollar ("$").

d) Share-based compensation

The Company grants share purchase options to buy common shares of the Company to directors, officers, employees and service providers. The board of directors grants such options for periods of up to five years, with vesting periods determined at its sole discretion and at prices equal to or greater than the closing market price on the day preceding the date the options were granted. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value of the options is measured at the grant date, using the Black-Scholes option pricing model. The fair value of the share purchase options considers the terms and conditions upon which the share purchase options were granted. The fair value of the options granted is recognized as a share-based compensation expense with a corresponding increase in equity. The fair value is measured at the grant date and each tranche is recognized on a graded-vesting basis over the period during which the options vest. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share purchase options that are expected to vest.

Share-based compensation arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity settled share-based payment transactions and measured at the fair value of goods or services received. If the fair value of the goods or services received cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or the services.

3. SIGNIFICANT ACCOUNTING POLICIES – *Continued*

e) Income taxes

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in profit or loss.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the period end and, adjusted for amendments to tax payable with regards to previous years.

Deferred taxes are recorded using the statement of financial position liability method. Under the statement of financial position liability method, deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

The following temporary differences do not result in deferred tax assets or liabilities:
- the initial recognition of assets or liabilities that do not affect accounting or taxable profit; and
- goodwill

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

f) Loss per share

Basic loss per share is computed by dividing loss available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted loss per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on the loss per share. For the years presented this calculation proved to be anti-dilutive.

g) Equipment

Equipment is stated at cost less accumulated depreciation and any impairment in value.

The initial cost of equipment is comprised of its purchase price and any directly attributable costs in bringing the equipment to its working condition and location for its intended use. Expenditures incurred after the equipment has been put into operation, such as repairs, maintenance and overhaul costs, are normally recognized as an expense in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have improved the condition of the equipment beyond the originally assessed standard of performance, the expenditures are capitalized as an additional cost of equipment.

Equipment is recorded at cost less accumulated depreciation. Depreciation is provided for annually at the following rates:

Furniture and equipment	20% declining balance
Computer equipment	30% declining balance
Software	1 year straight-line
Leasehold improvements	Term of the lease

The remaining useful lives, residual values and depreciation method are reviewed and adjusted, if appropriate, at each financial year-end to ensure that the periods and method of depreciation are consistent with the expected pattern of economic benefits from the items of equipment.

3. SIGNIFICANT ACCOUNTING POLICIES – *Continued*

g) Equipment – *Continued*

The carrying value of equipment is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

An item of equipment is derecognized when either it has been disposed or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gains or losses arising on the retirement and disposal of an item of equipment are included in the statement of loss and comprehensive loss in the period of retirement or disposal.

h) Exploration and evaluation assets

Exploration and evaluation assets are capitalized under tangible assets on an individual prospect basis until such time as an economic ore body is defined or the prospect is abandoned. No costs are capitalized until the legal right to explore the property has been obtained. When it is determined that such costs will be recouped through development and exploitation, the capitalized expenditure is transferred to tangible assets and depreciated over the expected productive life of the asset. Costs for a producing prospect are amortized on a unit-of-production method based on the estimated life of the ore reserves, while costs for the prospects abandoned are written off.

Impairment review for deferred exploration and evaluation assets is carried out on a project by project basis, with each project representing a single cash generating unit. An impairment review is undertaken when indicators of impairment arise but typically when one or more of the following circumstances apply:

- Unexpected geological occurrences are identified that render the resource uneconomic;
- Title to the asset is compromised;
- Fluctuations in metal prices render the project uneconomic;
- Variation in the currency of operations; and
- A threat to political stability in the country of operation exists.

From time to time, the Company may acquire or dispose of properties pursuant to the terms of option agreements. Due to the fact that these options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as exploration and evaluation assets or recoveries when the payments are made or received.

The recoverability of the amounts capitalized for the undeveloped exploration and evaluation assets is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral claims, the ability to farm out its exploration and evaluation assets, the ability to obtain the necessary financing to complete their development and future profitable production or proceeds from the disposition thereof.

i) Impairment

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

3. SIGNIFICANT ACCOUNTING POLICIES – *Continued*

i) Impairment – *Continued*

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

j) Financial Instruments

Financial instruments are classified into one of the following categories:

- financial instruments at fair value through profit or loss ("FVTPL");
- available for sale ("AFS") financial instruments;
- held-to-maturity investments;
- loans and receivables; and
- other financial liabilities

The classification is determined at initial recognition and depends on the nature and purpose of the financial instrument.

(i) Financial instruments at FVTPL

Financial instruments are classified as FVTPL when the financial instrument is held for trading or it is designated as FVTPL.

A financial instrument is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future;
- it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial instruments classified as FVTPL are stated at fair value with any resultant gain or loss recognized in profit or loss. The net gain or loss recognized incorporates any dividend or interest earned on the financial instrument.

The Company has classified its cash as FVTPL.

(ii) AFS financial instruments

Investments held by the Company that are classified as AFS are stated at fair value. Gains and losses arising from changes in fair value are recognized directly in equity in the investment revaluation reserve. Interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets are recognized directly in profit or loss rather than equity. When an investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized in the investment revaluation reserve is included in profit or loss for the period.

The fair value of AFS monetary assets denominated in a foreign currency is translated at the spot rate at the statement of financial position date. The change in fair value attributable to translation differences due to a change in amortized cost of the asset is recognized in profit or loss, while all other changes are recognized in equity.

The Company has classified its marketable securities and investments as AFS.

(iii) Held-to-maturity investments

Investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. The Company has classified short-term investments as held-to-maturity.

3. SIGNIFICANT ACCOUNTING POLICIES – *Continued*

j) Financial Instruments – *Continued*

(iv) Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Loans and receivables are initially recognized at the transaction value and subsequently carried at amortized cost less impairment losses. The impairment loss of receivables is based on a review of all outstanding amounts at year end. Bad debts are written off during the year in which they are identified. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The Company has classified receivables as loans and receivables.

(v) Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

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

Other financial liabilities: These are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expenses over the corresponding period. The effective interest rate is the rate that exactly discounts estimated future cash payments over the expected life of the financial liability, or, where appropriate, a shorter period.

The Company has classified accounts payable and accrued liabilities as other financial liabilities.

(vi) Effective interest method

The effective interest method calculates the amortized cost of a financial instrument and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial instrument, or, where appropriate, a shorter period.

Income is recognized on an effective interest basis for debt instruments other than those financial instruments classified as FVTPL.

(vii) Impairment of financial assets

Financial instruments, other than those at FVTPL, are assessed for indicators of impairment at each period end. Financial instruments are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial instrument, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it has become probable that the borrower will enter bankruptcy or financial reorganization.

3. SIGNIFICANT ACCOUNTING POLICIES - *Continued*

j) Financial Instruments – *Continued*

For financial instruments carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial instrument's original effective interest rate.

The carrying amount of all financial instruments, excluding trade receivables, is directly reduced by the impairment loss. The carrying amount of trade receivables is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss. On the date of impairment reversal, the carrying amount of the financial instrument cannot exceed its amortized cost had impairment not been recognized.

(viii) Derecognition of financial assets

A financial instrument is derecognized:

- when the contractual right to the asset's cash flows expire; or
- if the Company transfers the financial instrument and all risks and rewards of ownership to another entity.

(ix) Derecognition of financial liabilities

Financial liabilities are derecognized when the Company's obligations are discharged, cancelled or they expire.

(x) Fair Value Hierarchy

The inputs used in making fair value measurements, are classified within a hierarchy that prioritizes their significance. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets and 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.

k) Environmental rehabilitation

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbances are caused by the exploration or development of exploration and evaluation assets due to statutory, contractual, constructive or legal obligations. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises.

The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as exploration and evaluation assets. The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to exploration and evaluation assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, 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 costs of rehabilitation projects that were included in the rehabilitation provision are recorded against the provision as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES – *Continued*

l) Marketable Securities and Investments

Marketable securities and investments are measured at fair value and consist of shares in public companies listed on the TSX Venture Exchange ("TSX-V").

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash, short-term investments, marketable securities, receivables, investments, and accounts payable and accrued liabilities. Cash and short-term investments are carried at fair value using a level 1 fair value measurement. The carrying value of receivables, accounts payable and accrued liabilities approximate their fair values due to their immediate or short-term maturity. Marketable securities and investments are recorded at fair value based on the quoted market prices in active markets at the statement of financial position date, which is consistent with level 1 of the fair value hierarchy.

The Company is exposed to a variety of financial risks by virtue of its activities, including credit risk, interest rate risk, liquidity risks, foreign currency risk, and equity market risk. The Company's objective with respect to risk management is to minimize potential adverse effects on the Company's financial performance. The Board of Directors provides direction and guidance to management with respect to risk management. Management is responsible for establishing controls and procedures to ensure that financial risks are mitigated to acceptable levels.

Credit risk

Credit risk is the risk of financial loss to the Company if a counter-party to a financial instrument fails to meet its contractual obligations. The Company manages credit risk by investing its excess cash in short-term investments with investment grade ratings, issued by a Canadian chartered bank. The Company's receivables consist primarily of sales tax receivables due from the federal government and receivables from companies with which the Company has exploration agreements or options. The maximum exposure to credit risk at the reporting date is the carrying value of the Company's receivables and cash.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to interest rate risk with respect to its cash flow. The risk that the Company will realize a loss as a result of a decline in the fair value of any short-term investment included in cash is limited because these investments, although readily convertible into cash, are generally held to maturity.

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT – *Continued*

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise the funds required through future equity financings, asset sales, exploration option agreements, or a combination thereof. The Company has no regular cash flow from its operating activities. The Company manages its liquidity risk by forecasting cash flow requirements for its planned exploration and corporate activities, and anticipating investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of annual budgets and significant expenditures and commitments. Failure to realize additional funding, as required, could result in the delay or indefinite postponement of further exploration and development of the Company's properties. As at January 31, 2013, the Company had cash of $167,495 available to settle current liabilities of $76,270.

Foreign Currency Risk

The Company has exposure to foreign currency risk through its exploration and evaluation assets in the United States however, the majority of its current assets and current liabilities are denominated in Canadian dollars. The Company's exploration activities and ongoing land tenure expense in the United States make it subject to foreign currency fluctuations, which may affect the Company's statement of financial position and cash flows. The Company is affected by changes in exchange rates between the Canadian Dollar and the US dollar. The Company does not presently invest in foreign currency contracts to mitigate this risk. It is management's opinion that the Company is not exposed to significant foreign currency risk.

Equity market risk

The Company is exposed to equity price risk arising from its marketable securities and investments, which are classified as AFS. The Company plans to sell its marketable securities and investments as market conditions permit, or as is required to finance the Company's operations from time-to-time.

5. MARKETABLE SECURITIES AND INVESTMENTS

a) Marketable Securities

	January 31, 2013			January 31, 2012		
	Cost	**Reversal of Previous Unrealized Losses and Permanent loss***	**Fair Market Value**	Cost	Unrealized Loss*	Fair Market Value
Various public companies	**$ 51,500**	**$ (37,975)**	**$ 13,525**	$ 51,500	$ (29,700)	$ 21,800

*before deferred taxes

During the year ended January 31, 2013, the Company received common shares of a TSX-V Company with a fair value of $9,500 (January 31, 2012 - $35,000) pursuant to a property option agreement (Note 9). During the year ended January 31, 2013, the Company received gross proceeds of $11,910 (2012 - $Nil) from the sale of marketable securities and recognized a $2,410 gain (2012 - $Nil) from the sale. During the year ended January 31, 2013, the Company wrote-down its marketable securities by $37,975 (January 31, 2012 - $Nil) to an estimated net realizable value of $13,525, since the decline in the fair value of the marketable securities was deemed to be other than temporary.

(Expressed in Canadian dollars)

5. MARKETABLE SECURITIES AND INVESTMENTS – *Continued*

b) Investment in North Arrow Minerals Inc. ("North Arrow")

	January 31, 2013			January 31, 2012		
	Cost	**Reversal of Previous Unrealized Gain and Permanent loss***	**Fair Market Value**	Cost	Unrealized Gain*	Fair Market Value
Investment in North Arrow	**$ 240,979**	**$ (120,489)**	**$ 120,490**	$ 240,979	$ 385,570	$ 626,549

*before deferred taxes

North Arrow and the Company are related by virtue of two common directors. During the year-ended January 31, 2012, the Company reclassified its marketable securities in North Arrow to investments because management intends to hold these shares until market conditions improve. During the year ended January 31, 2013, the Company wrote-down its investment in North Arrow by $120,489 (January 31, 2012 - $Nil) to an estimated net realizable value of $120,490, since the decline in the fair value of the investments was deemed to be other than temporary.

6. RECEIVABLES

	January 31, 2013	January 31, 2012
HST/GST receivables	**$ 3,735**	$ 4,658
Trade receivables	**-**	220
Mineral exploration tax credit receivable	**11,274**	-
Related party receivables	**40,241**	14,565
Total	**$ 55,250**	$ 19,443

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	January 31, 2013	January 31, 2012
Trade payables	**$ 10,604**	$ 17,633
Accrued liabilities	**63,776**	68,515
Total	**$ 74,380**	$ 86,148

(Expressed in Canadian dollars)

8. EQUIPMENT

	Furniture and Equipment	Computer Equipment	Software	Leasehold Improvements	Total
Cost					
As at January 31, 2011	$ 43,041	$ 125,339	$ 42,532	$ 32,072	$ 242,984
Additions	-	-	-	1,840	1,840
Disposals	-	(16,633)	-	-	(16,633)
As at January 31, 2012	$ 43,041	$ 108,706	$ 42,532	$ 33,912	$ 228,191
Additions	-	14,787	-	-	14,787
Disposals	(43,041)	(74,905)	(42,532)	(33,912)	(194,390)
As at January 31, 2013	**$ -**	**$ 48,588**	**$ -**	**$ -**	**$ 48,588**
Accumulated Depreciation					
As at January 31, 2011	$ (37,207)	$ (97,843)	$ (41,903)	$ (32,072)	$ (209,025)
Charge for the year	(1,167)	(8,249)	(629)	(108)	(10,153)
Disposals	-	14,712	-	-	14,712
As at January 31, 2012	(38,374)	(91,380)	(42,532)	(32,180)	(204,466)
Charge for the year	(933)	(7,416)	-	(433)	(8,782)
Disposals	39,307	69,694	42,532	32,613	184,146
As at January 31, 2013	**$ -**	**$ (29,102)**	**$ -**	**$ -**	**$ (29,102)**
Net book value					
As at January 31, 2012	$ 4,667	$ 17,326	$ -	$ 1,732	$ 23,725
As at January 31, 2013	**$ -**	**$ 19,486**	**$ -**	**$ -**	**$ 19,486**

During the year ended January 31, 2013, the Company reduced its leased office space and disposed of furniture and equipment and a portion of its computer equipment. The Company recognized a loss on the disposal of equipment of $10,244 (January 31, 2012 - $1,921).

(Expressed in Canadian dollars)

9. EXPLORATION AND EVALUATION ASSETS

	January 31, 2012	Expended During The Year	Write-off of Costs and Recoveries	**January 31, 2013**
Gold and Base Metal Properties, British Columbia				
Exploration costs	$ 120,576	$ 8,811	$ (77,982)	**$ 51,405**
Acquisition costs	91,175	351	(47,059)	**44,467**
Geological and assays	89,258	419	(22,735)	**66,942**
Office and salaries	522,299	61,505	(131,781)	**452,023**
	823,308	71,086	(279,557)	**614,837**
Gold and Base Metal Properties, NWT& NU				
Exploration costs	7,455,612	6,871	(7,462,483)	-
Acquisition costs	30,922	5,833	(36,755)	-
Geological and assays	273,250	114	(273,364)	-
Office and salaries	1,190,589	6,562	(1,197,151)	-
	8,950,373	19,380	(8,969,753)	-
Gold and Base Metal Properties, Saskatchewan				
Exploration costs	1,136,100	-	(1,136,100)	-
Acquisition costs	84,387	-	(84,387)	-
Geological and assays	20,161	-	(20,161)	-
Office and salaries	235,210	7,275	(242,485)	-
	1,475,858	7,275	(1,483,133)	-
Gold and Base Metal Properties, USA				
Exploration costs	839,538	152,941	(465)	**992,014**
Acquisition costs	894,224	158,945	(221,003)	**832,166**
Geological and assays	126,048	26,124	-	**152,172**
Office and salaries	547,852	208,832	(1,928)	**754,756**
	2,407,662	546,842	(223,396)	**2,731,108**
TOTAL	$ 13,657,201	$ 644,583	$ (10,955,839)	**$ 3,345,945**

(Expressed in Canadian dollars)

9. EXPLORATION AND EVALUATION ASSETS – *Continued*

	January 31, 2011	Expended During The Year	Write-off of Costs and Recoveries	**January 31, 2012**
Gold and Base Metal Properties, British Columbia				
Exploration costs	$ 226,211	$ 44,707	$ (150,342)	**$ 120,576**
Acquisition costs	82,991	8,184	-	**91,175**
Geological and assays	83,659	5,599	-	**89,258**
Office and salaries	475,224	47,092	(17)	**522,299**
	868,085	105,582	(150,359)	**823,308**
Gold and Base Metal Properties, NWT& NU				
Exploration costs	7,412,653	42,959	-	**7,455,612**
Acquisition costs	24,814	6,108	-	**30,922**
Geological and assays	273,250	-	-	**273,250**
Office and salaries	1,166,122	24,467	-	**1,190,589**
	8,876,839	73,534	-	**8,950,373**
Gold and Base Metal Properties, Saskatchewan				
Exploration costs	1,136,089	11	-	**1,136,100**
Acquisition costs	84,387	-	-	**84,387**
Geological and assays	20,161	-	-	**20,161**
Office and salaries	234,324	886	-	**235,210**
	1,474,961	897	-	**1,475,858**
Gold and Base Metal Properties, USA				
Exploration costs	234,973	888,034	(283,469)	**839,538**
Acquisition costs	375,025	607,475	(88,276)	**894,224**
Geological and assays	52,247	103,631	(29,830)	**126,048**
Office and salaries	214,670	394,190	(61,008)	**547,852**
	876,915	1,993,330	(462,583)	**2,407,662**
TOTAL	$ 12,096,800	$ 2,173,343	$ (612,942)	**$ 13,657,201**

During the year ended January 31, 2013, the Company wrote-off $10,908,132 relating to several properties and recorded the receipt of a cash option payment of $25,000, other cash recoveries of $13,207 and received 100,000 common shares with a fair value of $9,500 which has been recorded as a recovery in the table above. During the year ended January 31, 2012, the Company wrote-off $462,600 relating to certain properties and recorded recoveries for B.C. mineral exploration tax credits of $90,237 and other recoveries of $60,105.

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

Gold and Base Metal Properties, British Columbia

The Company maintains interests in various gold and base metal properties in B.C. in addition to the properties described below. The Company wrote off accumulated expenditures of $31,476 (January 31, 2012 - $17) for other properties during the year-ended January 31, 2013 due to limited exploration activities over the preceding three fiscal years.

Shovelnose Property

The Company acquired, by staking, a 100% interest in certain mineral claims comprising the Shovelnose property in October 2005. The Company expanded the Shovelnose property by staking additional mineral claims in November 2008.

9. EXPLORATION AND EVALUATION ASSETS – *Continued*

Gold and Base Metal Properties, British Columbia – *Continued*

Shovelnose Property – Continued

In January 2011, the Company signed an option agreement with Westhaven Ventures Inc. (“Westhaven”), whereby Westhaven can earn up to a 70% interest in the Shovelnose property. A director of the Company is also a director of Westhaven. Under the terms of the option agreement, Westhaven can earn an initial 51% interest in the Shovelnose property by i) incurring $1.5 million in exploration expenditures over a three year period, including a firm commitment to spend $250,000 in the first year of the agreement (completed), and ii) issuing a total of 300,000 common shares to Strongbow (100,000 common shares with a fair value of $9,500 received in July 2012 and 100,000 common shares with a fair value of $35,000 received in July 2011). Within twelve months of having earned its 51% interest in the property, Westhaven will have the option to earn an additional 19% interest (bringing its total property interest to 70%) by i) issuing an additional 500,000 shares to the Company and ii) incurring an additional $1.5 million in exploration expenditures.

Inza Property

In September 2008 and February 2009, the Company acquired, by staking, a 100% interest in certain mineral claims comprising the Inza property. In February 2009, the Company acquired a 100% interest in five additional mineral claims prospective for copper-gold by issuing a total of 250,000 common shares with a fair value of $15,000 to two prospectors.

In April 2011, the Company and Xstrata Copper Canada (“Xstrata”) entered into an agreement whereby Xstrata could have earned up to a 75% interest in the Inza Properties. Under the terms of the agreement, Xstrata could have earned an initial 51% interest by making staged cash payments to the Company totaling $100,000 ($25,000 received during the year ended January 31, 2013 and $25,000 received during the year ended January 31, 2012), and by incurring cumulative exploration expenditures totaling $1.1 million over a four year period. Had Xstrata earned a 51% interest in the property, a joint venture would have been formed and Xstrata would have had the right to earn a further 24% interest (75% interest total) by funding the completion of a pre-feasibility study and a feasibility study or by incurring $20 million in expenditures towards the completion of a prefeasibility study and a feasibility study on the property. In February 2013, Xstrata provided notice to the Company that it was terminating the option agreement. Accordingly, the Company wrote off accumulated acquisition and exploration expenditures of $68,160 during the year-ended January 31, 2013.

Piltz Mountain and Mons Creek Properties

In February 2010, the Company acquired, by staking, a 100% interest in certain mineral claims comprising the Piltz Mountain and Mons Creek exploration properties in the Chilcotin region of south British Columbia. The results of a follow up program conducted by the Company during the year-ended January 31, 2013, were disappointing and further exploration of the Piltz Mountain and Mons Creek properties is not anticipated. As a result, the Company has written off accumulated expenditures of $132,213 incurred evaluating these two properties.

Gold and Base Metal Properties, Northwest Territories and Nunavut

The Company maintains interests in various gold and base metal properties in the Northwest Territories and Nunavut in addition to the properties described below.

Opescal Lake, NWT

The Company acquired, by staking, a 100% interest in certain mineral claims forming part of the Company’s Snowbird nickel project, in December 2006. The Company wrote off accumulated expenditures of $358,211 during the year-ended January 31, 2013 due to limited exploration activities over the preceding three fiscal years. The Company retains its interest in the underlying mineral claims for the Opescal Lake, NWT property.

Nickel King Project, NWT

The Company holds a 100% interest in a number of mineral claims and mining leases in the southern Northwest Territories. Certain of these mining leases are subject to a 3% NSR on base and precious metals production and an

9. EXPLORATION AND EVALUATION ASSETS – *Continued*

Gold and Base Metal Properties, Northwest Territories and Nunavut – *Continued*

Nickel King Project, NWT – Continued

additional 2% gross overriding royalty (“GOR”). The Company may purchase the entire NSR at any time for \$1,500,000 and the Company may purchase one-half (1%) of the GOR at any time for \$2,500,000. The Company wrote off accumulated expenditures of \$8,611,542 during the year-ended January 31, 2013 due to limited exploration activities over the preceding three fiscal years. The Company is retaining its interest in the underlying mineral claims and mining leases for the Nickel King Project.

Gold and Base Metal Properties, Saskatchewan

The Company maintains a 100% interest in a number of mineral claims in northern Saskatchewan that form part of the Company’s Snowbird nickel project, including the Dumas Lake, Heel, Breynat and Opescal Lake (Saskatchewan) properties. In July 2012, the Company and North Arrow entered into an option agreement whereby North Arrow could have earned up to a 50% interest in the Snowbird nickel project by incurring \$4 million in expenditures prior to December 31, 2016, including a firm commitment to spend \$30,000 prior to December 31, 2012. The option agreement was subject to North Arrow completing an equity financing before December 31, 2012. On October 12, 2012, North Arrow provided notice to the Company that it would not proceed with the option and the option agreement was terminated. The Company wrote off accumulated acquisition and exploration expenditures of \$1,483,133 during the year-ended January 31, 2013 due to limited exploration activities over the preceding three fiscal years. The Company is retaining its interest in the underlying mineral claims for these properties.

Other Exploration and Generative Exploration, Canada

Other Properties

The Company maintains a number of mineral claims and permits in British Columbia, Saskatchewan, and the Northwest Territories, as part of the Company’s ongoing generative exploration programs.

Gold Properties, USA

Midway Gold Project, South Carolina, USA

Between July 2010 and September 2011, the Company entered into thirty-one property option agreements with private land owners in South Carolina (the “Midway Gold project”). The terms of the option agreements include certain annual cash payments to the landowners. If the option agreement is exercised by the Company, the Company will either purchase each property or enter into a long term mining lease with the property owner. The properties will be subject to a gross overriding royalty to the current land owners. During the year-ended January 31, 2013, the Company allowed ten of the property option agreements to lapse, and as a result wrote off accumulated expenditures of \$221,003. Included in this amount are acquisition costs related to an additional property option agreement was relinquished subsequent to January 31, 2013.

To maintain the property option agreements in good standing, the Company must make the following payments to landowners over the next four years (all amounts in US Dollars):

Fiscal 2014 - \$214,885
Fiscal 2015 - \$308,208
Fiscal 2016 - \$319,257
Fiscal 2017 - \$205,498
Fiscal 2018 - \$167,260

Ridgeway, South Carolina, USA

Between June 2011 and June 2012, the Company entered into ten property option agreements with private landowners to explore eighteen properties in South Carolina, USA. In June 2012, the Company allowed one of the property option agreements to lapse. The terms of the option agreements include certain annual cash payments and, upon exercising an option, the Company may purchase each property or enter into a long-term mining lease. The properties are subject to a gross overriding royalty to the current landowners. To maintain the property option agreements in good standing, the Company must make the following payments to landowners over the next six years (all amounts in US Dollars):

(Expressed in Canadian dollars)

9. EXPLORATION AND EVALUATION ASSETS – *Continued*

Gold Properties, USA – *Continued*

Ridgeway, South Carolina, USA – Continued

Fiscal 2014 - $128,171
Fiscal 2015 - $110,616
Fiscal 2016 - $110,616
Fiscal 2017 - $20,491
Fiscal 2018 - $40,982
Fiscal 2019 - $40,982

Parker Gold Mine, North Carolina, USA

In March 2011, the Company entered into an option agreement to purchase the Parker Mine property in North Carolina, USA. Under the terms of this agreement, the Company was required to make payments of US $120,000 to the current owner over a 30 month period ($80,000 in the first year (paid) and $40,000 in the second year). Upon exercising the option, the Company could have purchased the property for a maximum price of USD $10.3 million, and subject to a 1.5% gross overriding royalty. Based on the results of a drill program at the property, no further exploration was planned and the option agreement was allowed to lapse. During the year ended January 31, 2012, the Company wrote off the property's carrying value of $462,583.

10. CAPITAL AND RESERVES

Authorized Share Capital

At January 31, 2013, the authorized share capital is an unlimited number of common shares without par value. All issued shares are fully paid.

Share issuances

In March 2012, the Company completed a non-brokered private placement of 8,900,000 units at a price of $0.13 per unit, for gross proceeds of $1,157,000. Each unit consisted of one common share and one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company until September 9, 2013 at a price of $0.20 per common share. As part of this private placement, the Company paid share issuance costs of $11,212, finder's fees of $1,560, and issued 181,200 finder's units. Each finder's unit has the same terms as the units issued as part of this private placement. The fair value of the finder's shares was $23,556 and the fair value of the finder's warrants was estimated to be $8,917 using the Black-Scholes option pricing model, using the following weighted average assumptions:

	Year Ended January 31, 2013
Risk-free interest rate	1.17%
Expected life of warrants	1.5 years
Annualized volatility	117%
Forfeiture rate	0.00%
Dividend rate	0.00%

For the year-ended January 31, 2012 there were 772,500 shares issued from the exercise of stock options and warrants.

Stock options and warrants

In June 2012, the Company's shareholders approved the Company's Stock Option Plan (the "Plan"), which establishes a rolling number of shares issuable under the plan in the amount of 10% of the Company's issued shares at the date of grant.

Under the terms of the Plan, the exercise price of each stock option granted cannot be less than the market price at the date of grant, less a discount up to 25% in accordance with the policies of the TSX-V. Options granted can have a term up to five years with vesting provisions determined by the directors in accordance with TSX-V policies for Tier 2 Issuers. Typically, the Company has granted stock options at or above the market price on the grant date, with a vesting period of 25% at the date of grant and 25% every six months thereafter.

(Expressed in Canadian dollars)

10. CAPITAL AND RESERVES – *Continued*

Stock options and warrants – *Continued*

As at January 31, 2013 the following stock options and warrants were outstanding:

	Number of Shares		Exercise Price	Number Vested	Expiry Date
Options	1,575,000	$	0.17	1,575,000	July 26, 2014
	1,760,000		0.20	1,760,000	September 23, 2015
	70,000		0.42	70,000	December 22, 2015
	1,710,000		0.55	1,710,000	April 29, 2016
Warrants	8,900,000	$	0.20	8,900,000	September 9, 2013
	181,200		0.20	181,200	September 9, 2013

Stock option transactions are summarized as follows:

	Number of Options		Weighted Average Exercise Price
Balance, January 31, 2011	6,675,000	$	0.35
Granted	1,710,000		0.55
Exercised	(485,000)		0.39
Cancelled/Expired	(950,000)		0.51
Balance, January 31, 2012	6,950,000		0.38
Cancelled/Expired	(1,835,000)		0.57
Balance, January 31, 2013	5,115,000	$	0.31
Number of options currently exercisable as at January 31, 2013	5,115,000	$	0.31

The weighted average fair value of stock options granted during the year ended January 31, 2013 was $Nil (January 31, 2012 - $0.30).

Warrant transactions are summarized as follows:

	Number of Warrants		Weighted Average Exercise Price
Balance, January 31, 2011	750,000	$	0.35
Exercised	(287,500)		0.35
Expired	(462,500)		0.35
Balance, January 31, 2012	-		-
Granted	9,081,200		0.20
Balance, January 31, 2013	9,081,200	$	0.20

(Expressed in Canadian dollars)

10. CAPITAL AND RESERVES – *Continued*

Share-based compensation

During the year ended January 31, 2013, the Company granted no stock options. During the year ended January 31, 2012, the Company granted 1,710,000 options with a fair value of $518,859, which is being recognized over the vesting periods of the options. Total share-based compensation recognized during the year ended January 31, 2013 was $102,470 (January 31, 2012 – $523,296).

The following weighted average assumptions were used for the Black Scholes valuation of stock options granted:

	Year Ended January 31, 2013	Year Ended January 31, 2012
Risk-free interest rate	-	2.04%
Expected life of options	-	3 years
Annualized volatility	-	100%
Forfeiture rate	-	0.00%
Dividend rate	-	0.00%

11. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties not disclosed elsewhere in these financial statements:

a) Charged rent and technical services of $34,910 (January 31, 2012- $92,432) to North Arrow, a company with two common directors.

b) Charged administrative and technical services of $29,702 (January 31, 2012 - $32,618) to Stornoway Diamond Corporation ("Stornoway"), a company with a common officer and former director.

c) Paid or accrued administrative and accounting services of $24,717 (January 31, 2012 - $25,916) to Stornoway.

Included in receivables are amounts due from North Arrow totaling $35,241 (January 31, 2012 - $14,395) for reimbursement of exploration expenditures and shared administrative expenses paid by the Company on North Arrow's behalf.

Included in receivables are amounts due from Stornoway totaling $5,001 (January 31, 2012 - $170) for reimbursement of exploration and administrative costs paid by the Company on Stornoway's behalf.

Key management includes the Company's directors and officers. Compensation awarded to key management during the year ended January 31, 2013 and 2012 were as follows:

	Year Ended January 31, 2013	Year Ended January 31, 2012
Salaries and benefits[1]	$ 288,514	$ 297,881
Share-based compensation[2]	-	386,868
Total	$ 288,514	$ 684,749

1 – When key management is working specifically on exploration and evaluation assets their time is capitalized against the exploration and evaluation asset.

2 – Share-based compensation is the fair value of options that have been granted to directors and key management personnel.

(Expressed in Canadian dollars)

12. ASSET RETIREMENT OBLIGATION

	Year Ended January 31, 2013	Year Ended January 31, 2012
Balance – beginning of the year	**$ -**	$ -
Asset retirement obligation	**81,170**	-
Balance – end of the year	**$ 81,170**	$ -

The Company has recorded an asset retirement obligation, which reflects the present value of the estimated amount of undiscounted cash flow required to satisfy the asset retirement obligation in respect of the Nickel King property in Northwest Territories. The primary component of this obligation is the removal of fuel drums and camp materials. The pre-tax market based discount rate at which the estimated cash flows have been discounted to arrive at the obligation is 1.42%. The undiscounted amount of inflation-adjusted estimated future cash flows is $85,779.

13. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2013	2012
Loss before income taxes	$ (11,888,403)	$ (1,863,777)
Expected income recovery	$ 2,972,000	$ 491,000
Non-deductible expenditures	(41,000)	(138,000)
Change in statutory, foreign tax, foreign exchange rates and other	56,000	(53,000)
Share issue cost	9,000	-
Changes in unrecognized deductible temporary differences	(2,996,000)	(300,000)
Income tax (expense) recovery	$ -	$ -

The Canadian income tax rate declined during the year ended January 31, 2013 due to changes in the law that reduced corporate income tax rates in Canada.

The significant components of the Company's unrecorded deferred tax assets are as follows:

	2013	2012
Deferred Tax Asset (liabilities)		
Exploration and evaluation assets	$ 4,438,000	$ 1,739,000
Equipment	56,000	51,000
Canadian eligible capital (CEC)	92,000	92,000
Share issue costs	33,000	52,000
Marketable securities	167,000	104,000
Allowable capital losses	268,000	267,000
Non-capital losses available for future period	930,000	683,000
	5,984,000	2,988,000
Unrecognized deferred tax assets	(5,984,000)	(2,988,000)
Net deferred tax assets	$ -	$ -

(Expressed in Canadian dollars)

13. INCOME TAXES – *Continued*

The significant components of the Company's unrecognized temporary differences and tax losses are as follows:

	2013	Expiry dates	2012
Marketable securities	$ 1,334,000	not applicable	$ 832,000
Equipment	224,000	not applicable	203,000
Share issue costs	131,000	2034 to 2037	208,000
Investment tax credits	717,000	2027 to 2033	714,000
CEC	368,000	not applicable	368,000
Exploration and evaluation assets	15,100,000	not applicable	4,427,000
Allowable capital losses	1,072,000	not applicable	1,066,000
Non-capital losses available for future period	3,653,000	2029 to 2033	2,671,000
Canada	3,518,000	2029 to 2033	2,545,000
USA	135,000	2031 to 2033	126,000

14. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The significant non-cash transactions for the year ended January 31, 2013 were:

a) The Company incurring exploration and evaluation asset expenditures of $497 that are included in accounts payable and accrued liabilities.

b) The Company received 100,000 common shares of a TSX-V company with a fair value of $9,500 (Note 5) pursuant to an exploration and evaluation asset option agreement.

c) The Company issued 181,200 units with a fair value of $23,566 for the common shares and $8,917 for the attached warrants as finder's fees.

The significant non-cash transactions for the year ended January 31, 2012 were:

a) The Company incurring exploration and evaluation asset expenditures of $5,463 that are included in accounts payable and accrued liabilities.

b) The Company has included exploration and evaluation asset recoveries of $2,299 in receivables.

c) The Company received 100,000 common shares of a TSX-V company with a fair value of $35,000 (Note 5) pursuant to an exploration and evaluation asset option agreement.

15. COMMITMENTS

The Company is committed to minimum future lease payments for office premises and leased office equipment through to May 31, 2017 as follows:

Fiscal year ending January 31, 2014	$	13,779
Fiscal year ending January 31, 2015	$	3,857
Fiscal year ending January 31, 2016	$	3,857
Fiscal year ending January 31, 2017	$	3,857
Fiscal year ending January 31, 2018	$	964

The Company's lease costs may be reduced due to recoveries through sub-leases.

(Expressed in Canadian dollars)

16. CAPITAL MANAGEMENT

The capital of the Company consists of the items included in capital and reserves. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company. The Company's objective for capital management is to plan for the capital required to support the Company's ongoing acquisition and exploration of its exploration and evaluation assets and to provide sufficient funds for its corporate activities.

The Company's exploration and evaluation assets are in the exploration stage. As an exploration stage company, the Company is currently unable to self-finance its operations. The Company has historically relied on equity financings and, in recent years, asset sales or exploration option agreements to finance its operations. In order to carry out the Company's planned exploration programs and to pay for administrative costs, the Company will spend its existing working capital and raise additional funds as required. To effectively manage the Company's capital requirements, the Company's management has in place a planning and budgeting process. The Company is not subject to any externally imposed capital requirements.

17. SEGMENTED INFORMATION

The Company operates in one business segment being the exploration of exploration and evaluation assets in Canada and the United States as follows:

	January 31, 2013			January 31, 2012		
	Canada	**United States**	**Total**	Canada	United States	Total
Exploration and evaluation assets	**$ 614,837**	**$ 2,731,108**	**$ 3,345,945**	$ 11,249,539	$ 2,407,662	$ 13,657,201
Equipment	**19,486**	**-**	**19,486**	23,725	-	23,725
	$ 634,323	**$ 2,731,108**	**$ 3,365,431**	$ 11,273,264	$ 2,407,662	$ 13,680,926