FINANCIAL STATEMENTS

INTIGOLD MINES LTD.

(FORMERLY SEANESS CAPITAL CORPORATION)

(a development stage company)

For the Years Ended July 31, 2012 and 2011

(Presented in Canadian dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Intigold Mines Ltd.

We have audited the accompanying financial statements of **Intigold Mines Ltd.**, which comprise the statements of financial position as at July 31, 2012 and 2011, and August 1, 2010, and the statements of comprehensive loss, changes in stockholders' equity and cash flows for the years ended July 31, 2012 and 2011, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Intigold Mines Ltd.** as at July 31, 2012 and 2011, and August 1, 2010, and its financial performance and its cash flows for the years ended July 31, 2012 and 2011 in accordance with International Financial Reporting Standards.

Emphasis of matter

Without qualifying our opinion, we draw attention to note 1 in the financial statements which indicates that **Intigold Mines Ltd.** has incurred a net loss of $1,056,519 for the year ended July 31, 2012 and has a cash balance of $547,524 as at July 31, 2012. In addition, note 1 further states that the Company is dependent on additional equity funding and third party expenditure extensions to sustain its operations while meeting mineral property expenditure requirements. These conditions, along with other matters as set forth in note 1 indicate the existence of a material uncertainty that may cast significant doubt on **Intigold Mines Ltd.**'s ability to continue as a going concern.

Ernst & Young LLP

Vancouver, Canada,
November 27, 2011.

Chartered Accountants

INTIGOLD MINES LTD. (FORMERLY SEANESS CAPITAL CORPORATION)
(a development stage company)

STATEMENTS OF FINANCIAL POSITION

As at July 31, 2012, July 31, 2011 and August 1, 2010
(Expressed in Canadian dollars)

	31-July-2012	31-July-2011 (Note 16)	1-August-2010 (Note 16)
ASSETS			
Current assets:			
Cash and cash equivalents (Note 5a)	**$ 547,524**	$ 1,377,627	$ 124,875
Accounts receivable	**108,362**	34,270	11,932
Interest receivable	**2,104**	-	-
Prepaid expense	**10,467**	1,328	-
Restricted cash (Note 5b)	**61,000**	-	-
Total current assets	**729,457**	1,413,225	136,807
Fixed assets (Note 6)	**463**	1,273	-
Exploration and evaluation assets (Note 7)	**2,093,184**	1,421,831	-
Advance payments (Note 8)	**548,717**	-	-
Total assets	**$ 3,371,821**	$ 2,836,329	$ 136,807
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Accounts payable and accrued liabilities	**$ 96,425**	$ 43,475	$ 25,127
Obligation to issue shares (Note 10f)	**12,375**	-	-
Total current liabilities	**108,800**	43,475	25,127
Shareholders' equity:			
Share capital (Note 10)	**4,251,072**	3,184,510	406,081
Reserves			
Equity settled employee benefits (Note 10e)	**938,831**	727,346	58,102
Warrants (Note 10d)	**635,965**	387,326	6,916
Deficit	**(2,562,847)**	(1,506,328)	(359,419)
Total shareholders' equity:	**3,263,021**	2,792,854	111,680
Total shareholders' equity and liabilities	**$ 3,371,821**	$ 2,836,329	$ 136,807

Going concern (Note 1)
Subsequent events (Note 14)

These financial statements were approved and authorized for issue by the Board of Directors on November 26, 2012. They were signed on its behalf by:

APPROVED BY THE DIRECTORS

"Lori McClenahan"
Lori McClenahan, President and Director

"Tina Whyte"
Tina Whyte, Director

The accompanying notes are an integral part of the financial statements.

INTIGOLD MINES LTD. (FORMERLY SEANESS CAPITAL CORPORATION)
(a development stage company)

STATEMENTS OF COMPREHENSIVE LOSS

For the Years Ended July 31, 2012 and 2011
(Expressed in Canadian dollars)

	2012	2011
		(Note 15)
OPERATING EXPENSES		
Consulting (Note 9)	**$ 164,000**	$ 176,054
Exploration expense (Note 7)	**359,323**	50,024
Office and general expenses (Note 8)	**94,164**	134,712
Professional fees	**139,753**	74,274
Stock-based compensation (Note 10e)	**265,289**	669,244
Transfer agent, listing and filing fees	**37,362**	42,622
Total operating expenses	**1,059,891**	1,146,930
Operating loss	**(1,059,891)**	(1,146,930)
NON-OPERATING INCOME AND EXPENSES		
Interest income	**3,372**	21
Net loss and comprehensive loss for the year	**(1,056,519)**	(1,146,909)
Deficit, beginning of the year	(1,506,328)	(359,419)
Deficit, ending of the year	**(2,562,847)**	(1,506,328)
Loss per share - basic and diluted	**$ (0.05)**	$ (0.08)
Weighted average number of common shares outstanding - basic and diluted	**22,924,078**	14,950,742

The accompanying notes are an integral part of the financial statements.

INTIGOLD MINES LTD. (FORMERLY SEANESS CAPITAL CORPORATION)
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

For the years ended July 31, 2012 and 2011
(Expressed in Canadian Dollars)

	Common Shares		Equity Settled Employee			Total Shareholders'
	Shares	Amount	Benefits	Warrants	Deficit	Equity
Balance, August 1, 2010	**6,566,000**	**$ 406,081**	**$ 58,102**	**$ 6,916**	**$ (359,419)**	**$ 111,680**
Issuance of common shares for acquisition Intigold	6,533,332	1,306,665	-	-	-	1,306,665
Issuance of common shares for cash pursuant to private placement	7,000,532	1,800,160	-	-	-	1,800,160
Issuance of common shares for cash pursuant to exercise of warrants	478,300	132,075	-	-	-	132,075
Issuance of common shares for finder fee	16,800	5,040	-	-	-	5,040
Issuance of warrants	-	(420,870)	-	420,870	-	-
Transfer share capital on exercise warrants	-	19,985	-	(19,985)	-	-
Share issue costs and finder's fee	-	(64,626)	-	(20,475)	-	(85,101)
Stock-based compensation	-	-	669,244	-	-	669,244
Loss for the year	-	-	-	-	(1,146,909)	(1,146,909)
Balance, July 31, 2011	**20,594,964**	**$3,184,510**	**$ 727,346**	**$ 387,326**	**$(1,506,328)**	**$ 2,792,854**
Issuance of common shares for property interest	1,100,000	418,000	-	-	-	418,000
Issuance of common shares for cash pursuant to private placement	4,545,455	750,000	-	-	-	750,000
Issuance of common shares for cash pursuant to exercise of options	250,000	50,000	-	-	-	50,000
Issuance of common shares for cash pursuant to exercise of warrants	182,727	64,167	-	-	-	64,167
Issuance of common shares for finder fee	171,000	28,216	-	-	-	28,216
Issuance of warrants	-	(277,358)	-	277,358	-	-
Transfer share capital on exercise options	-	53,804	(53,804)	-	-	-
Transfer share capital on exercise warrants	-	10,603	-	(10,603)	-	-
Share issue costs and finder's fee	-	(30,870)	-	(18,116)	-	(48,986)
Stock-based compensation	-	-	265,289	-	-	265,289
Loss for the year	-	-	-	-	(1,056,519)	(1,056,519)
Balance, July 31, 2012	**26,844,146**	**$4,251,072**	**$ 938,831**	**$ 635,965**	**$(2,562,847)**	**$ 3,263,021**

INTIGOLD MINES LTD. (FORMERLY SEANESS CAPITAL CORPORATION)
(a development stage company)

STATEMENTS OF CASH FLOWS

For the Years Ended July 31, 2012 and 2011
(Expressed in Canadian dollars)

	2012	2011
OPERATING ACTIVITIES		(Note 16)
Net loss for the year	**$ (1,056,519)**	$ (1,146,909)
Items not involving cash:		
Amortization	**810**	783
Stock-based compensation	**265,289**	669,244
Changes in non-cash working capital:		
Increase in accounts receivables and prepaid expenses	**(83,231)**	(20,082)
Increase in interest receivables	**(2,104)**	-
Increase in accounts payable and accrued liabilities	**52,950**	(161,891)
Cash used in operating activities	**(822,805)**	(658,855)
INVESTING ACTIVITIES		
Purchase of equipment	**-**	(681)
Cash acquired from acquisition	**-**	205,434
Amounts held as restricted cash	**(61,000)**	-
Payments made towards TTAGIT acquisition	**(548,717)**	-
Acquisition of mineral properties (Note 7)	**(253,353)**	(145,321)
Cash generated from (used in) investing activities	**(863,070)**	59,432
FINANCING ACTIVITIES		
Share subscriptions received	**12,375**	-
Common Shares and warrants issued for cash, net of share issuance cost	**729,230**	1,720,100
Exercise of warrants for cash	**64,167**	132,075
Exercise of options for cash	**50,000**	-
Cash from financing activities	**855,772**	1,852,175
Decrease in cash and cash equivalents	**(830,103)**	1,252,752
Cash and cash equivalents, beginning of the year	**1,377,627**	124,875
Cash and cash equivalents, end of the year	**$ 547,524**	$ 1,377,627
Supplementary cash flow information		
Issued 1,000,000 common shares for Cueva Blance (Note 7f)	**$ 380,000**	$ -
Issued 100,000 common shares for Beaverdell (Note 7a)	**$ 38,000**	$ -

The accompanying notes are an integral part of the financial statements.

1. GENERAL INFORMATION AND GOING CONCERN

Intigold Mines Ltd., ("the Company") is a development stage enterprise that has incurred significant losses to date and currently does not earn revenues. The Company is a junior mineral exploration company currently engaged in the acquisition and exploration of precious metals on mineral properties located in British Columbia, Canada and Peru. The Company has also considered non-mining opportunities and has advanced funds into a non-mining operation called Ttagit Social Networks Inc. (Note 8). The Company was incorporated under the Canada Business Corporations Act on April 18, 2008, and has continued business under the Business Corporations Act of British Columbia. The Company is listed on the TSX Venture Exchange, having the symbol IGD-V, as a tier 2 mining issuer. The address of the Company's corporate office and principal base of business is 304 – 700 West Pender Street, Vancouver, British Columbia, Canada.

These financial statements have been prepared on the basis of a going concern, which contemplates the realization of assets and the discharge of liabilities in the normal course of business for the foreseeable future. The Company incurred a net loss of $1,056,519 during the year ended July 31, 2012 and, as of that date the Company's deficit was $2,562,847. The Company's ability to meet its obligations as they fall due and to continue to operate as a going concern is dependent on the continued financial support of the creditors and the shareholders. In the past, the Company has relied on sales of equity securities to meet its cash requirements. There can be no assurance that funding from this or other sources will be sufficient in the future to continue and develop its mineral properties and provide funding to Ttagit Social Networks Inc. Even if the Company is able to obtain new financing, it may not be on commercially reasonable terms or terms that are acceptable to it. The Company also needs to obtain the support of St. Elias Mines Ltd., in providing extensions to its option agreements, if the Company does not meet any of the conditions of the option agreements. Failure to obtain such financing on a timely basis or extensions on the option agreements could cause the Company to reduce or terminate its operations. The above indicates the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

2. BASIS OF PRESENTATION AND FIRST TIME ADOPTION OF IFRS

The Company prepares its financial statements in accordance with International Financial Reporting Standard ("IFRS") as issued by the International Accounting Standards Board ("IASB"). In 2010, the Canadian Institute of Chartered Accountants ("CICA") Handbook was revised to incorporate IFRS, and requires publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly the Company has commenced reporting on this basis in these financial statements. In the financial statements, the term "Canadian GAAP" refers to Canadian GAAP before the adoption of IFRS. These financial statements have been prepared in accordance with IFRS applicable to the preparation of financial statements, including IFRS 1 First time Adoption of International Financial Reporting Standards ("IFRS 1"). Subject to certain IFRS 1 transition elections disclosed in note 15, the Company has consistently applied the same accounting policies in its opening IFRS statement of financial position as at August 1, 2010 and throughout all periods presented, as if these policies had always been in effect. Note 15 discloses the impact of the transition to IFRS on the Company's reported statement of financial position and comprehensive loss, including the nature and effect of significant changes in accounting policies from those used in the Company's financial statements for the year ended July 31, 2011 previously prepared in accordance with Canadian GAAP.

2. BASIS OF PRESENTATION AND FIRST TIME ADOPTION OF IFRS (continued)

These financial statements have been prepared on a historical cost basis except for financial instruments classified as available for sale which are stated at their fair value. These financial statements are presented in Canadian dollars.

2.1 Accounting Standards not yet adopted

The following standards and amendments to existing standards have been published and are mandatory for the Company's annual accounting periods beginning January 1, 2013, or later periods:

IFRS 7 'Financial Instruments: Disclosures' – In December 2010, the IASB amended IFRS 7 requiring additional disclosures on offsetting of financial assets and financial liabilities. This amendment is effective for annual fiscal periods beginning on or after January 1, 2013. Additional disclosures about the initial application of IFRS 9 Financial Instruments is required, effective on the date that IFRS 9 is first applied. The Company is currently evaluating the impact the final standard is expected to have on its financial statements.

IFRS 9 'Financial Instruments: Classification and Measurement' – effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments.

IFRS 10 'Consolidated Financial Statements' – effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, establishes principles for the presentation and preparation of financial statements when an entity controls one or more other entities.

IFRS 12 'Disclosure of Interests in Other Entities' **-** effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

IFRS 13 'Fair Value Measurement' **-** effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, provides the guidance on the measurement of fair value and related disclosures through a fair value hierarchy.

Management anticipates that the above standards will be adopted in the Company's financial statements for the period beginning August 1, 2013. The Company has not yet considered the impact of the adoption of these standards.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Company's entities.

Refer to Note 15.1 for the IFRS 1 exemptions taken in applying IFRS for the first time.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Fixed assets

(i) Cost and Valuation

Fixed assets are carried at cost less accumulated depreciation and any impairment losses. When an asset is disposed of, it is derecognized and the difference between its carrying value and net sales proceeds is recognized as a gain or loss in the statement of operations.

(i) Cost and Valuation (continued)

Fixed assets include expenditures incurred on computer hardware, furniture and equipment which are recorded at cost on initial acquisition. Cost includes the purchase price and the directly attributable costs of acquisition or construction required to bring an asset to the location and condition necessary for the asset to be capable of operating in the manner intended by management.

(ii) Depreciation

Furniture and equipment is depreciated over a declining balance basis over the estimated useful life of assets and computer hardware is depreciated on a straight line basis over the life of assets. Where components of an asset have a different useful life and cost that is significant to the total cost of the asset, depreciation is calculated on each separate component. Depreciation methods, useful lives and residual values are reviewed at the end of each year.

Computer hardware	Straight – line method	33%
Furniture and equipment	Declining balance	20% to 30%

3.2 Exploration and Evaluation Assets

Exploration expenditures reflect the capitalised costs related to the initial search for mineral deposits with economic potential or obtaining more information about existing mineral deposits. Exploration expenditures typically include costs associated with acquisition of rights to explore, prospecting, sampling, mapping, diamond drilling and other work involved in searching for ore. Evaluation expenditures reflect costs incurred at exploration projects related to establishing the technical and commercial viability of mineral deposits identified through exploration or acquired through a business combination or asset acquisition. Evaluation expenditures include the cost of:

i) establishing the volume and grade of deposits through drilling of core samples, trenching and sampling activities in an ore body that is classified as either a mineral resource or a proven and probable reserve,

ii) determining the optimal methods of extraction and metallurgical and treatment processes,

iii) studies related to surveying, transportation and infrastructure requirements,

iv) permitting activities, and

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Exploration and Evaluation Assets (continued)

v) economic evaluations to determine whether development of the mineralized material is commercially justified, including scoping, prefeasibility and final feasibility studies.

From time to time, the Company may acquire or dispose of mineral interests pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as resource property costs or recoveries when the payments are made or received. The Company does not accrue the estimated costs of maintaining its interests in good standing.

From time to time the Company may issue shares for option-in agreements in respect of acquisition of mineral interests. These equity-settled share-based payment transactions are measured by reference to the fair value of the entity instruments granted and the corresponding increase in equity.

The Company capitalises its acquisition costs and expenses all of the exploration and evaluation costs.

3.3 Impairment of Non-Financial Assets

Other long-lived assets are reviewed for impairment at each date of the statement of financial position is to determine whether circumstances indicate that the carrying amount may not be recoverable. An impairment test is performed when the impairment indicators demonstrate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is an asset’s fair value less cost to sell and 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.

3.4 Financial Assets

(i) Classification

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities of greater than 12 months after the end of the reporting period, which are classified as non-current assets. The Company’s loans and receivables comprise cash and cash equivalents and accounts receivable in the statements of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Financial Assets (continued)

(ii) Recognition and Measurement

Loans and receivables are recorded at amortised cost using the effective interest method.

(iii) Impairment of Financial Assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

3.5 Amounts Receivable

Amounts receivable are amounts due from HST. Amounts receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

3.6 Cash and Cash Equivalents

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

3.7 Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects. Common shares held by the Company are classified as treasury stock and recorded as a reduction to shareholders' equity.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Due to related parties are amounts due to Directors and Officers of the Company which are incurred in the carrying out their respective duties as Directors and Officers of the Company. Due to related parties are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Current and Deferred Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of comprehensive loss except to the extent that it relates to items recognized either in other comprehensive loss or directly in equity, in which case it is recognized in other comprehensive income or in equity, respectively. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings. The tax rate used is the rate that is substantively enacted.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time that the liability to pay the related dividend is recognized.

3.10 Share-Based Payment Transactions

The Company applies the fair value method of accounting for all stock option awards. Under this method the Company recognizes a compensation expense for all stock options awarded to employees, based on the fair value of the options on the date of grant which is determined by using the Black-Scholes option pricing model for stock option awards, and the quoted market value of the shares for restricted share units. The fair value of the options is expensed over the vesting period of the options. No expense is recognized for awards that do not ultimately vest.

All equity shared-based payments are reflected in equity settled employee benefits, until exercised. Upon exercise, shares are issued from treasury and the amount reflected equity settled employee benefits is credited to share capital, adjusted for any consideration paid. Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognises the amount that otherwise would have been recognised for services received over the remainder of the vesting period. Any payment made to the employee on cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognised as an expense.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

3.12 Rehabilitation and Restoration

Provision is made for rehabilitation and restoration when an obligation is incurred. The provision is recognised as a liability with a corresponding asset recognised in relation to the mine site. At each reporting date the rehabilitation liability is re-measured in line with changes in discount rates, and timing or amount of the costs to be incurred. The provision recognised represents management's best estimate of the present value of the future costs required. Significant estimates and assumptions are made in determining the amount of restoration and rehabilitation provisions. Those estimates and assumptions deal with uncertainties such as: requirements of the relevant legal and regulatory framework; the magnitude of necessary remediation activities and the timing, extent and costs of required restoration and rehabilitation activity. These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision recognised is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for operating sites are recognised in the balance sheet by adjusting both the restoration and rehabilitation asset and provision. Such changes give rise to a change in future depreciation and financial charges. As at July 31, 2012 and 2011, the Company had no rehabilitation and restoration costs.

3.13 Earnings per Share

The Company presents basic and diluted earnings per share (EPS) data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares, which comprise warrants and share options granted to employees.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each period end. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Significant areas requiring the use of management estimates include assumptions and estimates relating to determining defined proven and probable reserves, value beyond proven and probable reserves, fair values for purposes of purchase price allocations for business acquisitions, asset impairment analysis, valuation of

(Expressed in Canadian dollars)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

derivative contracts, determination of recoverable metal on leach pads, reclamation obligations, share-based payments and warrants, valuation allowances for deferred income tax assets, the provision for income tax liabilities, deferred income taxes and assessing and evaluating contingencies. Actual results could differ from these estimates.

5. CASH AND CASH EQUIVALENTS

a. Cash and cash equivalents includes a cashable GIC of $550,000 (2011: $3,500, 2010: $nil).

b. Restricted cash consists of a security deposits for the Company’s credit cards and the Ministry of Energy Mines and Petroleum. The security deposits balance for the year ended July 31, 2012 was $61,000 (2011: $nil, 2010: $nil).

6. FIXED ASSETS

	Computer hardware	Furniture and equipment	Total
Cost			
Balance at August 1, 2010	$ -	$ -	$ -
Additions	1,375	681	2,056
Balance at July 31, 2011	**$ 1,375**	**$ 681**	**$ 2,056**
Additions	-	-	-
Balance at July 31, 2012	**$ 1,375**	**$ 681**	**$ 2,056**
Depreciation			
Balance at August 1, 2010	$ -	$ -	$ -
Depreciation for the year	681	102	783
Balance at July 31, 2011	**$ 681**	**$ 102**	**$ 783**
Depreciation for the year	694	116	810
Balance at July 31, 2012	**$ 1,375**	**$ 218**	**$ 1,593**
Carrying amounts			
Balance at August 1, 2010	$ -	$ -	$ -
Balance at July 31, 2011	**$ 694**	**$ 579**	**$ 1,273**
Balance at July 31, 2012	**$ -**	**$ 463**	**$ 463**

7. EXPLORATION AND EVALUATION ASSETS

Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee a clear title. Property title may be subject to unregistered prior agreements and regulatory requirements. The Company is not aware of any disputed claims of title.

(Expressed in Canadian dollars)

7. EXPLORATION AND EVALUATION ASSETS (continued)

The Company's mineral properties include the following:

	31-Jul-12	31-Jul-11	31-Jul-10
Beaverdell, Canada	$1,385,581	$1,347,581	-
Scandie, Canada	31,500	31,500	-
Evening Star, Canada	25,000	25,000	-
Donnamore, Canada	5,000	5,000	-
Goldpost, Ganada	163,353	-	-
Cueva Blanca, Peru	432,750	12,750	-
Chance E, Peru	50,000	-	-
	$2,093,184	$1,421,831	-

The Company's exploration expenditures that were not capitalised are:

	2012						2011
	Total	Cueva Blanca Peru	Beaverdell Canada	Donnamore Canada	Gold Post Canada	Other Canada	Total
	$	$	$	$	$	$	$
General (other)	**340,166**	-	292,991	30,224	15,000	1,951	50,024
Mobilization and camp costs	**16,157**	-	15,970	187	-	-	-
Travel	**3,000**	3,000	-	-	-	-	-
	359,323	**3,000**	**308,961**	**30,411**	**15,000**	**1,951**	50,024
Exploration and development expenditures, beginning of year	**50,024**	**-**	**50,000**	**-**	**-**	**24**	-
Exploration and development expenditures, cumulative to date	**409,347**	**3,000**	**358,961**	**30,411**	**15,000**	**1,975**	50,024

(a) Beaverdell Property

On August 15, 2007, as amended August 20, 2007, and January 15, 2010, the Company entered into a Property Purchase Agreement (collectively the "Property Agreement") with St. Elias (the "Optionor"), a company listed on the Exchange. Under the terms of the Property Agreement, the Company holds the right to acquire a 100% interest (subject to a 1.5% net smelter royalty) in certain mineral claims referred to as the Beaverdell Property. Pursuant to the terms of the Property Agreement, the Company can acquire a 100% interest in the Beaverdell Property by paying $250,000 to the Optionor, issuing 400,000 common shares of the Company to the Optionor and by incurring $1 million in exploration expenditures on the Beaverdell Property to be paid to the Optionor and to be incurred by the Company as follows:

(Expressed in Canadian dollars)

7. EXPLORATION AND EVALUATION ASSETS (continued)

(a) Beaverdell Property (continued)

Requirement deadline	Cash		Shares	Value	Expenditures	
On January 15, 2010	$ 5,000	(paid)	0	$ -		
Within 12 months of January 15, 2010	$ -		0	$ -	100,000	(incurred)
Within 10 days of listing date	$ 10,000		0	$ -		
Within 10 business days of listing date	$ -		100,000 (issued)	$ 38,000		
Within 12 months from listing date	$ 15,000		0	$ -	400,000	cumulative
Within 10 business days of receipt of consent of Exchange for the issuance based on Phase II results	$ -		100,000	$ -		
Within 24 months from listing date	$ 70,000		0	$ -	600,000	cumulative
Within 10 business days of receipt of consent of Exchange for the issuance based on Phase II results	$ -		200,000	$ -		
Within 36 months from listing date	$ 150,000		0	$ -	1,000,000	cumulative
Totals	**$ 250,000**		**400,000**	**$ 38,000**	**N/A**	

Upon completion of the above described option, title of the subject mineral claims constituting the Beaverdell Property will be transferred from the Optionor to the Company.

	31-Jul-12	31-Jul-11
Balance at the beginning of the year	**$ 1,347,581**	$ -
Issuance of common shares for property interest	**38,000**	-
Acquisition cost by share exchange	**-**	1,300,898
Option payment	**-**	5,000
Claim costs	**-**	41,683
Balance at the end of the year	**$ 1,385,581**	$ 1,347,581

The Company was not in compliance with the terms of the option agreement as at July 31, 2012. However, St. Elias has granted the Company an extension to the Option Agreement until January 31, 2013, so that it can satisfy the requirements of the amended agreement as detailed in the table above. The option agreement remains in good standing.

(b) Scandie Property, British Columbia, Canada

On February 22, 2011, the Company entered into an agreement to acquire a 100% interest in certain mining claims located in the Greenwood Mining Division, British Columbia for total consideration of $31,500.

(c) Evening Star Property, British Columbia, Canada

On February 22, 2011, the Company entered into an agreement to acquire a 100% interest in certain mining claims located in the Slocan Mining Division, British Columbia for total consideration of $25,000.

(Expressed in Canadian dollars)

7. EXPLORATION AND EVALUATION ASSETS (continued)

(d) Donnamore Property, British Columbia, Canada

On February 24, 2011, the Company entered into an agreement to acquire a 100% interest in certain mining claims located in the Kamloops Mining Division, British Columbia for total consideration of $5,000.

(e) Goldpost Project, British Columbia, Canada

On April 25, 2012, the Company entered into an agreement to acquire a 100% interest in certain mining claims located in the Osoyoos Mining Division, British Columbia for total consideration of $163,353 (US$165,000).

(f) Cueva Blanca Gold Property, Lambayeque Department, Northern Peru

On June 1, 2011, the Company entered into a letter agreement with St. Elias Mines Ltd. (“St. Elias”), a related party, whereby the St. Elias had granted an option to the Company to earn a 60-percent carried interest, subject to a 1.5-per-cent net smelter return royalty (NSR) in the property, located in northern Peru, by paying the sum of $200,000 in cash, by issuing 1,000,000 common shares in the capital of the Company to St. Elias, and by incurring for $1,500,000 in exploration expenditures, to be paid and issued as follows:

Requirement deadline	Cash		Shares		Value	Expenditures
On June 1, 2011	$ 10,000	(paid)	-		$ -	$ -
Formal Agreement	$ 40,000	(paid)	-		$ -	$ -
Within 10 business days of regulatory approval of agreement	$ -		1,000,000	(issued)	$ 380,000	$ -
Within 12 months from Formal Agreement	$ 50,000		-		$ -	$ 300,000
Within 24 months from Formal Agreement	$ 100,000		-		$ -	$ 500,000
Within 36 months from Formal Agreement	$ -		-		$ -	$ 700,000
Totals	**$ 200,000**		**1,000,000**		**$380,000**	**$ 1,500,000**

In addition, the Company shall have the right to purchase one-half of the 1.5-per-cent NSR from St. Elias for the sum of $1,500,000 thereby reducing the NSR payable to from 1.5-per-cent to 0.75-per-cent. As at July 31, 2012, the Company has paid $50,000 of options payment and issued 1,000,000 common shares to St. Elias on September 13, 2011 at a market price of $0.38. The Company was not in compliance with the terms of the option agreement as at July 31, 2012, However, St. Elias has granted the Company an extension to the Option Agreement until January 31, 2013, so that it can satisfy the requirements of the amended agreement as detailed in the table above. The option agreement remains in good standing. See Note 14.

	31-Jul-12	31-Jul-11
Balance at the beginning of the year	**$ 12,750**	$ -
Issuance of common shares for property interest	**380,000**	-
Option payment	**40,000**	10,000
Filing fee	**-**	2,750
Balance at the end of the year	**$ 432,750**	$ 12,750

(Expressed in Canadian dollars)

7. EXPLORATION AND EVALUATION ASSETS (continued)

(g) Chance E, Peru

On July 17, 2012, the Company entered into an option agreement with St. Elias Mines Ltd., ("St. Elias"), a related party (see note 9), whereby the Company can earn a 60-per-cent interest in the Chance E mineral concession which adjoins St. Elias's wholly owned Tesoro gold project located in southwestern Peru.

Under the terms of the option agreement, the Company can acquire a 60-per-cent interest in the Chance E claim (subject to a 1.5-per-cent net smelter returns royalty (NSR)) in consideration of making cash payments of $500,000 to St. Elias, issuing 100,000 common shares in the capital of the Company to St. Elias and incurring $1-million in exploration expenditures on the property over a three-year period. The Company's first year commitment under the option agreement is to pay $50,000 to St. Elias and incur $200,000 in exploration expenditures on the property. As at July 31, 2012, the Company has paid $50,000 of options payment.

Requirement deadline	Cash		Shares	Expenditures	
On July 17, 2012	$ 10,000	(paid)	-	$ -	
Formal Agreement	$ 40,000	(paid)	-	$ -	
Within 10 business days of regulatory approval of agreement	$ -		100,000	$ -	
Within 12 months from Formal Agreement	$ 100,000		-	$ 200,000	cumulative
Within 24 months from Formal Agreement	$ 350,000		-	$ 500,000	cumulative
Within 36 months from Formal Agreement	$ -		-	$1,000,000	cumulative
Totals	**$ 500,000**		**100,000**	**N/A**	

8. ADVANCE PAYMENTS

On May 8, 2012, the Company entered into a Letter Agreement detailing the investment in Ttagit Social Networking Inc., ("Ttagit"), a private company. Pursuant to a Letter Agreement, the Company agreed to purchase 51-per-cent interest, subject to a 2.5-per-cent royalty, in TTAGIT in consideration of Intigold paying to TTAGIT the aggregate sum of $300,000 in cash, and financing $500,000 for the development and marketing of TTAGIT over a 12-month period.

In addition, Intigold shall have the right to purchase 1.5 per cent of the 2.5-per-cent royalty from TTAGIT for the sum of $10-million thereby reducing the royalty payable to TTAGIT from 2.5 per cent to 1.0 per cent.

The total amount of funds advanced to Ttagit as at July 31, 2012 is $548,717. This amount includes the initial cash payment of $300,000. The Company also paid an exclusivity fee of $50,000, which has been expensed during the year. See Note 14 for further information.

The investment in Ttagit is subject to a shareholders' vote which is scheduled for December 2012. Management expects to obtain the shareholders' approval; however, should the shareholder approval not be achieved, recoverability of the expenditures incurred thus far may be impaired.

9. RELATED PARTY TRANSACTIONS

The expenditures charged by related parties to the Company and not disclosed elsewhere in these financial statements consist of the following:

(a) paid or accrued $60,000 (2011 - $60,000) as management fees to the President and to the CEO of the Company.

(b) paid or accrued $10,000 (2011 - $43,000) as consulting fees to the Directors of the Company.

(c) paid or accrued $60,000 (2011 - $39,354) as consulting fees to the CFO of the Company. The Company also paid $22,400 ($2011 - $20,500) as accounting fees to a company controlled by the CFO.

(d) paid or accrued $24,000 (2011 - $18,000) as management and administration fee to a Director and Officer of the Company.

(e) Stock based compensation was $nil for the related parties (2011 - $109,213).

Related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

As at July 31, 2012, there was $6,000 (2011 - $nil) due to the related parties.

There are common directors and officers for the Company and St. Elias Mines Ltd.

10. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued

The Company acquired 100% of the issued and outstanding shares of Intigold in exchange for the issuance of 6,533,332 common shares of the Company at a fair value of $0.20 per common share (note 1).

Concurrent with the acquisition, the Company completed a private placement of 3,000,000 units at $0.20 per unit for proceeds of $600,000. Each unit consists of one common share and one warrant. Each warrant entitles the holder to purchase one additional common share of the Company for period of 2 years at a price of $0.30 per common share in the first year and $0.45 per common share in the second year. The Company paid share issue costs of $58,260 in respect to the private placement.

During March 2011, the Company issued 228,300 common shares for an exercise of warrants at $0.25 and 250,000 common shares for an exercise of warrants at $0.30.

On April 28, 2011, the Company completed a private placement of 4,000,532 units at a price of $0.30 per unit resulting in gross proceeds of $1,200,160. Each unit consists of one common share and one warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a

9. SHARE CAPITAL (continued)

price of $0.45 per common share for a period of 12 months expiring on April 28, 2012. The Company paid share issue costs of $21,802 and issued 16,800 shares at $0.30 per share.

On September 13, 2011, the Company issued 1,000,000 common shares to St. Elias Mines Ltd., pursuant to an option agreement for the Cueva Blanca property disclosed on Note 6(e), and 100,000 common shares to St. Elias Mines Ltd., as per the option agreement for the Beaverdell property disclosed on Note 6(a) above.

During October 2011, the Company issued 60,000 common shares for an exercise of warrants at $0.30.

On April 26, 2012, the Company issued a private placement of 4,545,455 units at a price of $0.165 per unit resulting in gross proceeds of $750,000. Each unit consists of one common share and one warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of $0.22 per common share for a period of 24 months expiring on April 26, 2014. The Company paid share issue costs of $15,663 and issued 171,000 shares at $0.165 per share.

On April 27, 2012, the Company issued 83,333 common shares for an exercise of warrants at $0.45.

On June 19, 2012, the Company issued 39,394 common shares for an exercise of warrants at $0.22.

During May and June 2012, the Company issued 250,000 common shares for an exercise of options at $0.20.

Issued and outstanding: 26,844,146 common shares (July 31, 2011 – 20,594,964 and August 1, 2010 – 6,566,000).

(c) Escrow Shares

Of the issued and outstanding common shares, 2,000,000 are held in escrow and deposited with a trustee under an escrow agreement. Under the escrow agreement, 10% of the escrowed common shares will be released from escrow on November 4, 2010 and an additional 15% will be released every six months following the initial release over a period of 36 months. These escrow shares may not be transferred, assigned or otherwise dealt with without the consent of the regulatory authorities. If the Company does not receive final acceptance of a Qualifying Transaction within 24 months from the date of listing and is delisted, the shares may be cancelled.

(d) Warrants

On October 26, 2010, the Company completed a private placement of 3,000,000 units at $0.20 per unit. Each unit consists of one common share and one warrant. The 3,000,000 warrants had a period of 2 years at a price of $0.30 per common share in the first year and $0.45 per common share in the second year. The warrants had a fair value of $162,360.

On April 28, 2011, the Company completed a private placement of 4,000,532 units at $0.30 per unit. Each unit consists of one common share and one warrant. The 4,000,532 warrants had a period of 1 year

(Expressed in Canadian dollars)

10. SHARE CAPITAL (continued)

at a price of $0.45 per common share. The warrants had a fair value of $237,764. On April 28, 2012, 3,917,199 warrants at an exercise price of $0.45 expired.

On April 26, 2012, the Company issued a private placement of 4,545,455 units at $0.165 per unit. Each unit consists of one common share and one warrant. The 4,545,455 warrants had a period of 2 year at a price of $0.22 per common share. The 4,545,455 warrants had a fair value of $277,358.

As of July 31, 2012, the Company had outstanding warrants for the purchase of 7,196,061 common shares, as follows:

Number of shares #	**Exercise price**			**Expiry date**
2,690,000	$	0.30	exercise in the first year	October 26, 2012
	$	0.45	exercise in the second year	
4,506,061	$	0.22		April 26, 2014
7,196,061				

(e) Share Purchase Options

The following table reflects the continuity of stock options for the years ended July 31, 2012 and 2011:

	2012			2011		
	Number of options		**Weighted average exercise price**	Number of options		Weighted average exercise price
Options outstanding beginning of the year	**3,130,000**	**$**	**0.22**	600,000		
Options cancelled during the year	**(200,000)**	**$**	**0.20**	(600,000)		
Options exercised during the year	**(250,000)**	**$**	**0.20**	-		
Options granted during the year	**400,000**	**$**	**0.27**	2,730,000	$	0.20
	1,000,000	**$**	**0.30**	400,000	$	0.33
	20,000	**$**	**0.30**	-	$	-
Options outstanding end of the year	**4,100,000**	**$**	**0.24**	3,130,000	$	0.22
Options exercisable end of the year (fully vested)	**4,100,000**			3,130,000		

(Expressed in Canadian dollars)

10. SHARE CAPITAL (continued)

(e) Share Purchase Options (continued)

The Company has adopted a stock option plan ("the Plan") whereby it can grant options to directors, officers, employees, and consultants of the Company. The maximum number of shares that may be reserved for issuance under the Plan is limited to 4,350,992 of the issued common shares of the Company.

The 4,100,000 stock options outstanding at July 31, 2012 expire as follows:

Number of shares	Price per share	Expiry date
2,280,000	$0.20	November 4, 2012
400,000	$0.33	December 1, 2012
400,000	$0.27	March 30, 2014
1,000,000	$0.30	May 8, 2014
20,000	$0.30	May 31, 2014
4,100,000		

On March 3, 2009, the Company granted 600,000 stock options exercisable at a price of $0.10 per share until March 3, 2013. The options had a fair value of $58,102 which has been recognized as stock-based compensation during the year ended July 31, 2009. Subsequent to July 31, 2010, these stock options were cancelled.

The Company cancelled its 600,000 outstanding stock options that were issued prior to the qualifying transaction. On November 4, 2010, the Company issued 2,730,000 stock options to new officers and directors of Intigold Mines Ltd. (formerly Seaness Capital Corporation), exercisable at $0.20 per share until November 4, 2012. The options had a fair value of $587,549 which has been recognized as stock-based compensation during the year ended July 31, 2011.

On December 1, 2010 the Company issued 400,000 stock options, exercisable at $0.33 per share until December 1, 2012. The options had a fair value of $81,696 which has been recognized as stock-based compensation during the year ended July 31, 2011.

On March 30, 2012 the Company issued 400,000 stock options, exercisable at $0.27 per share until March 30, 2014. The options had a fair value of $49,920 which has been recognized as stock-based compensation during the year ended July 31, 2012.

On May 8, 2012 the Company issued 1,000,000 stock options, exercisable at $0.30 per share until May 8, 2014. The options had a fair value of $212,793 which has been recognized as stock-based compensation during the year ended July 31, 2012.

On May 31, 2012 the Company issued 20,000 stock options, exercisable at $0.30 per share until May 31, 2014. The options had a fair value of $2,576 which has been recognized as stock-based compensation during the year ended July 31, 2012.

(Expressed in Canadian dollars)

10. SHARE CAPITAL (continued)

(e) Share Purchase Options (continued)

The fair value of warrants and stock options has been estimated using the Black-Scholes option pricing model. Assumptions used in the pricing model were as follows:

	2012	2011
Risk-free interest rate	**1.06% - 1.37%**	1.29% - 1.70%
Annual dividends	-	-
Expected stock price volatility	**83.5% - 89.37%**	76% - 131%
Expected life of stock options	**2 years**	2 years
Expected life of warrants	**2 years**	1-2 years

Option pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Change in the underlying assumptions can materially affect the fair value estimates and, therefore, in management's opinion existing models do not necessarily provide reliable measure of the fair value of the Company's stock options.

The weight average remaining contractual life of these outstanding options is 0.78 years. The weighted average grant date fair value of these options are $0.21 per option.

Equity settled employee benefits

		2012		2011
Balance, beginning of the year	**$**	**727,346**	$	58,102
Stock-based compensation	**$**	**265,289**	$	669,244
Transfer of contributed surplus on exercise of options	**$**	**(53,804)**	$	-
Balance, end of the year	**$**	**938,831**	$	727,346

(f) Obligation to issue shares

The Company received $12,375 on a private placement in advance of the shares being issued. The shares were issued after the year end. (see note 14).

11. INCOME TAXES

a. Current and future income taxes

		2012		2011
Current Income tax expenses	**$**	-	$	-
Deferred Resource tax expense		-		-
Total current and deferred income tax	**$**	-	$	-

(Expressed in Canadian dollars)

12. INCOME TAXES (continued)

b. Provision for income and resources taxes is different from the amount that would have resulted from applying the combined Federal and Provincial income tax rates as a result of the following:

		2012		2011
Net loss	$	**(1,056,519)**	$	(1,146,909)
Statutory tax rate		**25.63%**		26.33%
Income taxes at statutory rates		**(270,000)**		(301,981)
Permanent difference		**67,980**		176,235
Effect of tax rate reduction on future taxes and other		**4,583**		(6,369)
True up and others		**(6,830)**		78,615
Tax effect of tax losses and temporary difference not recognized		**205,000**		53,500
	$	-	$	-

c. Deferred income tax assets have been recognized in respect of the following items:

As at July 31, 2012, the Company had the following deductible temporary differences for which deferred tax assets have not been recognized because it is not probable that future profit will be available against which these deferred tax assets.

		2012		2011
Unrecognised deferred income tax assets				
Non-capital losses carried forward	$	**250,000**	$	156,000
Unused cumulative mineral costs		**120,000**		9,000
Share issuance costs		**18,000**		25,000
	$	**388,000**	$	190,000

As of July 31, 2012, the Company has Canadian non-capital losses carry forwards of $998,517 (2011 - $625,350) which expires from 2027 through to 2032.

Expiry of Losses		2012	2011
2027	$	**4,326**	4,326
2028		**5,534**	5,534
2029		**31,316**	31,316
2030		**91,051**	91,051
2031		**493,123**	493,123
2032		**373,167**	-
	$	**998,517**	626,350

12. CAPITAL MANAGEMENT

The Company's primary objective when managing capital is to maintain sufficient resources and raise funding to support current and long term operating needs. The ability to continue as a going concern is essential to the Company's goal of providing returns for shareholders and other stakeholders. The capital of the Company consists of shareholder's equity. The Company manages its capital and makes adjustments to it, based on the level of funds available to the Company to manage its operations. The Company balances its overall capital through new share issuances or by undertaking other activities as deemed appropriate in the circumstances. The Company is not subject to internally imposed capital requirements. There have been no significant changes in the Company's approach to capital management during the year ended July 31, 2012. The non-compliance of property option agreements may require the Company to raise additional capital through the issuance of new shares.

13. FINANCIAL INSTRUMENTS

Categories of Financial Assets and Financial Liabilities

The Company's financial instruments consist of cash and cash equivalents, restricted cash, trade and other receivables, and trade and other payables. For cash and cash equivalents, restricted cash, trade and other receivables, and trade and other payables, carrying value is considered to be a reasonable approximation of fair value due to the short-term nature of these instruments. The fair value of financial instruments at the reporting date was calculated on the basis of available market data.

The Company's financial instruments that are measured at fair value on a recurring basis in periods subsequent to initial recognition and the fair value hierarchy used to measure them are presented in the table below. The Company classifies its other financial assets and other financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

The carrying values of the Company's financial instruments, which are the same as their fair values, are classified into the following categories:

(Expressed in Canadian dollars)

13. FINANCIAL INSTRUMENTS (continued)

Financial Instrument	Category	**July, 31, 2012**	July 31, 2011	July 31, 2010
Cash and cash equivalents	Designated held for trading	**$ 547,524**	$1,377,627	$124,875
Restricted cash	Designated held for trading	**61,000**	-	-
HST recoverable, interest receivable	Loans and receivables	**110,466**	34,270	11,932
Accounts payable and accrued liabilities	Other liabilities	**96,425**	43,475	25,127

The recorded amounts for cash and cash equivalents, accounts receivable, HST recoverable, interest receivable, restricted cash, accounts payable and accrued liabilities approximate their fair value due to their short-term nature.

The Company's carrying value and fair value of cash and cash equivalents under the fair value hierarchy is measured using Level 1 inputs. There are no financial instruments measured using Level 2 or Level 3 inputs.

a) Market risk

The Company does not hold certain marketable securities that will fluctuate in value as a result of trading on global financial markets.

b) Interest rate risk

Included in the loss for the year in these financial statements is investment income on the Company's cash and cash equivalent. The Company does not have any debt obligations which expose it to interest rate risk.

c) Credit risk

The Company considers that the following financial assets are exposed to credit risk: cash and cash equivalents, accounts receivable and foreign currency. Credit risk is the risk that one party will fail to discharge an obligation and cause the other parties to incur a significant financial loss. At July 31, 2012, the Company's cash and cash equivalents were invested in major financial institutions. Deposits are insured up to $100,000, the amount that may be subject to credit risk for the year ended July 31, 2012 was $447,524.

14. SUBSEQUENT EVENTS

On August 14, 2012, the Company granted incentive stock options to directors, officers, and consultants of the Company to purchase an aggregate 530,000 shares in the capital of the Company at an exercise price of $0.18 per share for a period of two years.

On August 15, 2012, the Company granted incentive stock options to consultants of the Company to purchase an aggregate 140,000 shares in the capital of the Company at an exercise price of $0.30 per share for a period of two years.

14. SUBSEQUENT EVENTS (continued)

On August 15, 2012, the Company signed an amended Cueva Blanca Option Agreement, whereby the Optioner will now earn their interest by removing the 1.5% net smelter return. All other terms of the Cueva Blanca Option Agreement will remain the same.

On September 10, 2012, the Company had closed the 1st tranche of a non-brokered private placement announced on June 25, 2012. The private placement consists of 719,000 units at a price of $0.25 per unit raising gross proceeds of $179,875. Each unit consists of one common share and one non-transferable share purchase warrant. Each whole warrant entitles the holder to purchase an additional common share at a price of $0.35 per share in the first year and $0.45 per share in the second year expiring on September 10, 2014. In connection with the private placement, finders' fees of 10%, totaling $9,488 cash were paid. The proceeds of the private placement will be used for exploration expenditures on the Company's properties and for general working capital.

On September 11, 2012, the Company issued 31,818 common shares on the exercise of warrants at an price of $0.22 per common share.

On October 15, 2012, the Company issued 63,636 common shares on the exercise of warrants at a price of $0.22 per common share.

On October 26, 2012, the 2,690,000 warrants at an exercise price of $0.45 expired.

On October 29, 2012, the Company issued 50,000 common shares on the exercise of stock options at an price of $0.20 per common share.

On November 14, 2012, the Company signed a formal agreement pursuant to the Letter Agreement, to purchase up to 51% of Ttagit Social Networks Inc., which was previously announced on May 8, 2012.

On November 4, 2012, 2,230,000 stock options at an exercise price of $0.20 expired.

15. EXPLANATION OF TRANSITION TO IFRS

The accounting policies set out in note 3 have been applied in preparing the financial statements for the year ended July 31, 2012, the comparative information presented in these financial statements for the year ended July 31, 2011 and in the preparation of an opening IFRS balance sheet at August 1, 2010 (the Company's date of transition).

IFRS 1 requires that the same policies are applied for all periods presented in the first IFRS financial statements and that those policies comply with IFRSs in effect as at the end of the first IFRS annual reporting period. Accordingly, the opening IFRS statement of financial position, 2011 comparatives and current period financial statements have been prepared using the same policies. The previously presented

2011 Canadian GAAP financial information has been reconciled to the IFRS information as part of this transition note in accordance with the requirements of IFRS 1. Further, the policies applied have been done so on a full retrospective basis unless an alternative treatment is permitted or required by an IFRS 1 election or exception.

15. EXPLANATION OF TRANSITION TO IFRS (continued)

An explanation of how the transition from Canadian GAAP to IFRS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

16. INITIAL ELECTIONS UPON ADOPTION

Set out below are the applicable IFRS 1 exemptions applied by the Company in the conversion from Canadian GAAP to IFRS:

16.1 IFRS EXEMPTION OPTIONS

Exemption for Share-Based Payment Transactions

An IFRS 1 exemption allows the Company to not apply IFRS 2, 'Share-based payment', to equity instruments granted after November 7, 2002 that vested before the date of transition to IFRS. The Company has elected to take the exemption and, as a result, was only required to recalculate the impact on any share based payments that have not vested at the date of transition, of which there were none.

Business Combinations

IFRS 1 indicates that a first-time adopter may elect not to apply IFRS 3 (2008) *Business Combinations* retrospectively to business combinations that occurred before the date of transition to IFRS. The Company has elected to apply IFRS 3 (2008) to only those business combinations that occurred on or after the Transition Date and such business combinations have not been restated. As a result of this election, no adjustments were required to the Company's statement of financial position as at the Transition Date due to no business combinations.

Mandatory Exceptions Under IFRS

The IFRS 1 mandatory exceptions applied by the Company in the conversion from Canadian GAAP to IFRS is as follows:

(i) Estimates

In accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under previous GAAP unless those estimates were in error. The Company's IFRS estimates as at the Transition Date are consistent with its Canadian GAAP estimates as at that date.

(ii) Reclassification Within the Equity Section

Under Canadian GAAP, a balance within contributed surplus existed to record the issuance of warrants, share issue costs and equity-settled employee benefits. Upon adoption of IFRS, the balances in these accounts have been reclassified to Reserves – Equity – settled employee benefits, Reserves – Warrants.

(Expressed in Canadian dollars)

STATEMENTS OF FINANCIAL POSITION

As at July 31, 2010 and August 1, 2010

	GAAP 31-July-2010	IFRS Adjustments	Note	IFRS 1-August-2010
ASSETS				
Current assets:				
Cash	$ 124,875			$ 124,875
Receivables	11,932			11,932
Prepaid expense	-			-
	$ 136,807			$ 136,807
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Accounts payable and accrued liabilities	$ 25,127			$ 25,127
	25,127			25,127
Shareholders' equity:				
Share capital (Note 9)	406,081			406,081
Contributed surplus (Note 9)	65,018	(65,018)	16.1	-
Reserves				
Equity settled employee benefits	-	58,102	16.1	58,102
Warrants (Note 9d)	-	6,916	16.1	6,916
Deficit	(359,419)			(359,419)
	111,680			111,680
	$ 136,807			$ 136,807

(Expressed in Canadian dollars)

16.2 Reconciliations of Canadian GAAP to IFRS

IFRS 1 requires an entity to reconcile equity and comprehensive income from that previously reported under Canadian GAAP to that under IFRS. The following represent the reconciliation from Canadian GAAP to IFRS for the opening balance sheet (August 1, 2010) and July 31, 2011, the most recent annual reporting date.

STATEMENTS OF FINANCIAL POSITION

As at July 31, 2011

	GAAP 31-July-2011	IFRS Adjustments	Note	IFRS 31-July-2011
ASSETS				
Current assets:				
Cash	$ 1,377,627			$ 1,377,627
Receivables	34,270			34,270
Prepaid expense	1,328			1,328
	1,413,225			1,413,225
Fixed assets (Note 6)	1,273			1,273
Mineral property interest (Note 7)	1,855,536	(433,705)	16.1	1,421,831
	$ 3,270,034			$ 2,836,329
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Accounts payable and accrued liabilities	$ 43,475			$ 43,475
	43,475			43,475
Future Income Tax liability	433,705	(433,705)	16.1	-
Shareholders' equity:				
Share capital (Note 9)	3,184,510			3,184,510
Contributed surplus (Note 9)	734,262	(734,262)	16.1	-
Reserves				
Equity settled employee benefits	-	727,346	16.1	727,346
Warrants (Note 9d)	380,410	6,916	16.1	387,326
Deficit	(1,506,328)			(1,506,328)
	2,792,854			2,792,854
	$ 3,270,034			$ 2,836,329

16.2 Reconciliations of Canadian GAAP to IFRS (continued)

i.) The Company's first-time adoption on shareholder's equity or comprehensive income as at July 31, 2011 had the following impact;

ii.) The Company's first time adoption of IFRS has had no impact on the net cash flows and statement of comprehensive loss of the Company. Therefore, no reconciliations of Canadian GAAP to IFRS have been prepared for the statement of cash flows and statement of comprehensive loss for the comparative period. The changes made to the balance sheets have resulted in reclassifications of various amounts on the statements of cash flows. However, as there have been no changes to the net cash flows, no reconciliations have been presented.