Jayden Resources Inc.

Condensed Consolidated Interim Financial Statements

Third Quarter Ended September 30, 2012

(Unaudited – Prepared by Management)

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NOTICE OF NO AUDITOR REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited condensed consolidated interim financial statements of Jayden Resources Inc. for the nine months ended September 30, 2012 have been prepared by the management of the Company and approved by the Company's Audit Committee and the Company's Board of Directors.

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

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

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

Jayden Resources Inc.
(Unaudited – Prepared by Management)

Condensed Consolidated Interim Statements of Comprehensive Income

	Notes	Three Months Ended September 30, 2012	Three Months Ended September 30, 2011	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011
		$	$	$	$
Revenue	5	-	-	-	-
Other revenue and net income	5	2	5	735	21,391
Administrative expenses	6	(373,524)	(166,653)	(1,368,137)	(1,286,878)
Other operating expenses	7	(6,085)	(5,153)	(6,085)	(23,536)
Loss before income tax		**(379,607)**	**(171,801)**	**(1,373,487)**	**(1,289,023)**
Loss for the period, attributable to the owners of the Company		**(379,607)**	**(171,801)**	**(1,373,487)**	**(1,289,023)**
Other comprehensive income, including reclassification adjustments					
Gain/(loss) on change in fair value of available-for-sale investments		5,279	(37,525)	(7,245)	(38,588)
		5,279	(37,525)	(7,245)	(38,588)
Total comprehensive income for the period, attributable to the owners of the Company		**(374,328)**	**(209,326)**	**(1,380,732)**	**(1,327,611)**
Loss per share for loss attributable to the owners of the Company					
- Basic and diluted	8	(0.0015)	(0.0009)	(0.0055)	(0.0070)

The accompanying notes are an integral part of these Condensed Consolidated Interim Financial Statements.

Jayden Resources Inc.
(Unaudited – Prepared by Management)

Condensed Consolidated Interim Statements of Financial Position

The Group	Notes	At September 30, 2012	At December 31, 2011
		$	$
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	9	96,243	106,972
Exploration and evaluation assets	10	15,837,845	15,248,346
Deposits		67,300	67,300
		16,001,388	15,422,618
Current assets			
Other receivables		23,330	61,801
Prepaid expenses and deposits		377,611	414,366
Available-for-sale investments	11	40,073	37,318
Cash and cash equivalents		660,169	1,537,340
		1,101,183	2,050,825
Total assets		17,102,571	17,473,443
Current liabilities			
Amounts due to related companies	12	14,926	18,629
Loan payable	13	630,825	-
Payables and accruals		78,001	182,363
		723,752	200,992
Net current assets		377,431	1,849,833
Total assets less current liabilities		16,378,819	17,272,451
Net assets		16,378,819	17,272,451
EQUITY			
Equity attributable to owners of the Company			
Share capital	14	41,050,815	41,050,815
Reserves		(24,671,996)	(23,778,364)
Total equity		16,378,819	17,272,451

The accompanying notes are an integral part of these Condensed Consolidated Interim Financial Statements.

Approved on Behalf of the Board

"Lawrence Dick" Director
Lawrence Dick

"David Eaton" Director
David Eaton

Jayden Resources Inc.
(Unaudited – Prepared by Management)

Condensed Interim Statements of Financial Position

The Company	Notes	At September 30, 2012	At December 31, 2011
		$	$
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	9	8,329	17,457
Interests in subsidiaries		9,577,427	9,577,427
		9,585,756	9,594,884
Current assets			
Other receivables		18,066	17,929
Prepaid expenses and deposits		374,582	414,239
Available-for-sale investments	11	40,073	37,318
Cash and cash equivalents		550,910	1,206,890
		983,631	1,676,376
Total assets		10,569,387	11,271,260
Current liabilities			
Amount due to a related company	12	-	876
Loan from a director	13	630,825	-
Payables and accruals		65,943	96,965
		696,768	97,841
Net current assets		286,863	1,578,535
Total assets less current liabilities		9,872,619	11,173,419
Net assets		9,872,619	11,173,419
EQUITY			
Share capital	14	41,050,815	41,050,815
Reserves	15	(31,178,196)	(29,877,396)
Total equity		9,872,619	11,173,419

The accompanying notes are an integral part of these Condensed Consolidated Interim Financial Statements.

Jayden Resources Inc.
(Unaudited – Prepared by Management)

Condensed Consolidated Interim Statements of Changes in Equity

	Amount	Share subscription received	Share-based compensation reserve	Fair value reserve for available-for -sale investments	Accumulated losses	Total
	$	$	$	$	$	$
Balances, January 1, 2011	29,658,044	-	5,187,053	27,107	(23,885,983)	10,986,221
Warrant subscription received	-	7,898,002	-	-	-	7,898,002
Shares issued for exploration and evaluation assets	49,000	-	-	-	-	49,000
Loss on change in fair value of available-for-sale investments	-	-	-	(38,588)	-	(38,588)
Loss for the period	-	-	-	-	(1,289,023)	(1,289,023)
Balances, September 30, 2011	29,707,044	7,898,002	5,187,053	(11,481)	(25,175,006)	17,605,612
Balances, January 1, 2012	41,050,815	-	1,634,083	(25,231)	(25,387,216)	17,272,451
Loss on change in fair value of available-for-sale investments	-	-	-	(7,245)	-	(7,245)
Share-based compensation	-	-	487,100	-	-	487,100
Lapse of share options	-	-	(46,600)		46,600	-
Loss for the period	-	-	-	-	(1,373,487)	(1,373,487)
Balances, September 30, 2012	41,050,815	-	2,074,583	(32,476)	(26,714,103)	16,378,819

The accompanying notes are an integral part of these Condensed Consolidated Interim Financial Statements.

Jayden Resources Inc.

(Unaudited – Prepared by Management)

Condensed Consolidated Interim Statements of Cash Flows

	Notes	Nine Months Ended September 30, 2012	2011
		$	$
Cash flows from operating activities			
Loss for the period before income tax		(1,373,487)	(1,289,023)
Adjustments for:			
Depreciation	9	4,644	4,629
Bank interest income		(735)	(187)
Gain on available-for-sale investments		-	(18,204)
Impairment of property, plant and equipment	7	6,085	-
Share-based payments	16	487,100	-
Operating loss before working capital changes		(876,393)	(1,302,785)
Decrease in other receivables		38,471	(356,862)
Decrease/(increase) in prepaid expenses and deposits		36,755	(10,002)
Decrease in amount due to a director		-	(130)
(Decrease)/increase in amounts due to related companies		(3,703)	13,242
Decrease in payables and accruals		(18,963)	(391,965)
Net cash used in operating activities		(823,833)	(2,048,502)
Cash flows from investing activities			
Acquisition of available-for-sale investments		(10,000)	-
Acquisition of exploration and evaluation assets	10	(825,595)	(3,681,855)
Purchase of exploration and evaluation assets		-	(250,000)
Recoveries from exploration and evaluation tax credit	10	150,697	-
Proceeds from disposal of available-for-sale investments		-	47,704
Reclamation deposits paid		-	(27,300)
Purchase of property, plant and equipment		-	(6,651)
Interest received		735	187
Net cash used in investing activities		(684,163)	(3,917,915)
Cash flows from financing activities			
Proceeds from warrant subscription received		-	7,898,002
Proceeds from loan agreement	13	630,825	-
Net cash generated from financing activities		630,825	7,898,002
Net (decrease)/increase in cash and cash equivalents		(877,171)	1,931,585
Cash and cash equivalents at the beginning of the period		1,537,340	424,549
Cash and cash equivalents at the end of the period		660,169	2,356,134
Analysis of balances of cash and cash equivalents:			
Cash and bank balances		642,919	2,338,884
Cashable guaranteed investment certificates		17,250	17,250
		660,169	2,356,134

Supplementary cash flow information (Note 18)

The accompanying notes are an integral part of these Condensed Consolidated Interim Financial Statements.

1. Nature of and continuance of operations

Jayden Resources Inc. (the "Company") was incorporated under the laws of the Province of British Columbia. On December 9, 2010, the Company's common shares ceased trading on the TSX Venture Exchange and began trading on the Toronto Stock Exchange ("TSE") under the symbol JDN. On August 8, 2012, the Company continued to the jurisdiction of the Cayman Islands. Its subsidiary, Jayden Resources (Canada) Inc. still remains a BC company. The Company, together with its subsidiaries (collectively referred to as the "Group"), is principally engaged in the business of acquiring, exploring and developing interests in mining projects. To date, the Group has not generated revenues from its principal activities and is considered to be in the exploration stage.

The Group is in the process of exploring its mineral property interests and has not yet determined whether its mineral property interests contain mineral reserves that are economically recoverable. The Group's continuing operations, and the recoverability of the amounts shown for mineral properties are entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its mineral property interests, and on future profitable production or proceeds from the disposition of the mineral property interests.

The business of exploring for and mining of minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations.

The head office and principal address of the Company are located at Zephyr House, Mary Street, PO Box 709, Grand Cayman KY1-1107, Cayman Islands. The registered and records office are located at Suite 1500, 1055 West Georgia Street, Vancouver, British Columbia, V6E 4N7.

2. Basis of Presentation

(a) Statement of compliance

These condensed consolidated interim financial statements are prepared in accordance with International Accounting Standards ("IAS") 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB") on a basis consistent with the significant accounting policies disclosed in note 3 of the most recent annual consolidated financial statements as at and for the year ended December 31, 2011 as filed on SEDAR at www.sedar.com. The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and were approved and authorised for issue by the Board of Directors on November 14, 2012.

(b) Basis of measurement

The financial statements have been prepared under the historical cost basis except for the financial instruments classified as available-for-sale investments which are stated at fair value. The measurement bases are fully described in the accounting policies.

(c) Functional and presentation currency

The condensed consolidated interim financial statements are presented in Canadian Dollars ("CDN$"), which is the functional currency of the Company.

2. Basis of presentation (continued)

(d) Critical accounting judgements and estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations as of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Depreciation

The Group's management exercises its judgement in estimating the useful lives of the depreciable assets. The estimated useful lives reflect the management's estimate of the periods the Group intends to derive future economic benefits from the use of these assets. The Group depreciates its property, plant and equipment in accordance with the accounting policies. The carrying amount of the property, plant and equipment is disclosed in Note 9.

Decommissioning and rehabilitation liabilities

Decommissioning and rehabilitation costs have been estimated based on the Group's interpretation of current regulatory requirements and have been measured at the net present value of expected future cash expenditure upon reclamation and closure. Such costs are capitalized as exploration and evaluation assets. Because the fair value measurement requires the input of subjective assumptions, including reclamation and closure costs, changes in subjective input assumptions can materially affect the fair value estimate. Based on the assessment, the Group did not have any significant decommissioning and rehabilitation liabilities at the reporting dates.

Critical judgements in applying the Group's accounting policies

The following is the critical judgement, apart from those involving estimations that management have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

Recoverability of exploration and evaluation assets

When there are events or changes in the circumstances which indicate the carrying amount of the exploration and evaluation assets may not be recoverable, the Group will take into consideration of the recoverable amounts of the relevant cash generating unit ("CGU"). After taking into account the current economic environment, the management reviews the developing projects and exploration plans and confirms that there is no indicator for impairment on the exploration and evaluation assets of the Group at the reporting dates.

2. Basis of presentation (continued)

Impairment of available-for-sale investments

For available-for-sale investments, a significant or prolonged decline in fair value below its cost is considered to be objective evidence of impairment. Judgement is required when determining whether a decline in fair value has been significant and/or prolonged. In making this judgement, the historical data on market volatility as well as the price of the specific investment are taken into account. The Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; whether the declines in fair value are significant or prolonged; and the financial health of and short-term business outlook for investee, including factors such as industry performance, operational and financing cash flow.

3. Changes in accounting policies

Future accounting changes

The following pronouncements from the IASB will become effective for financial reporting periods beginning on or after January 1, 2013 and have not yet been adopted by the Company. All of these new or revised standards permit early adoption with transitional arrangements depending upon the date of initial application.

- IFRS 9, *Financial Instruments* addresses the classification and measurement of financial assets.
- IFRS 10, *Consolidated Financial Statements* builds on existing principles and standards and identifies the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company.
- IFRS 11, *Joint Arrangements* establishes the principles for financial reporting by entities when they have an interest in arrangements that are jointly controlled.
- IFRS 12, *Disclosure of Interest in Other Entities* provides the disclosure requirements for interests held in other entities including joint arrangements, associates, special purpose entities and other off balance sheet entities.
- IFRS 13, *Fair Value Measurement* defines fair value, requires disclosure about fair value measurements and provides a framework for measuring fair value when it is required or permitted within the IFRS standards.
- IAS 19, *Employee Benefits* revises the existing standard to eliminate options to defer the recognition of gains and losses in defined benefit plans, requires remeasurements of a defined benefit plan's assets and liabilities to be presented in other comprehensive income and increases disclosure.
- IAS 27, *Separate Financial Statements* revised the existing standard which addresses the presentation of parent company financial statements that are not consolidated financial statements.
- IAS 28, *Investments in Associate and Joint Ventures* revised the existing standard and prescribes the accounting for investments and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

Information on new and amended IFRSs that are expected to have an impact on the Group's accounting policies is provided in note 2(b) of the most recent annual consolidated financial statements as at and for the year ended December 31, 2011.

3. Changes in accounting policies (continued)

The directors are in the process of assessing the impact of other new or revised IFRSs upon initial adoption. So far, the directors anticipate that the application of these IFRSs is unlikely to have a significant impact on the Group's results and financial positions.

4. Segmented information

The chief operating decision-maker has been identified as the Company's directors. The Group's principal activity is acquisition, exploration and development of mineral properties. The directors regard it as the single business segment and no segment information is presented. The Group did not derive any revenue from its principal activity during the periods.

The geographical locations of the non-current assets are based on the physical locations of these assets. All non-current assets of the Group are located in Canada (domicile) and no geographical segment information is presented.

5. Revenue and other revenue and net income

The Group did not derive any revenue from its principal activity during the periods. Other revenue and net income recognized during the periods is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
	$	$	$	$
Other revenue				
Bank interest income	2	5	735	187
Other income	-	-	-	3,000
	2	5	735	3,187
Net income				
Gain on available-for-sale investments	-	-	-	18,204
	-	-	-	18,204
	2	5	735	21,391

6. Administrative expenses

The administrative expenses for the Group are broken down as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
	$	$	$	$
Depreciation	958	2,042	4,644	4,629
Consultant fees	-	6,267	500	45,110
Corporate administration	47,455	67,331	189,629	242,804
Net foreign exchange gain	1,988	(41,728)	4,003	(49,565)
Investor relations	13,897	32,497	31,857	151,493
Professional fees	192,415	(37,363)	276,217	459,094
Regulatory and shareholder services	14,570	16,865	53,436	70,836
Staff costs				
- Salaries and others	102,241	120,742	320,751	362,477
- Share-based payments	-	-	459,300	-
	102,241	120,742	780,051	362,477
Share-based payments to consultants	-	-	27,800	-
	373,524	166,653	1,368,137	1,286,878

7. Other operating expenses

The other operating expenses of the Group are broken down as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
	$	$	$	$
Repayment of tax over-refunded	-	5,153	-	23,536
Impairment of property, plant and equipment	6,085	-	6,085	-
	6,085	5,153	6,085	23,536

8. Loss per share

The calculation of the basic loss per share for the years is presented based on the following data:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Loss attributable to owners of the Company ($)	(379,607)	(171,801)	(1,373,487)	(1,289,023)
Weighted average number of shares in issue during the period	251,396,301	183,152,268	251,396,301	183,317,692
Loss per share for loss attributable to owners of the Company during the period (CDN cents)	(0.0015)	(0.0009)	(0.0055)	(0.0070)

8. Loss per share (continued)

Diluted loss per share for the nine months ended September 30, 2012 and 2011 is same as basic loss per share as the impact of the exercise of the share options and warrants is anti-dilutive.

9. Property, plant and equipment

The Group	Computer equipment	Other equipment	Software	Mining equipment	Building	Land	Total
	$	$	$	$	$	$	$
Cost							
At January 1, 2011	-	28,396	4,145	6,934	59,100	36,138	134,713
Additions	6,652	-	-	-	-	-	6,652
Impairment	-	-	-	(6,934)	-	-	(6,934)
At December 31, 2011	6,652	28,396	4,145	-	59,100	36,138	134,431
Impairment	-	(15,799)	-	-	-	-	(15,799)
At September 30, 2012	6,652	12,597	4,145	-	59,100	36,138	118,632
Accumulated depreciation and impairment losses							
At January 1, 2011	-	13,642	4,145	6,934	3,499	-	28,220
Charge for the year	998	2,951	-	-	2,224	-	6,173
Impairment	-	-	-	(6,934)	-	-	(6,934)
At December 31, 2011	998	16,593	4,145	-	5,723	-	27,459
Charge for the period	1,272	1,770	-	-	1,602	-	4,644
Impairment	-	(9,714)	-	-	-	-	(9,714)
At September 30, 2012	2,270	8,649	4,145	-	7,325	-	22,389
Net book value							
At December 31, 2010	-	14,754	-	-	55,601	36,138	106,493
At December 31, 2011	5,654	11,803	-	-	53,377	36,138	106,972
At September 30, 2012	4,382	3,948	-	-	51,775	36,138	96,243

9. Property, plant and equipment (continued…)

The Company	Computer equipment	Other equipment	Software	Mining equipment	Total
	$	$	$	$	$
Cost					
At January 1, 2011	-	28,396	4,145	6,934	39,475
Additions	6,652	-	-	-	6,652
Impairment	-	-	-	(6,934)	(6,934)
At December 31, 2011	6,652	28,396	4,145	-	39,193
Impairment	-	(15,799)	-	-	(15,799)
At September 30, 2012	6,652	12,597	4,145	-	23,394
Accumulated depreciation and impairment losses					
At January 1, 2011	-	13,642	4,145	6,934	24,721
Charge for the year	998	2,951	-	-	3,949
Impairment	-	-	-	(6,934)	(6,934)
At December 31, 2011	998	16,593	4,145	-	21,736
Charge for the period	1,272	1,771	-	-	3,043
Impairment	-	(9,714)	-	-	(9,714)
At September 30, 2012	2,270	8,650	4,145	-	15,065
Net book value					
At December 31, 2010	-	14,754	-	-	14,754
At December 31, 2011	5,654	11,803	-	-	17,457
At September 30, 2012	4,382	3,947	-	-	8,329

10. Exploration and evaluation assets

The exploration and evaluation assets of the Group and the Company are comprised as follows:

Mineral Properties Canada	The Group
	$
At December 31, 2010 and January 1, 2011	10,254,222
Additions	4,994,124
At December 31, 2011	15,248,346
Additions	740,196
Mineral exploration tax credit recovery	(150,697)
At September 30, 2012	15,837,845

10. Exploration and evaluation assets (continued…)

Canada	Silver Coin and Kansas	Other	Total
	$	$	$
At January 1, 2011	10,233,021	21,201	10,254,222
Acquisition	303,145	-	303,145
Surveying, geological, geochemical and geophysical	857,869	1,200	859,069
Exploratory drilling	2,434,406	-	2,434,406
Land maintenance	20,505	-	20,505
Sampling	494,561	-	494,561
Assessing technical feasibility and commercial viability	882,438	-	882,438
At December 31, 2011	15,225,945	22,401	15,248,346
Surveying, geological, geochemical and geophysical	277,994	-	277,994
Exploratory drilling	2,160	-	2,160
Land maintenance	3,865	-	3,865
Sampling	623	-	623
Assessing technical feasibility and commercial viability	455,554	-	455,554
Mineral exploration tax credit recovery	(150,697)	-	(150,697)
At September 30, 2012	15,815,444	22,401	15,837,845

In August 2010, the Company sold all mineral properties, real properties and intangible assets to its subsidiary, Jayden Canada for 15,189,801 common shares at a value of $1.

(a) Silver Coin Property

In 2004, the Company entered into an option agreement with Mountain Boy Minerals Ltd. ("Mountain Boy") whereby the Company can acquire a 51% interest in Mountain Boy's 100% owned Silver Coin and 55% owned Dauntless projects as well as the 100% owned FR claims (collectively, the "Silver Coin Property") by spending $1.75 million on exploration on the Silver Coin Property over a three year period (incurred). In 2006, the Company earned a 51% interest in the Silver Coin Property.

In July 2009, the Company entered into an agreement with Mountain Boy to increase its ownership in the Silver Coin Property to 70% and to purchase land and buildings in Stewart, BC in return for a payment of $440,000 (paid) of which $340,000 was allocated to the Silver Coin property and $100,000 to land and buildings inclusive of goods and services tax. The Company can further increase its ownership to 80% after spending $4,000,000 on exploration and development expenditures on any or all of the Silver Coin Property and Kansas Property by July 2014. The agreement gives the Company the exclusive right to manage the project through feasibility and also to negotiate on behalf of both parties the sale of the Silver Coin Property and Kansas Property.

In September 2011, pursuant to this agreement the Company increased its ownership to 80% after spending $4,000,000 on exploration and development expenditures on all of the Silver Coin Property and Kansas Property.

10. Exploration and evaluation assets (continued…)

In September 2011, the Company entered into an asset purchase agreement with Nanika Resources Inc. ("Nanika") to acquire Nanika's 45% interest in mineral claims INDI 9-12 (collectively, the "INDI Claims") which are adjacent to and form part of the Company's Silver Coin Project. The Company paid $250,000 and issued 350,000 common shares of the Company, at a value of $49,000, to complete the agreement. Legal costs of $4,145 were incurred in the transaction. Nanika retains a 2% net smelter returns royalty on the INDI Claims which at any time the Company can buy-back for $1,000,000 per each 1%.

In March 2012, the Company entered into an option agreement to acquire 100% interest in two mineral claims by paying $60,000 by December 31, 2012.

(b) Kansas Property

In 2004, the Company entered into an option agreement with Tenajon Resources Corp. ("Tenajon") whereby the Company earned a 60% interest in Tenajon's 100% owned Kansas Property by making a cash payment of $50,000 ($25,500 paid by the Company and $24,500 paid by the joint venture partner Mountain Boy) on signing, issuing 77,000 common shares and spending $1.0 million on exploration and development.

The Kansas Property adjoins the Silver Coin Property. The expenditures incurred on the Kansas Property are included in the Silver Coin Property expenditures and are eligible for the expenditures required for the Silver Coin Property. Pursuant to an option agreement entered into with Mountain Boy in 2004, Mountain Boy will be participating in the Kansas Property and earned a 49% interest in the Company's 60% interest by making a cash payment of $24,500 upon the signing of the agreement and issuing to the Company 98,000 shares of Mountain Boy. If the Company elects to put the Kansas Property or any adjoining property into production, Mountain Boy would be reduced to owning 40% of the Company's interest.

In April 2008, the Company entered into a binding letter agreement whereby the Company purchased Tenajon's wholly owned subsidiary, 0781639 B.C. Ltd. which holds an undivided 40% ownership in the Kansas Property and a 100% ownership interest in the Summit Lake property (which the Company disposed of in 2009). Since 0781639 B.C. Ltd.'s only asset was mineral properties, it was not considered a business and the transaction was accounted for as an asset acquisition.

On closing the agreement, the Company issued to Tenajon 13,500,000 common shares at a value of $2,430,000 and incurred related costs totalling $165,000. The Company also issued 187,500 units with a value of $37,500 in relation to this acquisition.

The July 2009 agreement with Mountain Boy set the Company interest in the Kansas Property at 70% with Mountain Boy having the remaining 30%. The Company further increased its ownership to 80% after spending $4,000,000 on exploration and development expenditures on the Silver Coin and Kansas properties.

11. Available-for-sale investments

The Group and the Company

	Fair Value
	$
December 31, 2011	
Mountain Boy Minerals Ltd.	21,068
Great Bear Resources Ltd.	16,250
	37,318
September 30, 2012	
Mountain Boy Minerals Ltd.	22,573
Great Bear Resources Ltd.	17,500
	40,073

In July 2012, Great Bear Resources Ltd. completed the its obligation under the Surprise Creek option agreement and delivered 250,000 shares values at $10,000 to the Company.

The fair values of the above investments have been determined by reference to their quoted bid prices at the respective reporting dates.

12. Amounts due to related companies/ directors

The Group	Notes	At September 30, 2012	At December 31, 2011
		$	$
Amounts due to related companies/ directors			
- Robert Perry Consulting LLC	(1)	14,898	17,753
- Baron Capital Limited	(2)	-	37
- Baron Global Financial Canada Ltd.		28	-
- Other related parties/ directors		-	839

The Company		At September 30, 2012	At December 31, 2011
		$	$
Amount due to a related company/ directors			
- Baron Capital Limited	(2)	-	37
- Other related parties/ directors		-	839

The amounts due to related companies/ a director are unsecured, interest free and repayable on demand.

(1) Robert Perry Consulting LLC, a private company controlled by Robert Perry, a director of the Company.
(2) A director of Baron Capital Limited is a close family member of Ms Letty Wan, a director of the Company.

13. Loan payable

In September 2012, the Company entered into a loan agreement with the CEO and director of the Company whereby $630,825 was loaned to the Company. The loan is unsecured, interest-free and repayable within one year.

14. Share capital

		Common shares	
	Note	Number of shares	Amount
			$
Authorized:			
At January 1, December 31, 2011 and March 31, 2012		Unlimited number of shares with no par value	
At January 1, 2011		183,152,268	29,658,044
Shares issued on warrant exercise		67,894,033	11,343,771
Shares issued for acquisition of exploration and evaluation assets	10(a)	350,000	49,000
At December 31, 2011 and September 30, 2012		251,396,301	41,050,815

(1) In October 2011, the Company issued 67,894,033 shares resulting from 45,000,000 share purchase warrants exercisable at a price of $0.15 per share and 22,894,033 share purchase warrants exercisable at a price of $0.05 per share being exercised in full for total gross proceeds of $7,894,701. An amount of $3,449,070 was transferred from the share-based compensation reserve to the share capital account upon the exercise of warrants.

15. Reserves

The Group

Details of the Group's reserves are set out in the condensed consolidated interim statements of changes in equity.

15. Reserves (continued…)

The Company	Share-based compensation reserve	Fair value reserve for available-for -sale investments	Accumulated losses	Total
	$	$	$	$
At December 31, 2010 and January 1, 2011	5,187,053	27,107	(24,727,218)	(19,513,058)
Share-based payments	46,600	-	-	46,600
Lapse of share options	(150,500)	-	150,500	-
Exercise of warrants	(3,449,070)	-	-	(3,449,070)
Transactions with owners	(3,552,970)	-	150,500	(3,402,470)
Loss for the year	-	-	(6,909,530)	(6,909,530)
Other comprehensive income				
Loss on change in fair value of available-for-sale investments	-	(58,338)	-	(58,338)
Reclassification relating to disposal of available-for-sale investments	-	6,000	-	6,000
Total comprehensive income for the year	-	(52,338)	(6,909,530)	(6,961,868)
At December 31, 2011	1,634,083	(25,231)	(31,486,248)	(29,877,396)
Share-based payments	487,100	-	-	487,100
Lapse of share options	(46,600)		46,600	-
Transactions with owners	440,500	-	46,600	487,100
Loss for the period	-	-	(1,780,655)	(1,780,655)
Other comprehensive income				
Loss on change in fair value of available-for-sale investments	-	(7,245)	-	(7,245)
Total comprehensive income for the period	-	(7,245)	(1,780,655)	(1,787,900)
At September 30, 2012	2,074,583	(32,476)	(33,220,303)	(31,178,196)

16. Share-based payments

The Company has a stock option plan whereby the maximum number of shares subject to the plan, in the aggregate, shall not exceed 10% of the Company's issued and outstanding shares. The maximum term of any option will be ten years and the vesting is at the direction of the board, however, options granted to consultants performing “investor relations’ activities” must at a minimum vest in stages over a period of not less than twelve months, with no more than ¼ of the options vesting in any three month period or such longer period as the board determines. The exercise price shall be no less than the discount market price as determined in accordance with TSE policies.

16. Share-based payments (continued...)

Share options and weighted average exercise price for the respective periods are as follows:

	Nine Months Ended September 30, 2012		Year Ended December 31, 2011	
	Number	Weighted average exercise price	Number	Weighted average exercise price
		$		$
Options outstanding, beginning of period	12,755,000	0.20	13,075,000	0.20
Granted	5,250,000	0.15	400,000	0.20
Expired	-	-	(550,000)	0.15
Forfeited	(400,000)	0.20	(170,000)	0.40
Options outstanding, end of period	17,605,000	0.19	12,755,000	0.20
Options exercisable, end of period	17,605,000	0.19	12,755,000	0.20

Subsequent to September 30, 2012, 85,000 stock options expired.

The following table summarizes information about stock options outstanding and exercisable at September 30, 2012 and December 31, 2011.

Options outstanding			Options exercisable	
Number outstanding at September 30, 2012	Expiry date	Exercise price	Number exercisable at June 30, 2012	Exercise price
		$		$
85,000	October 2, 2012	0.40	85,000	0.40
20,000	April 3, 2013	0.20	20,000	0.20
12,250,000	June 2, 2015	0.20	12,250,000	0.20
5,250,000	January 6, 2017	0.15	5,250,000	0.15
17,605,000		0.20	17,605,000	0.20

Number outstanding at December 31, 2011	Expiry date	Exercise price	Number exercisable at December 31, 2011	Exercise price
		$		$
85,000	October 2, 2012	0.40	85,000	0.40
20,000	April 3, 2013	0.20	20,000	0.20
400,000	October 30, 2013	0.20	400,000	0.20
12,250,000	June 2, 2015	0.20	12,250,000	0.20
12,755,000		0.20	12,755,000	0.20

All share-based compensation will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the option other than by issuing the Company's shares.

16. Share-based payments (continued...)

No options were exercised during the period ended September 30, 2012 and the year ended December 31, 2011. The weighted average remaining contractual life of the stock options outstanding at September 30, 2012 is 3.13 years (December 31, 2011: 3.35 years).

During the nine months ended September 30, 2012 and 2011, the Company recognized $487,100 and $nil respectively of share-based payments for share options granted. The Company used the Black-Scholes option pricing model to estimate the fair value of the options at the grant date using the following assumptions:

	Nine Months Ended September 30,	
	2012	2011
Date of grant	January 6, 2012	N/A
Share price at grant date	$0.12	N/A
Risk free interest rate	1.26%	N/A
Expected life in years	5	N/A
Expected volatility	112%	N/A
Expected dividend per share	Nil	N/A
Fair value at grant date	$0.12	N/A
Exercise price at grant date	$0.15	N/A

Option pricing models require the input of highly subjective assumptions regarding the expected volatility. Changes in assumptions can materially affect the fair value estimate, and therefore, in the opinion of the management, the existing models do not necessarily provide a realistic measure of fair value of the Company's stock options and warrants at the date of the grant or thereafter.

Full share equivalent warrant activity for the respective years is as follows:

	Nine Months ended September 30, 2012		Year ended December 31, 2011	
	Number	Weighted average exercise price	Number	Weighted average exercise price
		$		$
Warrants outstanding, beginning of period	-	-	67,894,033	0.12
Issued	-	-	-	-
Subscriptions received	-	-	(67,894,033)	0.12
Warrants outstanding, end of period	-	-	-	-

At September 30, 2012 and December 31, 2011 there are no full share equivalent warrants outstanding and exercisable.

17. Related party transactions

(a) Related party expenses

In addition to the transactions and balances disclosed in Note 12 and elsewhere in these financial statements, the Group entered into the following material related party transactions during the years.

Services provided for the nine months ended September 30, 2012	Management services	Consulting and advisory services	Rent and office expenses
	$	$	$
Baron Global Financial Canada Ltd. (1)	58,500	-	31,500

Services provided for the year ended December 31, 2011	Management services	Consulting and advisory services	Rent and office expenses
	$	$	$
Baron Global Financial Canada Ltd. (1)	78,000	-	42,000
Baron Asia Limited (2)	-	-	20,742

(1) Mr. Herrick Lau Mong Tak and Mr. David Arthur Eaton, directors of the Company, are the managing director and chairman of Baron Global Financial Canada Ltd, respectively.

(2) Ms. Letty Wan Ho Yan, a director of the Company, has indirect controlling equity interest in Baron Asia Limited.

According to the commercial agreements between the Company and the related companies, the transactions with Baron Global Financial Canada Ltd. will continue after the reporting date until the expiry of the commercial agreements. The commercial agreements for other related party transactions had been terminated during the years.

(b) Compensation of key management personnel

Key management personnel are the directors of the Company whose compensations included in staff costs comprised the following:

	Nine Months Ended September 30, 2012	Year Ended December 31, 2011
	$	$
Employees' remuneration summary		
Salaries and others	207,754	253,934
Director's fees	69,360	23,675
Share-based payments	357,206	-
	634,320	277,609

18. Supplementary cash flow information

The change in non-cash working capital is as follows:

	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011
	$	$
Non-cash investing activities		
Disposal of exploration and evaluation assets in exchange for available-for-sale investments	10,000	47,500
Acquisition of exploration and evaluation assets by way of share issue	-	49,000
Change in mineral property expenditures included in accounts payable	85,399	338,143

19. Events after the reporting period

Subsequent to September 30, 2012, 85,000 stock options expired.