Adex Mining Inc.
Condensed Interim Consolidated Financial Statements
March 31, 2012
(unaudited)

Management's Responsibility for Consolidated Financial Statements

The accompanying unaudited condensed interim consolidated financial statements of Adex Mining Inc. (the "Company" or "Adex") are the responsibility of management and the Board of Directors.

The unaudited condensed interim consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions, which were not complete at the balance sheet date. In the opinion of management, the unaudited condensed interim consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Management has established processes which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the unaudited condensed interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the unaudited condensed interim consolidated financial statements and (ii) the unaudited condensed interim consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited condensed interim consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited condensed interim unaudited condensed interim consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited condensed interim unaudited condensed interim consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited condensed interim unaudited condensed interim consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

The accompanying condensed unaudited interim consolidated 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.

DATED this 24 day of May, 2012.

ADEX MINING INC.

Per: *(signed) "Linda Kam Kwan"*
Name: Linda Lam Kwan
Title: Chief Executive Officer

Per: *(signed) "William C. Burton"*
Name: William C. Burton
Title: Chief Financial Officer

ADEX Mining Inc.
Interim Consolidated Statements of Financial Position

As at (In Canadian dollars) (Unaudited)	**March 31 2012 $**	December 31 2011 $
Assets		
Current		
Cash and cash equivalents	**3,858,566**	5,196,045
HST & other receivables	**453,221**	420,002
Prepaid expenses	**123,704**	222,043
Interest receivable	**19,279**	37,140
	4,454,770	5,875,230
Non-current		
Exploration and evaluation (note 4)	**10,722,472**	10,332,831
Reclamation bonds (note 3)	**909,990**	878,903
Tailings impoundment facility (note 4)	**644,523**	644,523
Property, plant & equipment net (note 5)	**78,206**	80,573
Equipment under finance lease (note 6)	**5,746**	9,193
Total Assets	**16,815,709**	17,821,253
Liabilities		
Current		
Accounts payable & accruals (note 10)	**307,665**	615,654
Related party payable (note 9)	**10,452**	186,830
Income tax payable	**28,679**	111,653
Finance lease obligation - current portion (note 10)	**10,970**	17,400
	357,766	931,537
Non-current		
Income tax payable	**28,679**	28,679
Total Liabilities	**386,445**	960,216
Shareholders' equity (note 7)		
Share capital	**51,169,336**	51,169,336
Contributed surplus	**2,641,316**	2,593,782
Deficit	**(37,381,388)**	(36,902,080)
	16,429,264	16,861,038
Total liabilities and shareholders' equity	**16,815,709**	17,821,254

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

Nature of operations and going concern - note 1
Commitments and contingencies - note 10

ADEX Mining Inc.
Interim Consolidated Statements of Loss and Comprehensive Loss

For the three months ended (In Canadian dollars) (Unaudited)	March 31 **2012** **$**	 2011 $
Expenses		
Administrative and general (notes 8 and 9)	**337,868**	259,710
Mineral property expenses	**104,235**	113,781
Stock-based compensation (note 7)	**47,534**	41,216
Depreciation (note 5)	**392**	84
Total expenses	**490,029**	414,791
Interest earned on funds on deposit	**10,721**	2,884
Net loss and comprehensive loss	**(479,308)**	(411,908)
Weighted average number of shares outstanding	**177,211,441**	137,129,775
Basic and diluted loss per share	**(0.00)**	(0.00)

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

ADEX Mining Inc.

Interim Consolidated Statements of Cash Flows

For the three months ended	March 31	
(In Canadian dollars)	**2012**	2011
(Unaudited)	**$**	$
Operating activities		
Net loss for the period	**(479,308)**	(411,908)
Items not affecting cash:		
Stock-based compensation	**47,534**	41,216
Depreciation of property, plant and equipment	**12,723**	16,406
Amortization of bond premium	**5,391**	4,318
	(413,660)	(349,968)
Change in non-cash working capital		
Accounts payable & accruals	**(307,989)**	(133,636)
Related parties payable	**(176,378)**	-
Income taxes payable	**(82,974)**	-
Interest receivable	**17,861**	16,143
Prepaid expenses	**98,339**	(29,938)
Other receivables	**(33,219)**	129,138
Cash used in operating activities	**(898,020)**	(368,261)
Investing activities		
Additions to property, plant & equipment	**(6,910)**	(14,966)
Additions to reclamation bonds	**(36,477)**	(33,567)
Additions to mineral properties	**(389,641)**	(406,787)
Cash used in investing activities	**(433,028)**	(455,320)
Financing activities		
Finance lease payments	**(6,430)**	(5,997)
Exercise of compensation units	**-**	15,749
Cash provided by financing activities	**(6,430)**	9,752
Change in cash and cash equivalents	**(1,337,479)**	(813,829)
Cash and cash equivalents, beginning of the period	**5,196,045**	3,698,193
Cash and cash equivalents, end of the period	**3,858,566**	2,884,364
Cash and cash equivalents comprises:		
Cash	**43,566**	34,282
Guaranteed investment certificate	**3,815,000**	2,850,082

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

ADEX Mining Inc.
Interim Consolidated Statements of Equity

(In Canadian dollars) (Unaudited)	Share capital $	Contributed Surplus $	Warrants $	Compensation unit options $	Deficit $	Total $
Balance, Jnauary 1, 2011	43,983,287	1,971,162	1,014,417	21,656	(34,125,495)	12,865,027
Net income and comprehensive income	-	-	-	-	(411,909)	(411,909)
Stock option compensation expense	-	41,216	-	-	-	41,216
Compensation unit options exercised	44,449	(34,892)	17,020	(10,828)	-	15,749
Balance, March 31, 2011	44,027,736	1,977,486	1,031,437	10,828	(34,537,404)	12,510,083
Net income and comprehensive income	-	-	-	-	(2,364,676)	(2,364,676)
Stock option compensation expense	-	188,630	-	-	-	188,630
Warrants exercised	7,880,000	-	(680,000)	(10,828)	-	7,189,172
Financing expense	(738,400)	-	134,400	-	-	(604,000)
Compensation units expired unexercised	-	10,828	-	-	-	10,828
Warrants expired unexercised	-	485,837	(485,837)	-	-	-
Warrants expiry - capital gains tax	-	(69,000)	-	-	-	(69,000)
Balance, December 31, 2011	51,169,336	2,593,782	-	-	(36,902,080)	16,861,038
Net income and comprehensive income	-	-	-	-	(479,308)	(479,308)
Stock option compensation expense	-	47,534	-	-	-	47,534
Balance, March 31, 2012	51,169,336	2,641,316	-	-	(37,381,388)	16,429,264

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Adex Mining Inc. (the "Company") holds 100% of the subsurface mineral rights to approximately 1,600 hectares encompassing the Mount Pleasant mine area of New Brunswick, Canada (the "Property" or "Mount Pleasant") where the Company is developing a potential polymetalic mine focusing on tin, indium, zinc, molybendum and tungsten. Within the mineral rights area the Company owns approximately 405 hectares of land, plus the buildings, machinery and equipment on site which comprise the dormant Mount Pleasant mine. The Company is incorporated and domiciled in Canada and is a reporting issuer with its common shares publicly traded on the TSX-Venture exchange under the stock symbol "ADE". The principal head office of the Company is located at Suite 1402, 67 Yonge Street, Toronto, Ontario, Canada M5E 1J8.

The Company has interests in resource properties which it is in the process of exploring and developing and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of expenditures on resource properties, including deferred exploration expenditures, is dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain necessary financing to complete the exploration and development of the resource properties, and upon future profitable production or proceeds from the disposition thereof.

These condensed interim consolidated financial statements of the Company have been prepared using accounting policies applicable to a going concern, which contemplate the realization of assets and settlement of liabilities in the normal course of business as they fall due for the foreseeable future. For the period ended March 31, 2012, cash used in operations by the Company was $1,337,479 and the Company carried an accumulated deficit of $37,381,388. Furthermore, the Company had not generated revenue from operations and with working capital of $4,097,004 additional financing will be required in the foreseeable future to fund the Company's established business plan. These circumstances comprise a material uncertainty which may lend significant doubt as to the ability of the Company to meet its obligations as they fall due and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern.

The Company will continue to pursue opportunities to raise additional capital through equity markets and/or related party loans to fund its exploration and operating activities; however, there is no assurance of the success or sufficiency of these initiatives. The Company's ability to continue as a going concern is dependent upon it securing the necessary working capital and exploration requirements and eventually to generate positive cash flows either from operations or additional financing. These condensed interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the going concern assumption were inappropriate, and these adjustments could be material.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These condensed interim consolidated financial statements have been prepared in accordance with IFRS as issued by the IASB applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2011, which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies and methods of computation remain the same as presented in the audited annual condensed financial statements for the year ended December 31, 2011.

3. RECLAMATION BONDS AND ASSET RETIREMENT OBLIGATIONS

The land on which the Mount Pleasant property is located includes a dormant mine. The Company is obliged to comply with an environmental reclamation plan which is in effect for the property. This obligation is secured by a form of lien titled "collateral mortgage" to the Province of New Brunswick for $2 million on 22 hectares of land on which the mine site and primary buildings are located.

Reclamation bonds consist of Province of New Brunswick, 8.5% bonds maturing June 28, 2013. The bonds are pledged as security under environmental regulations with the Province of New Brunswick to ensure adequate funding is available for perpetuity to treat the acid water run-off from the abandoned Mount Pleasant mine shafts. The bonds are held for the benefit of the Company, and interest is paid bi-annually, as long as the Company continues to treat the acid water run-off appropriately. Interest is held on deposit by, and is disbursed at the discretion of the Ministry of Finance of the Province of New Brunswick. Upon maturity of the bonds at June 28, 2013 the funds will be redeployed as per the then current requirements of the Departmment of Environment.

The Company's Mount Pleasant property is governed by an Approval to Operate, which was granted by the New Brunswick Ministry of Environment in November 2007 and is valid until September 2012. Under the terms of the Approval to Operate, the Company has been granted permission by the Ministry of Environment to operate the Property, Tailings Impoundment Facility and Mine Water Treatment Plant on a "Care and Maintenance" basis. However, the Company is required to monitor the water quality at its Tailings Impoundment Facility on a monthly basis, and the Company provides the Ministry of Environment with monthly water quality monitoring reports and the results of its monthly water sampling and testing.

Under the Approval to Operate, the Company is permitted to carry out exploration activities and metallurgical test work on its Mount Pleasant property. Consequently, the current security posted with the Province of New Brunswick is sufficient for the Company to continue exploration activities and metallurgical test work at the Property. However, the Company may face a review of its posted security by the Ministry of Environment when the Company advances to feasibility studies on its mineral deposits or commences the dewatering of its past-producing underground tungsten mine located on the Mount Pleasant property. Dewatering activities may also trigger a provincial Environmental Impact Assessment ("EIA") and may require the Company to upgrade its current Mine Water Treatment Plant. The Company will, therefore, enter into direct consultations with the provincial Ministry of Environment prior to initiating feasibility or dewatering activities, in order to ascertain any changes that may be required with respect to the existing security, or any obligations that may arise under a EIA.

4. EXPLORATION AND EVALUATION

Mount Pleasant Property, New Brunswick	Exploration & development $	Tailings impoundment facility upgrade $	Total $
Balance, January 1, 2011	7,724,715	641,077	8,365,792
Additions	2,648,388	3,446	2,651,835
NRC-IRAP funding	(40,274)	-	(40,274)
Balance, December 31, 2011	10,332,831	644,523	10,977,354
Additions	385,504	4,137	389,641
Balance, March 31, 2012	10,718,335	648,660	11,366,995

The Company holds a 100% interest in the subsurface mineral rights to approximately 1,600 hectares encompassing the Mount Pleasant mine area. Within the mineral rights area, the Company owns approximately 405 hectares of land. Current period expenditures to March 31, 2012 are expenses related to the current mine development program. Tailings Impoundment Facility expenditures to date relate to the rehabilitation of the Mount Pleasant Tailings Impoundment Facility in order to comply with government regulations, and in anticipation of future production requirements.

The Company has received funding by The National Research Council of Canada – Industrial Research Assistance Program ("NRC-IRAP") related to its zinc-indium hydrometallurgical flowsheet pilot program (funding to a maximum of $248,000) and tin metal added value flowsheet (funding to a maximum of $39,500). The Company has completed both of these projects and all funding has been received.

5. PROPERTY PLANT AND EQUIPMENT

Cost	Balance as at January 1, 2011 $	Additions $	Balance as at December 31, 2011 $	Additions $	Balance as at March 31, 2012
Information technology	56,103	4,085	60,188	-	60,188
Automobiles	16,654	12,000	28,654	-	28,654
Facility refurbishment	-	50,860	50,860	-	50,860
Machinery & equipment	-	-	-	6,910	6,910
Total	72,757	66,945	139,702	6,910	146,612

Accumulated depreciation	Balance as at January 1, 2011 $	Additions $	Balance as at December 31, 2011 $	Additions $	Balance as at March 31, 2012
Information technology	10,152	25,476	35,628	6,504	42,132
Automobiles	16,654	6,000	22,654	1,500	24,154
Facility refurbishment	-	848	848	1,272	2,120
Machinery & equipment	-	-	-	-	-
Total	26,806	32,324	59,130	9,275	68,406

Carrying amounts	as at January 1, 2011 $	as at December 31, 2011 $	as at March 31, 2012 $
Information technology	45,951	24,560	18,056
Automobiles	-	6,000	4,500
Facility refurbishment	-	50,013	48,740
Machinery & equipment	-	-	6,910
Total	45,951	80,573	78,206

For the three month period ended March 31, 2012, the amount of amortization charged to mineral property expense is $8,883 ($7,613 for the three month period ended March 31, 2011).

6. EQUIPMENT UNDER FINANCE LEASE

The following is an analysis of equipment under finance lease:

As at	January 1 2011	December 31 2011	**March 31 2012**
	$	$	**$**
Equipment (cost)	75,482	**75,482**	**75,482**
Accumulated depreciation	(31,451)	**(66,289)**	**(69,736)**
	44,031	**9,193**	**5,746**

The equipment under the finance lease is amortized on a straight-line basis over its economic life of 3 years. For the three month period ended March 31, 2012, the amount of amortization charged to mineral property expense is $3,447 ($8,709 for the three month period ended March 31, 2011).

7. SHAREHOLDERS' EQUITY

Share Capital

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preference shares. As at March 31, 2012, the Company had 177,211,441 common shares issued and outstanding.

	Number of shares	Amount $
Balance, January 1, 2011	137,080,192	43,983,287
Compensation unit options exercised (note c)	131,249	44,449
Series A Warrants exercised (note d)	40,000,000	7,880,000
Financing expense (note (a), (d) and note 11)	-	(738,400)
Balance, December 31, 2011 and March 31, 2012	177,211,441	51,169,336

(a) On October 19, 2010 the Company completed a private placement (the "Private Placement") transaction with Great Harvest Canadian Investment Company Limited ("Great Harvest") (see note 11 – Related party transactions) of 40,000,000 units (the "Units") at a price of $0.12 per unit, with each Unit consisting of one common share of Adex and one common share purchase warrant (a "Series A Warrant"), raising gross proceeds of $4.8 million. Each Series A Warrant entitled the holder thereof to acquire one common share at a price of $0.18 at any time prior to the earlier of (i) October 19, 2011, and (ii) the 30th day following the delivery a definitive feasibility study ("DFS") on the either or both of the North Zone or the Fire Tower Zone of the Property.

Other transactions contemplated in the Private Placement agreement with Great Harvest include requiring Great Harvest, subject to (i) the results of the DFS being satisfactory to Great Harvest and (ii) the then capital requirements of the Company as determined at the relevant time by the board of directors of the Company, to provide or arrange for the provision to the Company of loan facilities (the "Facilities") in an aggregate amount of up to $50,000,000 to be used for the commercial development of the Property, on such terms and conditions as may be agreed upon between the Company and the relevant financier(s). If an aggregate minimum of $10 million of the Facilities are made available to be drawn down by the Company within 180 days of the delivery to Great Harvest of the report of the results of the Feasibility Study, Great Harvest will have the right (the "Share Purchase Right") to purchase, within 40 days of the Facilities being available to be drawn down by the Company, 1.2 common shares for each dollar of the facilities made available to be drawn down by the Company within one year of the completion of the Feasibility Study. The exercise price per common share pursuant to the Share Purchase Right will be equal to the volume weighted average trading price of the common shares on the TSX Venture Exchange (the "TSXV") for the five trading days ending the day immediately prior to the Facilities being available to be drawn down by the Company less the maximum discount there from permitted by the TSXV. The maximum number of common shares issuable pursuant to the Share Purchase Right is 60,000,000. The issuance of common shares pursuant to the exercise of the Share Purchase Right will be subject to further approval of the TSXV to be obtained following the Share Purchase Right becoming exercisable.

In connection with the above Private Placement, the agent to the transaction, was (i) paid a cash finder's fee of seven percent of the gross proceeds, (ii) issued by the Company as an additional finder's fee 2,800,000 Series A Warrants (seven percent of the Series A Warrants comprising part of the Private Placement), and (iii) issued by the Company as an additional finder's fee 2,800,000 common share purchase warrants ("Series B Warrants") (seven percent of the number of Series A Warrants comprising part of the Private Placement). Each Series B Warrant entitled the holder to acquire one common share at an exercise price of $0.20 per common share until October 19, 2011, provided that (i) the Series B Warrants will only become exercisable when Series A Warrants are actually exercised, and (ii) the Series B Warrants will only be exercisable at any time to the extent of the number of Series B Warrants as is equal to 7% of the number of Series A Warrants comprising part of the Units which have been exercised at such time. In addition, the agent is entitled (i) to be paid by the Company a retainer of $144,000 payable in 12 equal monthly installments of $12,000, the first of which was paid on the closing of the Private Placement, (ii) to be paid an additional cash finder's fee equal to 7% of the gross proceeds realized by the Company on the exercise, if any, of the Series A Warrants comprising part of the Units issued pursuant to the Private Placement (a maximum of $504,000), and (iii) to be paid by the Company an additional cash finder's fee equal to 1.5% of the principal amount of each loan made available by Great Harvest or a third party financier arranged for by Great Harvest to be drawn down by the Company, to a maximum of $750,000.

(b) On December 14, 2010, 554,166 compensation unit options, with an assigned valuation of $31,633, were exercised, providing gross proceeds of $66,500. The compensation unit options exercised resulted in the issuance of 554,166 common shares and 554,166 half warrants. The total full warrants have an assigned valuation of $14,087 and each full warrant was exercisable to purchase a common share at a price of $0.20 per share until December 30, 2011.

(c) On February 25, 2011, 131,249 compensation unit options, with an assigned valuation of $ 17,871, were exercised, providing gross proceeds of $15,750. The compensation unit options exercised resulted in the issuance of 131,249 common shares and 65,624 warrants The total full warrants have an assigned valuation of $17,020 and each full warrant was exercisable to purchase a common share at a price of $0.20 per share until December 30, 2011.

(d) On May 17, 2011, 40,000,000 Series A warrants were exercised, providing gross proceeds of $7,200,000 and resulting in the 2,800,000 Series B Warrants, with a total valuation of $134,400, becoming exercisable to the agent to the Great Harvest financing, all as per the October 19, 2010 financing terms described above in "note a".

Contributed Surplus

	Amount $
Balance, January 1, 2011	1,971,162
Warrants issued per compensation unit exercise (see (c) above)	(34,892)
Common share options expense (Stock options (a), (b) & (c))	229,846
Warrants expired unexercised net of tax (see Warrants)	416,837
Compensation units expired unexercised (see Compensation unit options)	10,828
Balance, December 31, 2011	2,593,782
Common share options expense (Stock options (a), (b) & (c))	47,534
Balance, March 31, 2012	2,641,316

Stock options

(a) On August 16, 2011, the Company granted 2,350,000 common share options with an exercise price of $0.15 per common share to the directors of the Company. The options vest quarterly in equal amounts over a twelve month period from the date of the grant and expire on August 15, 2016.

(b) On September 19, 2011, the Company granted 250,000 common share options with an exercise price of $0.13 per common share to a senior officer of the Company. The options vest quarterly in equal amounts over a twelve month period from the date of the grant and expire on September 18, 2016.

(c) On October 18, 2011, the Company granted 250,000 common share options with an exercise price of $0.145 per common share to certain employees and consultants of the Company. The options vest quarterly in equal amounts over a twelve month period from the date of the grant and expire on October 17, 2016.

The assigned Black-Scholes fair value of the total options granted for the year ended December 31, 2011 is $356,700.

The following summary sets out the activity in outstanding common share stock options for the three month period ended March 31, 2012:

	Options #	Weighted-average exercise price $
Outstanding, January 1, 2011	8,860,000	0.240
Issued August 16, 2011	2,350,000	0.150
Issued September 19, 2011	250,000	0.130
Issued October 18, 2011	250,000	0.145
Outstanding, December 31, 2011 and March 31, 2012	11,710,000	0.220
Options exercisable at March 31, 2012	10,222,500	0.230

The weighted average fair value of the options issued August 16, 2011, $298,450, has been estimated at the date of grant using the Black-Scholes pricing model with the following assumptions: risk-free weighted-average interest rate ranging of 1.57% and based on the full life of the option, expected dividend yield of nil, average expected forfeiture rate of nil, average expected volatility of 126.83% and based on the annualized, weekly stock price calculated over the previous common share trading history, equal to the life of the option and expected life term of five years of $0.15.

The weighted average fair value of the options issued September 19, 2011, $27,500, has been estimated at the date of grant using the Black-Scholes pricing model with the following assumptions: risk-free weighted-average interest rate ranging of 1.43% and based on the full life of the option, expected dividend yield of nil, average expected forfeiture rate of nil, average expected volatility of 126.27% and based on the annualized, weekly stock price calculated over the previous common share trading history, equal to the life of the option and expected life term of five years of $0.13.

The weighted average fair value of the options issued October 18, 2011, $30,750, has been estimated at the date of grant using the Black-Scholes pricing model with the following assumptions: risk-free weighted-average interest rate ranging of 1.53% and based on the full life of the option, expected dividend yield of nil, average expected forfeiture rate of nil, average expected volatility of 125.66% and based on the annualized, weekly stock price calculated over the previous common share trading history, equal to the life of the option and expected life term of five years of $0.145.

The details of stock options outstanding at March 31, 2012 are as follows:

Number of stock options	Number exercisable	Vesting term	Remaining contractual life	Exercise price per share	Expiry date
400,000	400,000	(1)	0.25 years	$0.300	June 15, 2012
1,180,000	1,180,000	(2)	0.25 years	$0.300	June 15, 2012
1,650,000	2,050,000	(1)	0.25 years	$0.300	June 29, 2012
1,090,000	1,370,000	(2)	0.25 years	$0.300	June 29, 2012
250,000	250,000	(2)	0.34 years	$0.400	August 2, 2012
140,000	140,000	(3)	0.39 years	$0.350	August 20, 2012
150,000	150,000	(2)	0.67 years	$0.450	November 28, 2012
50,000	50,000	(2)	0.83 years	$0.330	January 30, 2013
1,250,000	1,450,000	(2)	1.20 years	$0.300	June 11, 2013
1,100,000	1,450,000	(2)	2.07 years	$0.120	April 24, 2014
1,400,000	1,750,000	(2)	3.10 years	$0.150	February 3, 2015
200,000	200,000	(2)	3.22 years	$0.120	June 22, 2015
2,350,000	1,175,000	(2)	4.38 years	$0.150	August 15, 2016
250,000	125,000	(2)	4.47 years	$0.130	September 18, 2016
250,000	62,500	(2)	4.55 years	$0.145	October 17, 2016
11,710,000	10,222,500				

Options that have been issued and remain outstanding vest in one of three ways: (1) immediately on date of grant; (2) over one year from the date of grant, in equal quarterly installments commencing three months following the date of grant; or (3) over a period of eighteen months in quarterly installments commencing three months following the date of grant of 12.5%, 12.5%, 25%, 25%, 12.5% and 12.5%.

The weighted average fair value of the options outstanding is $0.22 per option, each contract fair value having been estimated at the date of grant using the Black-Scholes pricing model with the following assumptions: risk-free weighted-average interest rate ranging from 1.21% to 4.70% and based on the full life of the option, expected dividend yield of nil, average expected forfeiture rate of nil, average expected volatility ranging from 69.47% to 169.35% and based on the annualized, weekly stock price calculated over the previous common share trading history, equal to the life of the option and expected life term of five years. Under this method of calculation, the Company has recorded $47,534 as stock-based compensation, being the fair value of the options vested during the period ended March 31, 2012.

Warrants

On October 19, 2011, 5,600,000 common share purchase warrants with an exercise price ranging from $0.18 to $0.20 per common share expired unexercised.

On December 31, 2011, 4,546,039 common share purchase warrants with an exercise price of $0.20 per common share expired unexercised.

The following summary sets out the activity in outstanding common share purchase warrants:

	Number of warrants	Exercise price per share
Outstanding, January 1, 2011	47,281,415	$0.18 to $0.200
Issued	64,624	$0.200
Exercised	(40,000,000)	$0.180
Compensation warrants issued – Series “B”	2,800,000	$0.200
Expired unexercised	(10,146,039)	$0.18 to $0.200
Outstanding, December 31, 2011 and March 31, 2012	-	-

Compensation unit options

On December 30, 2009, the Company completed a private placement resulting in the issuance of a finder’s fee of 816,665 compensation unit options. On December 31, 2011, 131,250 compensation unit options expired unexercised

The following summary sets out the activity in compensation unit options for the period :

Outstanding, January 1, 2011	262,499	$0.12
Exercised	(131,249)	$0.12
Expired unexercised	(131,250)	$0.12
Outstanding, December 31, 2011 and March 31, 2012	-	-

8. ADMINISTRATIVE AND GENERAL EXPENSES

The following table illustrates spending activity related to administrative and general expenses for the period ended March 31, 2012:

	For the three months ended March 31	
	2012	2011
	$	$
Wages, benefits and consulting (note 9)	**139,659**	66,285
Professional fees (legal & audit)	**56,683**	27,264
Travel	**32,283**	15,200
Directors fees (note 9)	**41,525**	35,500
Shareholder communications & promotion	**31,312**	37,954
Business development	**1,550**	36,000
Office costs	**7,685**	11,854
Office rent	**12,095**	11,200
Regulatory and filing fees	**8,082**	9,153
Insurance	**6,994**	7,300
	337,868	259,710

9. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT REMUNERATION

Key management remuneration

During the three month period ended March 31, 2012 the Company incurred related party expenses of $98,800. ($41,700 during the three month period ended March 31, 2011). These expenses related to the payment of management fees to the Company's senior officers.

During the year ended December 31, 2011, the Company created a retirement allowance accrual of $525,000 (nil for the three month period ended March 31, 2012) to be paid out to retiring senior personnel, pending the resolution of the terms of the retirement agreements. During the year ended December 31, 2011, the Company paid out $450,000 from this fund to a former member of senior management and $75,000 remains on hand for future settlement.

Included in stock-based compensation is $16,049 (2011 - $9,155) attributable to key management.

Related party transactions

During the three month period ended March 31, 2012 the Company incurred directors and committee fees of $41,525 (directors fees of $37,500 during the three month period ended March 31, 2011). These amounts were expensed in the period incurred as administrative and general expenses.

Included in stock-based compensation is $31,485 (2011 - $19,473) attributable to the Company's directors.

These amounts were expensed in the period incurred as administrative and general. The amounts paid and owing are in the normal course of business, are non-interest bearing and due on demand. There are no amounts payable to these related parties, excepting the balance of the retirement allowance,

Great Harvest, the Company's largest shareholder with 45.14% of the Company's common shares, is controlled by two of the Company's directors, one of whom also acts as the president and chief executive officer. During the three month period ended March 31, 2012, the Company incurred expenses of $10,452 (nil for the three month period ended March 31, 2011) to Great Harvest for travel, administrative and project costs. At March 31, 2012, $10,452 was owing and outstanding to Great Harvest.

10. COMMITMENTS, CONTINGENCIES AND ACCRUED LIABILITIES AND ACCOUNTS PAYABLE

At March 31, 2012, the Company had accounts payable of $223,462 (March 31, 2011 – $211,075) accrued liabilities of $152,531 (March 31, 2011 – $152,698), and related party payables of $10,452 (March 31, 2011– nil).

As at	**March 31 2012**	**December 31 2011**
	$	$
Accounts payable	**223,462**	577,899
Accrued liabilities	**152,531**	195,487
Related party payable	**10,452**	186,830
	386,445	902,858

The Company has a contractual lease obligation related to its corporate premises that requires minimum total lease payments of $24,284 until September 2012. The Company has the right to renew the lease for an additional three years and must provide written notice six months prior to the expiration of the current lease term if it intends to renew the lease agreement. The Company is relocating to a larger premises within the current office building location and has entered into negotiations with the landlord as regards facility upgrades and lease terms. The following table demonstrates the outstanding office lease commitment.

	$
2012	24,284
	24,284

The Company has a contractual lease obligation related to equipment at the Mount Pleasant property that requires a minimum total lease payment of $11,162 until September 2012.
The following is a schedule of future minimum lease payments under the finance lease expiring August 31, 2012 together with the balance of the obligation under finance lease.

	$
2012	11,162
Total minimum lease payments	11,162
Amount representing interest at 7%	(193)
Balance of the obligation	10,969

The Company has technical consulting contract obligations related to economic studies and process development at the Mount Pleasant property that will result in a total budgeted expenditure of $569,462. As at March 31, 2012, the Company has incurred expenses related to these contracts of $493,328 with the remainder of the project spending expected to conclude during the second quarter of 2012.

The Company has contingent liabilities in respect of legal claims arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Categories of financial assets and liabilities

The Company's financial instruments are classified into the following categories: loans and receivables, held to maturity and other financial liabilities. The carrying values of the Company's financial instruments are classified into the following categories:

	March 31, 2012		December 31, 2011	
	Carrying value	**Fair Value**	Carrying value	Fair Value
	$	**$**	$	$
Loans and receivables [1]	**4,331,066**	**4,331,066**	**5,653,187**	**5,653,187**
Held to maturity [2]	**909,990**	**909,990**	**878,903**	**878,903**
Other financial liabilities [3]	**329,089**	**329,809**	**819,884**	**819,884**

(1) Consists of cash and cash equivalents, accounts receivable and interest receivable.

(2) Reclamation bond

(3) Includes accounts payable, accruals and finance leases.

The fair values of the Company's financial instruments are not materially different from their carrying value.

Risks arising from financial instruments and risk management

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company.

The Company uses various methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks.

(a) Market risk

(i) Commodity price risk
Commodity price risk is the risk of financial loss resulting from movements in the price of the Company's commodity inputs and outputs. The Company is exposed to commodity price risk arising from revenue derived from forecast future sales of the metals it is exploring for. The Company does not manage commodity price risk through the use of derivative instruments.

(ii) Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's interest rate risk is minimal as there are no outstanding loans or interest-bearing debts. The Company has not entered into any interest rate swaps or other active interest rate management programs at this time. A change in interest rates would have no effect on the value of, and/or the proceeds from, the Company's reclamation bond as it has a fixed interest rate.

(iii) Sensitivity analysis
IFRS requires disclosure of a sensitivity analysis that is intended to illustrate the sensitivity of the Company's financial position, performance and fair value of cash flows associated with the Company's financial instruments to changes in market variables. The sensitivity analysis discloses the effect on loss at March 31, 2012 assuming that a reasonably possible change in the relevant risk variable has occurred at March 31, 2012 and has been applied to the risk exposures in existence at that date to show the effects of reasonably possible changes. The reasonably possible changes in market variables used in the sensitivity analysis were determined based on implied volatilities (where available) or historical data.

The Company does not hold any investments subject to variable interest, therefore any changes in interest rates will not give rise to significant changes to the net loss.
The Company does not hold any assests in currency, nor has significant foreign currency liabilities, therefore any changes in foreign exchange rates will not give rise to significant changes to the net loss.

At March 31, 2012, a change in the value of tungsten, molybdenum, tin, indium or zinc would not change the recognized value of any of the Company's financial instruments.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions as well as credit exposures to outstanding receivables. The Company endeavours to mitigate credit risk by holding its cash and cash equivalents with major commercial banks with strong credit ratings.

The carrying amounts of financial assets recorded in the financial statements are adjusted for any impairment and represent the Company's maximum exposure to credit risk.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining at all times sufficient cash, liquid investments and committed credit facilities to meet the Company's commitments as they arise. The Company's liabilities at March 31, 2012 are categorized as short term liabilities. The Company manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecast and actual cash flows.

(d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. For receivables and payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value.

12. MANAGEMENT OF CAPITAL

The Company's objective when managing capital is to maintain adequate levels of funding to support evaluation and development projects, to expand regional exploration activities within the Property and to maintain corporate and administrative functions.

The Company manages its capital structure in a manner that provides sufficient funding for project evaluation and development and operational activities. Funds are primarily secured through the issue and sale of common shares. There can be no assurances that the Company will be able to continue to provide adequate funds in this manner.

The Company maintains minimal surplus capital and therefore does not have significant non-cash investments. All working capital for immediate needs is invested in liquid and highly rated financial instruments, such as money market funds with major Canadian financial institutions.