Condensed Interim Consolidated Financial Statements

Six Months Ended May 31, 2012

(Unaudited - Expressed in Canadian Dollars)

The accompanying unaudited condensed interim consolidated financial statements of Zimtu Capital Corp. for the six months ended May 31, 2012, have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. These condensed interim consolidated financial statements have not been reviewed by the Company's external auditors.

Zimtu Capital Corp.
Condensed Interim Consolidated Statements of Financial Position
(Unaudited – Expressed in Canadian Dollars)

	May 31, 2012	November 30, 2011	December 1, 2010
Assets			
Current			
Cash and cash equivalents	$ **333,085**	$ 1,017,035	$ 2,033,883
Investments (Note 7)	**9,830,885**	8,892,400	9,768,642
Advances and amounts receivable (Note 12)	**14,128**	102,984	46,061
Due from related parties (Note 20)	**284,575**	-	-
Subscriptions receivable (Note 11)	**162,000**	-	576,132
Prepaid expenses (Note 13)	**53,243**	164,101	34,181
	10,677,916	10,176,520	12,458,899
Loan receivable (Note 14)	**257,655**	59,375	34,675
Deposits (Note 15)	**15,562**	15,562	15,562
Investments (Note 8)	**1,181,700**	718,798	489,665
Deferred income tax asset	**46,285**	46,285	-
Goodwill (Note 5)	**-**	64,816	64,816
Equipment (Note 10)	**76,442**	118,102	211,499
Mineral property interests (Note 9)	**455,649**	675,729	696,094
	$ **12,711,209**	$ 11,875,187	$ 13,971,210
Liabilities			
Current			
Accounts payable and accrued liabilities (Note 16)	$ **161,576**	$ 422,884	$ 257,259
Due to related parties (Note 20)	**-**	31,825	45,798
Unearned revenue	**-**	-	15,365
Current income taxes payable	**639,404**	639,404	130,495
	800,980	1,094,113	448,917
Deferred income tax payable	**-**	-	671,774
	800,980	1,094,113	1,120,691
Equity			
Share Capital (Note 11)	**7,940,589**	6,463,704	5,674,399
Contributed surplus (Note 11)	**3,254,900**	3,779,648	3,830,925
Retained earnings	**714,740**	425,627	3,201,134
Equity attributable to owners of the Company	**11,910,229**	10,668,979	12,706,458
Non-controlling interests (Note 5)	**-**	112,095	144,061
	11,910,229	10,781,074	12,850,519
	$ **12,711,209**	$ 11,875,187	$ 13,971,210

On behalf of the Board:

"David Hodge" Director *"Patrick Power"* Director

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

Zimtu Capital Corp.

Condensed Interim Consolidated Statements of Operations and Comprehensive Loss

(Unaudited – Expressed in Canadian Dollars)

	Three months ended May 31, 2012	Three months ended May 31, 2011	Six months ended May 31 2012	Six months ended May 31 2011
Revenue				
Administrative fees (Note 20)	**387,494**	315,000	**700,488**	630,000
Unrealized gain (loss) on investments	**(3,543,786)**	(2,204,691)	**(1,411,013)**	(94,035)
Gain (loss) on sale of investments	**718,380**	858,242	**592,600**	1,459,953
Income from property sale	**552,093**	468,332	**1,064,032**	653,688
	(1,885,819)	(563,117)	**946,107**	2,649,606
Expenses				
General and administrative expenses (Note 19)	**$ 535,862**	$ 547,489	**$ 1,351,904**	$ 1,105,288
	(2,421,681)	(1,110,606)	**(405,797)**	1,544,318
Other items				
Interest income	**3,229**	4,374	**3,248**	6,014
Foreign exchange loss	**(1,480)**	(1,301)	**(2,030)**	(1,314)
Gain on dilution of ownership (Note 7)	**36,523**	-	**-**	-
Loss on loss of control of subsidiary (Note 5)	**(47,103)**	-	**(47,103)**	-
Impairment of mineral properties	**(2,080)**	(2,394)	**(2,080)**	(2,394)
Equity gain (loss) of affiliates (Note 8)	**(97,053)**	(36,025)	**(118,460)**	(36,025)
Other income (expenses)	**15,435**	700	**2,188**	700
	(92,529)	(34,646)	**(164,237)**	(33,019)
Income (loss) before income taxes (recovery)	**(2,514,210)**	(1,145,252)	**(570,034)**	1,511,299
Income taxes (recovery)				
Current income taxes	**-**	356,928	**-**	356,928
Deferred income taxes (recovery)	**1,422**	(552,695)	**-**	(552,695)
	1,422	(195,767)	**-**	(195,767)
Net income (loss) for the period	**(2,515,632)**	(949,485)	**(570,034)**	1,707,066
Net income (loss) and comprehensive income for the period	**(2,515,632)**	(949,485)	**(570,034)**	1,707,066
Net income (loss) and comprehensive income (loss) attributable to owners of the Company	**(2,515,632)**	(949,485)	**(570,034)**	1,707,066
Net income (loss) and comprehensive income (loss) attributable to non-controlling interest	**-**	(17,174)	**(121,324)**	(23,643)
	(2,515,632)	(966,659)	**(691,358)**	1,683,423
Basic earnings (loss) per share	**$ (0.24)**	$ (0.11)	**$ (0.07)**	$ 0.19
Diluted earnings (loss) per share	**$ (0.21)**	$ (0.08)	**$ (0.06)**	$ 0.14
Weighted average number of common shares outstanding				
– basic	**10,400,877**	8,896,767	**10,103,101**	8,896,767
– diluted	**11,815,777**	11,923,905	**11,518,001**	11,923,905

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

Zimtu Capital Corp.

Condensed Interim Consolidated Statements of Changes in Equity

(Unaudited – Expressed in Canadian Dollars)

	Equity attributable to the owners of the Company						
	Share Capital		**Contributed Surplus**	**Retained Earnings/ (Deficit)**	**Total**	**Non-controlling interest**	**Total Equity**
	No. of Shares	**Amount**					
Balance, December 1, 2010	**9,482,739**	**$ 5,674,399**	**$ 3,830,925**	**$ 3,201,134**	**$ 12,706,458**	**$ 144,061**	**$ 12,850,519**
Warrants exercised	476,427	714,641	-	-	714,641	-	714,641
Options exercised	35,200	74,560	(42,880)	-	31,680	-	31,680
Share issuance costs	-	(16,303)	-	-	(16,303)	-	(16,303)
Net income (loss) for the period	-	-	-	1,707,066	1,707,066	(23,643)	1,683,423
Balance, May 31, 2011	**9,994,366**	**$ 6,447,297**	**$ 3,788,045**	**$ 4,908,200**	**$ 15,143,542**	**$ 120,418**	**$ 15,263,960**

	Equity attributable to the owners of the Company						
	Share Capital		**Contributed Surplus**	**Retained Earnings/ (Deficit)**	**Total**	**Non-controlling interest**	**Total Equity**
	No. of Shares	**Amount**					
Balance, December 1, 2011	**10,003,266**	**$ 6,463,704**	**$ 3,779,648**	**$ 425,627**	**$ 10,668,979**	**$ 112,095**	**$ 10,781,074**
Loss of control of a subsidiary (Note 5)	-	-	(524,748)	859,147	334,399	(112,095)	222,304
Shares issued	1,261,388	1,513,666	-	-	1,513,666	-	1,513,666
Shares issuance costs	-	(36,781)	-	-	(36,781)	-	(36,781)
Loss for the period	-	-	-	(570,034)	(570,034)	-	(570,034)
Balance, May 31, 2012	**11,264,654**	**$ 7,940,589**	**$ 3,254,900**	**$ 714,740**	**$ 11,910,229**	**$ -**	**$ 11,910,229**

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

Zimtu Capital Corp.
Condensed Interim Consolidated Statements of Cash Flows
For the six months ended May 31,
(Unaudited – Expressed in Canadian Dollars)

	2012	2011
Operating Activities		
Net income (loss) for the period	$ **570,034**	$ 1,683,644
Items not involving cash		
Gain on sale of shares	**-**	(1,459,953)
Unrealized (gain) loss of investments	**1,411,013**	94,035
Shares received for revenue	**(920,375)**	(1,040,000)
Non-controlling interest	**-**	23,431
Amortization	**41,660**	43,645
Gain on sale of shares in subsidiary	**(722,284)**	-
Gain on loss of control of subsidiary	**(564,488)**	-
Gain on loss of equity investment	**47,103**	-
Impairment of mineral property	**2,080**	-
Equity loss on affiliates	**122,472**	36,025
Future income taxes	**-**	(552,695)
Changes in non-cash working capital		
Advances and amounts receivable	**88,856**	(51,297)
Unearned revenue	**-**	582,135
Prepaid expenses	**110,858**	17,961
Current income taxes payable	**-**	356,928
Accounts payable and accrued liabilities	**(577,708)**	(213,304)
Cash provided by (used in) operating activities	**(390,779)**	(479,445)
Investing Activities		
Acquisition of investments	**(1,460,931)**	(2,241,613)
Proceeds on disposition of investments	**283,838**	2,503,391
Mineral property expenditures	**(369,026)**	(167,685)
Proceeds on disposition of mineral properties	**136,343**	19,664
Loans receivable	**(198,280)**	-
Acquisition of equipment	**-**	(1,349)
Cash used in investing activities	**(1,608,056)**	112,388
Financing Activities		
Proceeds from issuance of shares	**1,513,666**	1,306,150
Share subscriptions to be received	**(162,000)**	-
Share issue costs	**(36,781)**	-
Cash provided by financing activities	**1,314,885**	1,306,150
Change in cash during the period	**683,905**	939,093
Cash, beginning of period	**1,017,035**	2,056,883
Cash, end of period	$ **333,085**	$ 2,995,976

Supplemental disclosure with respect to cash flows (Note 17)
The accompanying notes are an integral part of these condensed interim consolidated financial statements.

1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

The Company was incorporated in the Province of British Columbia on July 4, 2006, under the Business Corporations Act of British Columbia. The Company's principal business activities are investments in junior resource companies, mineral resource property acquisitions and dispositions, and the provision of management services. The Company is traded on the TSX Venture Exchange ("TSX-V") under the symbol ZC.

The head office and principal address are located at Suite 1450, 789 West Pender Street, Vancouver, BC, Canada V6C 1H2 and the registered and records office of the Company is located at Suite 800, 885 West Georgia Street, Vancouver, BC, Canada V6C 3H1.

These condensed interim consolidated financial statements were authorized for issue by the Audit Committee and Board of Directors on July 30, 2012.

2. BASIS OF PREPARATION

a) Statement of Compliance

The financial statements of the Company for the year ending November 30, 2012 will be prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), having previously prepared its financial statements in accordance with pre-changeover Canadian Generally Accepted Accounting Principles ("pre-changeover Canadian GAAP"). These condensed interim consolidated financial statements for the six months ended May 31, 2012, have been prepared in accordance with IAS 34 Interim Financial Reporting and, as they are part of the Company's first IFRS annual reporting period, IFRS 1 First-time Adoption of International Reporting Standards has been applied.

The condensed interim consolidated financial statements are prepared using the accounting policies the Company expects to adopt in its consolidated financial statements as at and for the year ending November 31, 2012. Certain disclosures that are required to be included in annual financial statements prepared in accordance with IFRS that were not included in the Company's most recent annual financial statements prepared in accordance with pre-changeover Canadian GAAP have been included in these financial statements for the comparative annual period. However, these condensed interim consolidated financial statements do not include all of the information required for full annual financial statements.

These condensed interim consolidated financial statements should be read in conjunction with the Company's audited financial statements for the year ended November 30, 2011 and the explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Company provided in Note 23.

b) Basis of Measurement

These condensed interim consolidated financial statements have been prepared on a historical costs basis except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, this financial statement has been prepared using the accrual basis of accounting.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

In particular, information about significant areas of estimation uncertainty considered by management in preparing the condensed consolidated financial statements includes:

- The recoverability of the carrying value of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest;
- The determination of useful lives of property, plant and equipment;
- The inputs used in assessing the recoverability of deferred income tax assets to the extent that the deductible temporary differences will reverse in the foreseeable future and that the Company will have future taxable income;
- Management's assumption that there are currently no decommissioning liabilities is based on the facts and circumstances that have existed during the periods;
- The assumptions used to calculate fair value of investments in private company securities not quoted in an active market; and
- The inputs used in accounting for share-based payments.

4. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The condensed interim consolidated financial statements include the financial statements of the parent company, Zimtu Capital Corp., and its wholly owned subsidiary 0755032 BC Ltd. Zimtu and its subsidiary are collectively referred to as the "Company".

			Equity Interest	
	Jurisdiction	Nature of Operations	May 31, 2012	November 30, 2011
0755032 BC Ltd.	BC, Canada	Holding	100.00%	100.00%

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Company loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences, recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand; deposits in banks and highly liquid investments with an original maturity of three months or less. There were no cash equivalents as at May 31, 2012, November 30, 2011 and December 1, 2010.

Accounts receivable

The Company estimates the allowance for doubtful accounts provision based upon management analysis of specific receivables that are considered to be uncollectible.

Investments

Investments consist of investments in shares, warrants and options of public and private companies and fixed term deposit held at the bank with a maturity of more than three months and less than twelve months at the time of issuance, which are recorded at fair value, except for those investments in shares that do not have a quoted market price in an active market.

The Company classifies its investments in shares into at fair value through profit or loss and available-for-sale categories. Investments that are bought and held principally for the purpose of selling them in the near term are classified as at fair value through profit or loss and are reported at fair value, with unrealized gains and losses recognized in earnings. Investments not classified as at fair value through profit or loss are classified as available-for-sale and are carried at fair market value, with the unrealized gains and losses, net of tax, included in other comprehensive income and reported in equity. The fair value of substantially all investments is determined by quoted market prices, except for those investments in equity instruments that do not have a quoted market price in an active market, which are measured at cost. The investments in warrants and options of public and private companies are fair valued using Black-Scholes option model if there is no active market for the warrants and options, as this is a commonly used valuation technique by market participants. If there exists an active market for the warrants and options, they are valued at closing ask prices at reporting period end.

Property and Equipment

Equipment is recorded at cost less accumulated amortization. Amortization is calculated using the straight-line method at the following annual rates:

Computer equipment	-	2 years
Office furniture	-	3 years
Leasehold Improvements	-	5 years (lease term)

Additions during the year are amortized on a pro-rata basis based on the annual amortization amount.

Mineral properties

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

The Company capitalized all costs related to investments in mineral property interests on a property-by-property basis. Such costs include mineral property acquisition costs and exploration and development expenditures, net of any recoveries. Costs are deferred until such time as the extent of mineralization has been determined and mineral property interests are either developed or the Company's mineral rights are allowed to lapse. All deferred mineral property expenditures are reviewed, on a property-by-property basis, to consider whether there are any conditions that may indicate impairment.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Mineral properties (continued)

When the carrying value of a property interest expense exceeds its net recoverable amount that may be estimated by quantifiable evidence of an economic geological resource or reserve, joint venture expenditure commitments of the Company's assessment of its ability to sell the property interest for an amount exceeding the deferred costs, provision is made for the impairment in value.

From time to time, the Company may acquire or dispose of a mineral property interest, either by an option agreement or an acquisition agreement. As the consideration payable may consist of options, which are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are recorded as property costs or recoveries when the payments are made or received. Proceeds received on the sale of interests in mineral properties are credited to the carrying value of the mineral properties, with any excess included in statement of operations.

Foreign currencies

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

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date while non-monetary assets and liabilities that are measured at historical costs are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statement of operations.

Financial instruments

Financial Assets

Financial assets are classified into one of the following categories: fair value through profit or loss, loans and receivables, available-for-sale, or held-to-maturity investments. The classification depends on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. Management determines the classification of its financial asset at initial recognition. The Company's accounting policy for each category is as follows:

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term and are classified as current assets. Derivatives are also categorized as at fair value through profit or loss unless they are designated as hedges. Cash and cash equivalents are classified as at fair value through profit or loss and are measured at fair value. Investments in shares are classified as at fair value through profit or loss for those bought and held principally for the purpose of selling them in the near term and are reported at fair value, with unrealized gains and losses recognized in earnings.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial Assets (continued)

(ii) Loans and Receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, do not qualify as "trading" assets, have not been designated at fair value through profit or loss or as available-for-sale and for which the holder may recover substantially all of its initial investment, other than because of credit deterioration. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in the profit or loss when the loans and receivable are derecognized or impaired, as well as through the amortization process. Advances and amounts receivable, loan receivable, and due from related parties are classified as loans and receivables. They are recorded at cost, which on initial recognition represents their fair value. Subsequent valuations are recorded at amortized cost using the effective interest method.

(iii) Available-For-Sale Investments
Non-derivative financial assets not included in the above categories are classified as available-for-sale and comprise principally of the Company's strategic investments in entities not qualifying as subsidiaries or associates. Available-for-sale investments are carried at fair value with changes in fair value recognized in accumulated other comprehensive loss/income. Purchase and sales of available-for-sale financial assets are recognized on a trade date basis. On sale or impairment, the cumulative amount recognized in other comprehensive loss/income is reclassified from accumulated other comprehensive loss/income to profit or loss. If there is no quoted market price in an active market and fair value cannot be readily determined, available-for-sale investments are carried at cost. Investments in equity instruments not classified as at fair value through profit or loss are classified as available-for-sale and are carried at fair market value, with the unrealized gains and losses, net of tax, included in the determination of comprehensive income and reported in equity. The fair value of substantially all investments is determined by quoted market prices, except for those investments that do not have a quoted market price in an active market, which are measured at cost. Investments in warrants and options are classified as available-for-sale and are carried at fair market value by using Black-Scholes option model if there is no active market for the warrants and options, as this is a commonly used valuation technique by market participants. If there exists an active market for the warrants and options, they are valued at closing ask prices at year-end.

(iv) Held-to-maturity investments
The held-to-maturity investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. The Company does not have any assets classified as held-to-maturity investments.

Impairment on Financial Assets
The Company assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial Liabilities
Financial liabilities are all classified as other financial liabilities, based on the purpose for which the liability was incurred, and comprise accounts payables and accrued liabilities and amounts due to related parties. These liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding. The Company's due to related parties, and accounts payable and accrued liabilities are classified as other financial liabilities.

Investment in joint ventures and associates

Joint ventures are established through an interest in a company (a jointly controlled entity).

Investments in joint ventures and associates are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

Investments in joint ventures and associates include entities over which the Company has significant influence, but not control. Generally, the Company has a shareholding of between 20% and 50% of the voting rights in its equity investment entities. After initial recognition, investments in joint ventures and associates are accounted for using the equity method as follows:

- Investments are initially recognized at cost;
- Investments in joint ventures and associates include goodwill identified on acquisition, net of any accumulated impairment loss;
- The Company's share of post-acquisition profits or losses is recognized in the income statement and is adjusted against the carrying amount of the investments;
- When the Company's share of losses equals or exceeds its interest in the investee, including unsecured receivables, the Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the investee; and
- Gains on transactions between the Company and its joint ventures and associates are eliminated to the extent of the Company's interest in these entities, and losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Revenue recognition

Revenues are recognized on the following bases:

(i) Interest income is recorded on an accrual basis at the stated interest rate over the term of the related instrument;
(ii) Revenue from management and administrative services is recognized upon completion of the service, and when collectability is reasonably assured. Fees received in advance of services provided are recorded as deferred revenue;
(iii) Realized gains on investments are recorded upon disposal of the investment, on a trade date basis;
(iv) Unrealized gains and losses arising from market prices in effect at the balance sheet date for investments at fair value through profit or loss are recorded at the balance sheet date; and
(iv) Revenue from mineral sales is recognized at the time that title and risk of ownership have passed, collection is reasonably assured and the price is determinable.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities on an undiscounted basis, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it is probable that a deferred tax asset will be recovered, it provides a valuation allowance against that excess.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Share-based payment transactions

The Company grants stock options to buy common shares of the Company to directors, officers and employees. The board of directors grants such options for periods of up to five years, which vest immediately and are priced at the previous day’s closing price.

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period of the options. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest.

Where the terms of a stock option is modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the stock-based compensation arrangement, or is otherwise beneficial to the employee as measured at the date of modification over the remaining vesting period.

Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Warrants

Proceeds from issuances by the Company of units consisting of shares and warrants are allocated based on the residual method, whereby the carrying amount of the warrants is determined based on any difference between gross proceeds and the estimated fair market value of the shares. If the proceeds from the offering are less than or equal to the estimated fair market value of shares issued, a nil carrying amount is assigned to the warrants.

Long lived assets and impairment

The carrying values of long-lived assets with fixed or determinable lives are reviewed for impairment whenever events or changes in circumstances indicate the recoverable value may be less than the carrying amount. Recoverable value determinations are based on management's estimates of undiscounted future net cash flows expected to be recovered from specific assets or groups of assets through use or future disposition. Impairment charges are recorded in the period in which determination of impairment is made by management.

Assets with indefinite or indeterminable lives are not amortized and are reviewed for impairment on a reporting period basis using fair value determinations through management's estimate of recoverable value.

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If there is an indication of impairment, then the asset's recoverable amount is estimated.

4. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

Long-lived assets and impairment (continued)

An asset's recoverable amount is the higher of an asset's or cash-generating units ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the profit or loss.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquiree and the equity interests issued by the Company in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed at their respective fair values. Goodwill is not amortized but tested for impairment annually or more frequently if changes in circumstances indicate a potential impairment.

For the purposes of impairment testing, goodwill is allocated to each of the Company's cash-generating units or groups of cash-generating units ("CGU") that is expected to benefit from the synergies of the combination. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of operation. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

4. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

Earning/Loss per share

Basic earnings / loss per share is computed by dividing the net income or loss attributable to the owners of the Company by the weighted average number of common shares outstanding for the relevant period.

Diluted earnings / loss per share is determined by adjusting the earnings or loss attributable to the owners of the Company and the weighted average number of common shares outstanding for the effects of dilutive instruments, which includes stock options and common share purchase warrants, as if their dilutive effect was at the beginning of the period. The calculation of the diluted number of common shares assumes that proceeds received from the exercise of "in-the-money" stock options and common share purchase warrants are used to purchase common shares of the Company at their average market price for the period. In periods that the Company reports a net loss, per share amounts are not presented on a diluted basis as the result would be anti-dilutive.

Standards, Amendments and Interpretations Not Yet Effective

Certain new accounting standards, amendments to standards and interpretations have been issued, effective for annual periods beginning on or after January 1, 2013. These standards have been assessed to not have a significant impact on the Company's financial statements:

- IFRS 9 New financial instruments standard that replaces IAS 39 for classification and measurement of financial assets
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IFRS 13 Fair Value Measurement
- IAS 27 (Amendment) Separate Financial Statements
- IAS 28 (Amendment) Investments in Associates and Joint Ventures

5. LOSS OF CONTROL IN A SUBSIDIARY

On March 2, 2012, the Company sold a total of 4,750,000 common shares of Pasinex Resources Limited ("Pasinex") (formerly Triple Dragon Resources Ltd.) in private transactions to 3 individuals, reducing its ownership of Pasinex to 50.25%. Prior to the disposal, the Company owned 69.55% equity interest in Pasinex and Pasinex has been accounted for as a subsidiary in the consolidated financial statement for the year ended November 30, 2011. On March 9, 2012, Pasinex closed a non-brokered private placement of 23,535,149 common shares, effectively decreasing the Company's holdings to 25.69%. On April 23, 2012, the Company sold an additional 457,000 common shares of Pasinex in a private transaction, further reducing the Company's ownership down to 24.74%. The financial results of Pasinex were consolidated in the financial statements of the Company up to March 8, 2012. Subsequent to March 8, 2012, Pasinex is accounted for using the equity method (see Note 8).

Goodwill balance of $64,816 as of November 30, 2011 and December 1, 2010, representing the difference between purchase price and identified fair value of net asset of Pasinex since the acquisition in 2008 and changes in relation to share issuances to non-controlling interests, has been derecognised upon the loss of control. Loss of $47,103 was recognized in the statement of operations and comprehensive loss for the six months ended May 31, 2012 due to the loss of control of the subsidiary.

(Unaudited - Expressed in Canadian Dollars)

6. FINANCIAL INSTRUMENTS AND CAPITAL DISCLOSURES

The investment operations of the Company's business involve the purchase and sale of securities and, accordingly, the majority of the Company's assets are currently comprised of financial instruments. The use of financial instruments can expose the Company to several risks, including interest rate, credit, currency, liquidity and market risk. A discussion of the Company's use of financial instruments and their associated risk is provided below:

a) Fair value - The Company classifies its financial instruments using a fair value hierarchy as a framework for disclosing fair value of financial instruments based on inputs used to value the Company's investments. The hierarchy of inputs and description of inputs is described as follows:

Level 1 – fair values are based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – fair values are based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); or

Level 3 – fair values are based on inputs for the asset or liability that are not based on observable market data, which are unobservable inputs.

				Assets measured at fair value as at May 31, 2012
	Level 1 $	**Level 2 $**	**Level 3 $**	**Total $**
At fair value through profit or loss				
Cash on hand and bank balances	139,679	-	-	139,679
Money market funds	193,406	-	-	193,406
GIC	23,000	-	-	23,000
Investment in public company shareholdings	7,444,095	-	-	7,444,095
Investment in warrants	-	163,912	-	163,912
	7,800,180	163,912	-	7,964,092
Available for sale				
Investment in private company shareholdings	-	-	2,199,879	2,199,879

(Unaudited - Expressed in Canadian Dollars)

6. FINANCIAL INSTRUMENTS AND CAPITAL DISCLOSURES (continued)

				Assets measured at fair value as at November 30, 2011
	Level 1 $	**Level 2** $	**Level 3** $	**Total** $
At fair value through profit or loss				
Cash on hand and bank balances	306,961	-	-	306,961
Money market funds	710,074	-	-	710,074
GIC	23,000	-	-	23,000
Investment in public company shareholdings	6,932,802	-	-	6,932,802
Investment in warrants	-	126,679	-	126,679
	7,972,837	126,679	-	8,099,516
Available for sale				
Investment in private company shareholdings	-	-	1,809,919	1,809,919

				Assets measured at fair value as at December 1, 2010
	Level 1 $	**Level 2** $	**Level 3** $	**Total** $
At fair value through profit or loss				
Cash on hand and bank balances	2,033,883	-	-	2,033,883
GIC	23,000	-	-	23,000
Investment in public company shareholdings	8,217,638	-	-	8,217,638
Investment in warrants and options	-	928,414	-	928,414
	10,274,521	928,414	-	11,202,935
Available for sale				
Investment in private company shareholdings	-	-	599,590	599,590

b) Interest rate risk - The Company is not exposed to significant interest rate risk even though the Company has cash balances, and its current policy is to invest excess cash in certificates of deposit or money market funds of major Canadian chartered banks. The GIC included in investment bear interest at a fixed rate, and the Company is, therefore, exposed to the risk of changes in fair value resulting from interest rate fluctuations. The sensitivity of the Company to a variation of 1% in the interest rate would not have a significant impact. The Company's other financial assets and financial liabilities do not comprise any interest rate risk since they do not bear interest.

c) Credit risk - The Company is not exposed to significant credit risk on its cash and cash equivalents and investments due to its cash and cash equivalents are placed with major financial institutions and investments are placed with a Canadian chartered bank or with independent investment dealer member of the Canadian Investor Protection Fund. All transactions executed by the Company in listed securities are settled or paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Management believes that the credit risk with respect to advances and accounts receivables is remote. One customer accounted for 77% (May 31, 2011: 82%) of the Company's administrative revenue (Note 20).

6. FINANCIAL INSTRUMENTS AND CAPITAL DISCLOSURES (continued)

d) Currency risk - The Company is not exposed to significant currency risk on fluctuations considering that its assets and liabilities are stated in Canadian dollars.

e) Liquidity risk - Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company’s liquidity and operating results may be adversely affected as a result of downturn in stock market conditions generally or related to matters specific to the Company, or if the value of the Company’ investments declines, resulting in losses upon disposition. The Company generates cash flow primarily from its administrative activities and proceeds from the disposition of its investments. The Company has sufficient investments that are freely tradable and relatively liquid to fund its obligations as they become due under normal operating conditions.

f) Market risk - Market risk is the risk that the fair value of or future cash flows from the Company’s financial instruments will significantly fluctuate because of changes in market prices. The Company is exposed to market risk in trading its investments and unfavourable market conditions could result in dispositions of investments at less than favourable prices.

The Company manages market risk by having a portfolio that is not singularly exposed to any one issuer or class of issuers. The Company’s investment activities are currently concentrated primarily across several sectors in the natural resource industry, potash, precious metals, base metals, coal, graphite, rare earth elements, and rare metals. The Company also has set thresholds on purchases of investments. Commodity prices for minerals are impacted by world economic events that dictate the levels of supply and demand as well as the relationship between the Canadian and United States dollar. The Company is not exposed to commodity price at this time.

g) Capital management - The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to meet its daily operating expenses. The Company may raise additional capital for additional cash required. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to identify and acquire new investment or business opportunities.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the six months ended May 31, 2012 or the year ended November 30, 2011. The Company is not subject to externally imposed capital requirements.

(Unaudited - Expressed in Canadian Dollars)

7. INVESTMENTS

	Investments at fair value through profit or loss as at May 31, 2012				
Stock	**Volume**	**Cost Base**		**Market Base**	
		$	$/Share	$	$/Share
Arctic Star Exploration	1,150,556	403,440	0.35	264,628	0.230
ADR Capital	1,000,000	100,000	0.10	125,000	0.125
Altan Rio Minerals	356,660	143,219	0.40	105,215	0.295
Altan Nevada	344,335	111,781	0.32	68,867	0.200
Big North Graphite	1,800,000	255,722	0.14	180,000	0.125
Brixton Metals	1,675,000	313,082	0.19	209,375	0.125
Canada Rare Earth	1,113,000	424,120	0.38	127,995	0.115
Canadian International	12,000	1,800	0.15	540	0.045
Carlisle Goldfields	200,000	50,000	0.25	48,000	0.240
Cayden Resources	34,613	250,000	7.22	38,767	1.120
Commerce Resources	3,756,178	2,015,958	0.54	1,126,853	0.300
Corex Gold	330,000	99,000	0.30	23,100	0.070
Cresval Capital	500,000	100,000	0.20	20,000	0.040
Critical Elements	1,500,000	362,504	0.24	217,500	0.145
Electric Metals	500,000	57,500	0.12	12,500	0.025
Elissa Resources	250,000	50,000	0.20	35,000	0.140
Equitas Resources	7,828,000	674,558	0.09	313,120	0.040
Fieldex Exploration	975,000	160,322	0.16	39,000	0.040
First Graphite	1,103,000	248,884	0.23	275,750	0.250
Galaxy Capital	855,000	128,120	0.15	98,325	0.115
Iron Tank	1,000,000	100,000	0.10	120,000	0.120
Golden Touch Resources	50,000	27,912	0.56	2,750	0.055
Nouveau Life Pharmaceuticals	230,000	50,051	0.22	4,600	0.020
Indico Resources	400,000	100,000	0.25	60,000	0.150
Indigo Exploration	715,000	200,653	0.28	46,475	0.065
Kingsman Resources	499,000	100,237	0.20	4,990	0.010
Lake Shore Gold	100,000	99,490	0.99	88,000	0.880
Lakeland Resources	3,446,000	275,920	0.08	189,531	0.055
Legend Power Systems	200,000	100,000	0.50	20,000	0.100
Lomiko Metals	961,000	104,055	0.11	86,490	0.090
Meridex Software	1,400,000	140,000	0.10	49,000	0.035
Ocean Park Ventures	200,000	110,000	0.55	33,000	0.165
Open Gold	800,000	67,500	0.08	56,000	0.070
Pinestar Gold	845,500	122,795	0.15	71,868	0.085
Prospero Silver	180,000	63,000	0.35	16,200	0.090
Quantum Rare Earth	3,007,750	524,136	0.17	406,046	0.135
Rare Earth Metals	1,250,000	366,250	0.29	87,500	0.070
Remstar Resources	500,000	50,000	0.10	20,000	0.040
Rio Silver	81,000	24,640	0.30	7,290	0.090
Standard Graphite	624,000	163,431	0.26	212,160	0.340
Strike Graphite	1,090,000	353,696	0.32	201,650	0.185
Terrax Minerals	165,000	49,500	0.30	10,725	0.065
Tosca Mining	300,000	105,000	0.35	27,000	0.090
Universal Wing	600,000	73,000	0.12	36,000	0.060
Western Pacific Resources	200,000	101,799	0.51	44,000	0.220
Western Potash	2,148,821	164,707	0.08	2,213,286	1.350
		9,587,782		**7,444,095**	

(Unaudited - Expressed in Canadian Dollars)

7. INVESTMENTS (continued)

		Available-for Sale Investments as at May 31, 2012			
Stock	**Volume**	**Cost Base**		**Market Base**	
		$	$/Share	$	$/Share
Abalor Minerals	20	100,000	5,000.00	100,000	Cost
Canadian Strategic Metals	1,666,667	100,000	0.06	100,000	Cost
Clermont Capital	1,000,000	100,000	0.10	100,000	Cost
Discovery Harbour	2,020,000	202,000	0.10	202,000	Cost
Fenwick Minerals	1,580,002	27,902	0.02	27,902	Cost
Jack’s Fork Exploration	2,170,000	350,539	0.16	350,539	Cost
Kittson Metals	100,000	10,000	0.10	10,000	Cost
Mighty Venture Holding	2,600,000	130,000	0.05	130,000	Cost
Mogul Ventures	1,000,000	250,000	0.25	250,000	Cost
Montan Capital	1,000,000	100,000	0.10	100,000	Cost
Moonraker Acquisition	2,000,000	105,000	0.05	105,000	Cost
Pacific Polar Energy Group	2,000,000	200,000	0.10	200,000	Cost
PAX Food	46,800	149,688	3.20	149,688	Cost
Portovello Gold	2,000,000	100,000	0.05	100,000	Cost
Regal Uranium	200,000	20,000	0.10	20,000	Cost
Tamaka Gold	285,000	99,750	0.35	99,750	Cost
Tru Vision	500,000	75,000	0.15	75,000	Cost
Tyko Resources	400,000	80,000	0.20	80,000	Cost
		2,199,879		**2,199,879**	

Investments in warrants	**Number of Warrants**	**Expiry Date**	**Exercise Price**	**Fair Value**	**Market Value $/Share**
Altan Nevada	172,184	December 15, 2014	0.52	7,188	0.200
Altan Rio Minerals	178,330	December 23, 2013	0.69	33,513	0.295
Amerix Precious Metals	166,667	November 30, 2012	0.33	155	0.065
Arctic Star Exploration	115,000	September 30, 2012	0.50	11,546	0.230
Arctic Star Exploration	165,000	April 4, 2013	0.50	26,703	0.230
Big North Graphite	375,000	December 13, 2012	0.15	456	0.100
Brixton Metals	200,000	November 30, 2012	0.40	1,358	0.125
Brixton Metals	400,000	August 11, 2013	0.25	14,776	0.125
Carlisle Goldfield	100,000	February 4, 2013	0.35	3,793	0.240
Cayden Resources	17,307	February 9, 2013	4.00	1,106	1.120
Corex Gold	165,000	August 11, 2012	0.45	313	0.070
Cresval Capital	500,000	April 17, 2013	0.30	2,259	0.040
Canada Rare Earth	500,000	April 13, 2014	0.200	20,864	0.115
Elissa Resources	250,000	March 4, 2013	0.30	7,641	0.140
Galaxy Capital	500,000	November 30, 2013	0.175	29,108	0.115
Ocean Park Ventures	100,000	May 11, 2013	0.85	2,493	0.165
Standard Graphite	8,750	July 20, 2013	0.50	639	0.340
Balance, May 31, 2012				**163,911**	
Investment in GIC, May 31, 2012				**23,000**	
Total value of investments, May 31, 2012				**$9,830,885**	

(Unaudited - Expressed in Canadian Dollars)

7. INVESTMENTS (continued)

	Investments at fair value through profit or loss as at November 30, 2011				
Stock	**Volume**	**Cost Base**		**Market Base**	
		$	$/Share	$	$/Share
Arctic Star Exploration	868,889	342,035	0.39	152,056	0.175
ADR Capital	1,000,000	100,000	0.10	120,000	0.120
Amerix Precious Metals	282,833	59,395	0.21	25,455	0.090
Brixton Metals	1,885,000	352,352	0.19	131,950	0.070
Canada Rare Earth	500,000	370,000	0.74	220,000	0.440
Canadian International	12,000	1,800	0.15	660	0.055
Carlisle Goldfields	200,000	50,000	0.25	40,000	0.200
Cayden Resources	34,613	250,000	7.22	53,304	1.540
Commerce Resources	3,756,178	2,015,958	0.54	1,070,511	0.285
Corex Gold	330,000	99,000	0.30	66,000	0.200
Cresval Capital	500,000	100,000	0.20	37,500	0.075
Critical Elements	1,050,000	307,125	0.29	152,250	0.145
Electric Metals	500,000	57,500	0.12	25,000	0.050
Elissa Resources	250,000	50,000	0.20	56,250	0.225
Equitas Resources	7,828,000	674,558	0.09	743,660	0.095
Fieldex Exploration	1,149,000	189,028	0.16	97,665	0.085
Galaxy Capital	500,000	65,000	0.13	75,000	0.150
Golden Touch Resources	50,000	27,912	0.56	7,250	0.145
Hybrid Fuels	230,000	50,051	0.22	4,600	0.020
Indigo Exploration	715,000	200,653	0.28	135,850	0.190
Kingsman Resources	499,000	100,237	0.20	29,940	0.060
Legend Power Systems	200,000	100,000	0.50	17,000	0.085
Meridex Software	1,400,000	140,000	0.10	70,000	0.050
Ocean Park Ventures	200,000	110,000	0.55	70,000	0.350
Open Gold	800,000	67,500	0.08	56,000	0.070
Prospero Silver	180,000	63,000	0.35	37,800	0.210
Quantum Rare Earth	2,707,750	524,136	0.17	392,623	0.145
Rare Earth Metals	1,000,000	326,250	0.33	115,000	0.115
Remstar Resources	995,000	99,500	0.10	49,750	0.050
Rio Silver	81,000	24,641	0.30	8,505	0.105
Strike Gold	500,000	167,500	0.34	85,000	0.170
Terrax Minerals	165,000	49,500	0.30	18,150	0.110
Tosca Mining	300,000	105,000	0.35	51,000	0.170
Ultra Lithium	500,000	49,107	0.10	20,000	0.040
Universal Wing	600,000	73,000	0.12	33,000	0.055
Western Pacific Resources	200,000	101,799	0.51	64,000	0.320
Western Potash	2,148,821	164,707	0.08	2,600,073	1.210
		7,628,244		**6,932,802**	

(Unaudited - Expressed in Canadian Dollars)

7. INVESTMENTS (continued)

	Available-for Sale Investments as at November 30, 2011				
Stock	**Volume**	**Cost Base**		**Market Base**	
		$	$/Share	$	$/Share
Altan Rio Minerals	850,000	255,000	0.30	255,000	Cost
Canadian Strategic Metals	1,666,667	100,000	0.06	100,000	Cost
Discovery Harbour	2,020,000	202,000	0.10	202,000	Cost
Fenwick Minerals	1,580,002	27,902	0.02	27,902	Cost
Jack's Fork Exploration	1,670,000	250,579	0.15	250,579	Cost
Mogul Ventures	1,000,000	250,000	0.25	250,000	Cost
Pacific Polar Energy Group	2,000,000	200,000	0.10	200,000	Cost
PAX Food	46,800	149,688	3.20	149,688	Cost
Regal Uranium	200,000	20,000	0.10	20,000	Cost
Spiral Exploration	20	100,000	5,000.00	100,000	Cost
Tamaka Gold	285,000	99,750	0.35	99,750	Cost
Tru Vision	500,000	75,000	0.15	75,000	Cost
Tyko Resources	400,000	80,000	0.20	80,000	Cost
		1,809,919		**1,809,919**	

Investments in warrants	**Number of Warrants**	**Expiry Date**	**Exercise Price**	**Fair Value**	**Market Value $/Share**	
Altan Rio Minerals	425,000	January 8, 2012	0.50	-	0.00	*
Amerix Precious Metals	166,667	November 30, 2012	0.33	2,368	0.09	
Arctic Star Exploration	115,000	September 30, 2012	0.50	15,037	0.18	
Brixton Metals	200,000	November 30, 2012	0.40	1,000	0.01	
Brixton Metals	400,000	August 11, 2013	0.25	2,000	0.01	
Carlisle Goldfield	100,000	February 4, 2013	0.35	6,328	0.20	
Cayden Resources	17,307	February 9, 2013	4.00	6,467	1.54	
Corex Gold	165,000	August 11, 2012	0.45	1,895	0.20	
Cresval Capital	500,000	April 17, 2013	0.30	13,270	0.08	
Critical Elements	340,000	March 4, 2012	0.45	-	0.15	*
Dynasty Gold	1,000,000	June 9, 2013	0.12	-	0.04	*
Elissa Resources	250,000	March 4, 2013	0.30	26,137	0.23	
Equitas Resources	500,000	January 4, 2012	0.10	1,085	0.10	
Equitas Resources	1,030,000	June 2, 2012	0.10	13,073	0.10	
Galaxy Capital	500,000	November 30, 2013	0.175	26,867	0.18	
Indigo Exploration	70,000	July 24, 2012	0.50	1,405	0.19	
Ocean Park Ventures	100,000	May 11, 2013	0.85	8,626	0.35	
Prospero Silver	180,000	March 18, 2012	0.50	587	0.21	
Regal Uranium	100,000	2 years from IPO	IPO	-	0.00	*
Tamaka Gold	285,000	September 7, 2013	0.50	-	0.00	*
Terrax Minerals	82,500	June 2, 2012	0.40	518	0.11	
Tosca Mining	300,000	March 28, 2012	0.45	16	0.17	
Balance, November 30, 2011				**126,679**		
Investment in GIC, November 30, 2011				**23,000**		
Total value of investments, November 30, 2011				**$ 8,892,400**		

* As of November 30, 2011, fair value of these warrants is $nil due to the shares of these companies are not publicly traded or $nil fair value calculated using Black-Scholes option model.

7. INVESTMENTS (continued)

As at May 31, 2012, the Company has a guaranteed investment certificate of $23,000 (November 30, 2011 - $23,000) with interest rate at prime minus 2.05%, issued on March 15, 2012 and maturing on March 15, 2013.

The Company classifies all of its investments other then equity method investees as investments at fair value through profit or loss, except for the investments in Abalor Minerals, Canadian Strategic Metals, Clermont Capital, Discovery Harbour, Fenwick Minerals (formerly Doubloon Resources), Jack's Fork Exploration, Kittson Metals, Mighty Venture Holdings, Mogul Ventures, Montan Capital, Moonraker Acquisition, Pacific Polar Energy, PAX Food AG, Portovello Gold, Regal Uranium, Tamaka Gold, Tru Vision, and Tyko Resources, which are classified as available-for-sale.

8. INVESTMENTS IN EQUITY METHOD INVESTEES

As at May 31, 2012, the Company owns 24.74% (November 30, 2011: 69.55%) of the total outstanding shares of Pasinex. Accordingly, due to the loss of control that occurred on March 9, 2012, the Company no longer consolidates the financial information of Pasinex, and instead accounts for Pasinex as an investment under the equity method. The investment in Pasinex is recorded at cost of $1,191,050 and is adjusted for $109,174 (November 30, 2011: $nil) of equity loss.

As at May 31, 2012, the Company owns 27% (November 30, 2011: 27%) of the total outstanding shares of Camisha Resources Corp. ("Camisha") (see Note 20). The Company exerts significant influence over Camisha and therefore Camisha is accounted for as an investment under the equity method. The investment in Camisha is recorded at cost of $150,000 and is adjusted for $50,176 (November 30, 2011: $36,878) of equity loss.

The Company acquired 5,165,000 common shares of Lakeland Resources Inc. ("Lakeland") for $437,975 during the year ended November 30, 2010, 1,025,000 common shares for $114,055 during the year ended November 30, 2011, and 256,000 common shares for $23,890 during the six months ended May 31, 2012. Of the 5,165,000 shares of Lakeland acquired in 2010, 3,000,000 of these shares were held by Pasinex, and are no longer included in the consolidated financial statements due to the loss of control in Pasinex (see above). At May 31, 2012, the Company owns 3,446,000 shares which represents 16.26% (November 30, 2011: 32%) of total issued and outstanding shares of Lakeland. Management has determined that the Company no longer has significant influence in Lakeland, and the Company ceased to account for the investment using the equity method. Starting from June 1, 2012, the remaining investment in Lakeland will be accounted for as an investment, held at fair market value (see Note 7).. As of November 30, 2011, such investment was accounted for using equity accounting, and being recorded at cost of $552,030 and adjusted for equity loss of $59,438 and dilution gain of $201,874.

9. MINERAL PROPERTY INTERESTS

<u>Zimtu Capital Corp. Properties</u>

Properties Held for Sale

During the six months ended May 31, 2012, the Company acquired a 50% interest in the following properties: Flora Lake Graphite Property, Griffith and Brougham Graphite Property, Munglinup Graphite Project, Quatre Milles Graphite Property, Beatty Bat Property, Labrador Trough Graphite Property, Lac Caron Graphite Property, Saskoba Gold Property, Fire Claims, and Portland Graphite Property.

9. MINERAL PROPERTY INTERESTS (continued)

Zimtu Capital Corp. Properties

Properties Held for Sale (continued)

During the year ended November 30, 2011, the Company acquired a 50% interest, by staking, in the following properties: Says Claims, Sul-Sud Claims, Blachford Rare Earth Property, Simon Lake Graphite Property, Deep Bay Graphite Property, Lavergne Rare Earth Property, Black Donald Graphite Properties, Henry Graphite Property and Irving Lake Gold Claims. Also during the year ended November 30, 2011 and subsequently to the year end, the Company opted to let Chickadee Creek, JD Property, Alberta Potash Properties, Apollo, Carbo Area, Perry River, Giscome, Says, Sul-Sud, Blais, Grace, Don, Quebec Gold Properties and Ren claims lapse and wrote off the related $57,964 spent on these claims.

Joint Venture Properties

Dahrouge Geological Consulting Corp. and 877384 Alberta Ltd.

The Company, Dahrouge Geological Consulting Corp. ("Dahrouge") and 877384 Alberta Ltd. ("877384") entered into mutual agreements which were executed verbally that Dahrouge and 877384 staked and holds the ownerships of the properties on behalf of the Company including AB Frac Sands, Deep Bay Graphite Property, Henry Graphite Property, Irving Lake Gold Claims, Amor Rare Earth Property, Lac LeClaire Rare Earth Claims, Simon Lake Graphite Property, Flora Lake Graphite Property, Zaharik Lake Graphite Property, Beatty Bat Gold Property, Labrador Trough Graphite Property, Lac Caron Graphite Property, and Saskoba Gold Property, which are still in good standing as at May 31, 2012.

Kubwa Property

On April 13, 2011, the Company entered into an agreement for the joint acquisition and sale of iron properties of merit in Australia with Kubwa Iron Ore Holdings Pty Ltd. ("Kubwa"). Kubwa is a private Australian company, wholly owned by Strategic Resource Management Pty Ltd. ("Strategic"). Zimtu will contribute $50,000 on signing of the agreement (paid) and contribute up to $50,000 to fund additional iron tenement applications for Kubwa (paid). After the 50/50% joint venture is formed, the proceeds from the sale of any or all of the tenements/permits will be shared equally by the Company and Kubwa; however, Zimtu will be entitled to the first portion of any cash consideration received for the tenements/permits equal to 50% of the amount contributed for additional tenement applications. If the maximum $50,000 is spent on additional tenement applications, Zimtu will be entitled to the first $25,000 of any cash consideration received.

MPH Consulting Ltd.

During the year ended November 30, 2011, the Company and MPH Consulting Ltd. (with president, Paul Sobie and executive VP, Bill Brereton) entered into a mutual agreement which was executed verbally that they were the legal and beneficiary holders of the mineral claims making up the Lavergne Rare Earth Property and Black Donald Graphite Properties. The proceeds from the Lavergne Property and Black Donald Properties will be shared on a 50(Zimtu)-25(Sobie)-25(Brereton)% joint venture basis. During the six months ended May 31, 2012, the parties entered into an agreement that they are the legal and beneficial holders of the mineral claims making up the Griffith and Brougham Graphite Property and the Portland Graphite Property.

9. MINERAL PROPERTY INTERESTS (continued)

Joint Venture Properties (continued)

Michel Robert

On December 28, 2011, the Company and Michel Robert entered into a mutual agreement which was executed verbally that they were the legal and beneficiary holders of the mineral claims making up the Quatre Milles Property. The proceeds from the Quatre Milles Property will be shared on a 50-50% joint venture basis.

Joint Venture Properties During the Year Ended November 30, 2011

Gary Lewis etc.

During the year ended November 30, 2011, the Company, Gary Lewis, Aubrey Budgell and Nehemiah Pinsent (collectively as "joint venturers") entered into mutual agreements which were executed verbally that they are the legal and beneficiary holders of the mineral claims in the Red Wine/Letitia Lake area of west central Labrador. The proceeds from the Red Wine/Letitia Lake properties will be shared on a 50(Zimtu)-20(Lewis)-15(Budgell)-15(Pinsent)% joint venture basis.

C&C Rare Earth Property

In 2009, the Company entered into an agreement with Cathro Resources Corp. and Cazador Resources Ltd. ("C&C") for the joint exploration of rare earth element claims of merit in Western Canada, known as the C&C Rare Earth Properties. The claims included in the C&C Rare Earth Properties are the Rare, Kin, Lindmark, Icey, Munroe, Hiren, Trident and Claire Claims. The Company and the other joint venturers contributed $10,000 (paid) each for the acquisition costs of the C&C Rare Earth Properties. The Company will commit $100,000 towards the advancement of the C&C Rare Earth Properties. The C&C Rare Earth Properties will be held on a 50-50% joint venture basis, and the proceeds from the sale of the property will be shared equally by the Company and the other joint ventures.

Javorsky Properties

In 2010, the Company entered into an agreement for the joint exploration of several rare earth element claims of merit in Western Canada, known as the Old Lime Stone, Zirconium Mountain, Cerium Mountain, Parry Creek, Port Hope and Odin Creek Cerium. The Company and the other joint venturer, Dave Javorsky ("Javorsky"), each contributed for the acquisition costs of the property. The property will be held on a 50-50% joint venture basis, and the proceeds from the sale of the property will be shared equally by the Company and Javorsky.

Zimtu Properties Farmed Out During the Six Months Ended May 31, 2012

Munglinup Graphite Project

On February 27, 2012, the Company and its prospecting partners signed an agreement with Pinestar Gold Inc. ("Pinestar") whereby Pinestar has an option to purchase a 100% interest in and to the Munglinup Graphite Project located in the Western Australia and eight additional graphite occurrences located in Australia. For its participation in the transaction, Zimtu will receive cash of $62,500 ($12,500 received) and staged payments of 1,750,000 common shares over a two-year period. Zimtu's prospecting partners will receive cash and share consideration equal to that of Zimtu. The vendors will collectively retain a 2% NSR royalty on the claims which can be purchased for $1 million. On May 11, 2012, Pinestar Gold Inc. terminated the letter agreement in place with the Company and its prospecting partner to acquire the Munglinup Graphite Property.

9. MINERAL PROPERTY INTERESTS (continued)

Zimtu Properties Farmed Out During the Six Months Ended May 31, 2012 (continued)

Sun Graphite Property

On March 1, 2012, the Company and its prospecting partners signed an agreement with Galaxy Capital Corp. ("Galaxy") whereby Galaxy has an option to purchase a 100% interest in and to the Sun Graphite Property located in the Quebec, Canada. For its participation in the transaction, Zimtu will receive cash of $25,000 ($7,500 received) and staged payments of 500,000 common shares (250,000 received with a fair value of $45,000) over a two-year period. Zimtu's prospecting partners will receive cash and share consideration equal to that of Zimtu. The vendors will collectively retain a 2% NSR royalty on the claims which can be purchased for $1 million. The agreement was approved by the TSX-V on March 9, 2012.

Big North Lake Graphite Property

On March 27, 2012, the Company and its prospecting partners signed an agreement with Big North Graphite Corp. (formerly Big North Capital Inc.) ("Big North") whereby Big North has an option to purchase a 100% interest in and to the Big North Lake Graphite Property located in Quebec, Canada. For its participation in the transaction, Zimtu will receive cash of $20,000 (received) and staged payments of 750,000 common shares (375,000 shares received with a fair value of $65,625) over a fourteen-month period. Zimtu's acquisition partners will receive cash and share consideration equal to that of Zimtu. The vendors will collectively retain a 2% NSR royalty on the claims which can be purchased for $1 million. The agreement was approved by the TSX-V on April 24, 2012.

Wagon Graphite Property

On February 1, 2012, the Company and its prospecting partners signed an agreement with Strike Graphite Corp. ("Strike") whereby Strike has an option to purchase a 100% interest in and to the Wagon Graphite Properties located in the Quebec, Canada. For its participation in the transaction, Zimtu will receive cash of $12,500 ($7,500 received) and staged payments of 375,000 common shares (125,000 shares received with a fair value of $42,500) over a one-year period. Zimtu's acquisition partners will receive cash and share consideration equal to that of Zimtu. The vendors will collectively retain a 2% NSR royalty on the claims which can be purchased for $1 million. The agreement was approved by the TSX-V on April 11, 2012.

Griffith and Brougham Graphite Properties

On March 8, 2012, the Company and its prospecting partners signed an agreement with Big North Graphite Corp. (formerly Big North Capital Inc.) ("Big North") whereby Big North has an option to purchase a 100% interest in and to the Griffith and Brougham Graphite Properties located in Ontario, Canada. For its participation in the transaction, Zimtu will receive cash of $40,000 (received) and staged payments of 1,000,000 common shares (500,000 shares received with a fair value of $75,000) over a two-year period. Zimtu's acquisition partners will receive cash and share consideration equal to that of Zimtu. The vendors will collectively retain a 2% NSR royalty on the claims which can be purchased for $1 million. The agreement was approved by the TSX-V on April 24, 2012.

9. MINERAL PROPERTY INTERESTS (continued)

Zimtu Properties Farmed Out During the Six Months Ended May 31, 2012 (continued)

Henry Graphite Property

On March 26, 2012, the Company and its prospecting partner signed an agreement with First Graphite Corp. ("First Graphite") (formerly Solace Resources Corp.) whereby First Graphite has an option to purchase a 100% interest in and to the Henry Graphite Property located in Saskatchewan, Canada. For its participation in the transaction, Zimtu will receive staged cash payments of $77,500 (received) and staged payments of 1,000,000 common shares (350,000 shares received with a fair value of $140,000) over a two-year period. Zimtu's acquisition partners will receive cash and share consideration equal to that of Zimtu. The vendors will collectively retain a 2% NSR royalty on the claims. The agreement was approved by the TSX-V on April 13, 2012.

Flora Graphite Property

On May 2, 2012, the Company and one of its prospecting partners signed an agreement with Olympic Resources Ltd. ("Olympic") whereby Olympic has an option to purchase a 100% interest in and to the Flora Lake Graphite Property located in Labrador, Canada. For its participation in the transaction, Zimtu will receive staged cash payments of $30,000 ($15,000 received at May 31, 2012 and $15,000 received subsequent to May 31, 2012) and staged payments of 1,500,000 common shares (750,000 shares received and fair valued at $82,500 subsequent to May 31, 2012) over a fourteen-month period. Zimtu's acquisition partners will receive cash and share consideration equal to that of Zimtu. The vendors will collectively retain a 2% NSR royalty on the claims which can be purchased for $1 million. The agreement was approved by the TSX-V on May 31, 2012.

Quatre Milles Extension

On May 7, 2012, the Company and its prospecting partners signed an agreement with Lomiko Metals Inc. ("Lomiko") whereby Lomiko has an option to purchase a 100% interest in and to the Quatre Milles - Extension located in the Quebec, Canada. For its participation in the transaction, Zimtu will receive cash of $1,000 and 600,000 common shares. Zimtu's acquisition partners will receive cash and share consideration equal to that of Zimtu. The agreement is subject to approval by the TSX-V.

Zimtu Properties Farmed Out During the Year Ended November 30, 2011

7 Rare Earth Element Properties

On December 15, 2010, Critical Elements Corp. (formerly First Gold Exploration Inc.) announced that it had signed an agreement with the Company and its joint venture partners, C&C, to acquire a 100% interest in seven rare earth element (REE) and niobium properties in southeastern British Columbia. For its participation in the transaction, the Company will receive staged payments of $62,500 cash (received) and share payments totalling 2,000,000 common shares (1,000,000 shares received and fair valued at $290,000 in 2011 and 500,000 shares received and fair valued at $70,000 during the three months ended February 29, 2012) over a two year period. Zimtu's partners, C&C, will together receive cash and share consideration equal to that of Zimtu. During the term of the agreement Critical Elements shall ensure that the claims are maintained in good standing. The vendors will retain a 2% NRS royalty on the properties; 1% of which can be purchased by Critical Elements for $1-million and the second 1% of which can be purchased by Critical Elements for $5-million. The transaction was accepted by the TSX-V on January 5, 2011. During the six months ended May 31, 2012, the net proceeds of $70,000 (2011: $220,784) received is recognized as revenue from property sale.

9. MINERAL PROPERTY INTERESTS (continued)

Zimtu Properties Farmed Out During the Year Ended November 30, 2011 (continued)

Old Lime Stone Property

On November 17, 2010, the Company and one of its prospecting partners optioned a 100% interest in the Old Lime Stone property to Arctic Star Exploration Corp. (formerly Arctic Star Diamond Corp.) ("Arctic Star"), a company affiliated to a director of the Company. In consideration for the option, the Company will receive staged cash payments totalling $25,000 (received) and 1,000,000 common shares (500,000 shares received with a fair value of $22,500 and 41,667 post-consolidated shares with a fair value of $6,250). The vendors will retain a 2% NSR royalty on the properties. The agreement was accepted by the TSX-V on December 16, 2010. During the six months ended May 31, 2012, the net proceeds of $6,250 (2011: $39,855) received is recognized as revenue from property sale.

Cap and Seebach Properties

On November 17, 2010, the Company and one of its prospecting partners optioned a 60% interest in the Cap and Seebach properties to Arctic Star. In consideration for the option, the Company received cash payments totalling $87,500 (paid) and 2,500,000 common shares (received). The vendors will retain a 2% NSR royalty on the properties and shall be operators until Arctic Star has earned its 60% interest. As operators, the vendors will receive a 10% administration fee on exploration expenditures by Arctic Star.

On July 27, 2011, Arctic Star announced an amendment to the agreement such that Arctic Star can now earn a 100% interest (formerly only a 60% interest) in the Cap and Seebach properties by making an additional cash payment to the Company of $58,333 (paid) and issuing 138,889 common shares to the Company (received) within three days of TSX Venture Exchange acceptance of the amended agreement, as well as incurring exploration expenditures totalling $300,000 over three years (formerly $5-million). Zimtu's partner, 877384 Alberta Ltd. received additional cash and share consideration equal to that of Zimtu. The vendors will retain a 2% NSR royalty on the properties. Arctic Star will be operator during the term of the option. The amending agreement was accepted by the TSX-V on August 24, 2011. During the six months ended May 31, 2012, the net proceeds of $nil (2011: $274,800) received is recognized as revenue from property sale.

Goeland Rare Earth Property

On January 6, 2011, Canada Rare Earths Inc. (formerly Canada Gas Corp.) announced that it had signed an agreement with the Company and one of its prospecting partners to acquire a 100% interest in the Goeland Rare Earth Property, located 215 km north of Val d'Or in the Abitibi region of Quebec. For its participation in the transaction, the Company will receive $12,500 cash on signing (received) and staged share payments totalling 1,250,000 common shares (500,000 shares received and fair valued at $370,000 in 2011 and 250,000 shares received and fair valued at $92,500 during the three months ended February 29, 2012) over a 36 month period. The vendors will retain a 2% NSR royalty on the properties. Zimtu's partner will receive cash and share consideration equal to that of Zimtu. The transaction was accepted by the TSX-V January 21, 2011. During the six months ended May 31, 2012, the net proceeds of $92,500 (2011: $382,500) received is recognized as revenue from property sale.

9. MINERAL PROPERTY INTERESTS (continued)

Zimtu Properties Farmed Out During the Year Ended November 30, 2011 (continued)

Montviel Rare Earth Property

On April 5, 2011, Zimtu and three prospecting partners announced that they signed an agreement with Electric Metals Inc. (“Electric”) whereby Electric can earn a 100% interest in eight rare earth element properties located in the Abitibi region of Quebec near Geomega's Montviel Rare Earth Property. For its participation in the transaction, the Company will receive staged cash payments of $62,500 ($12,500 received) and staged share payments totalling 1,375,000 common shares (500,000 shares received and fair valued at $57,500) over a two year period. Zimtu's three prospecting partners will each receive cash and share considerations equal to that of Zimtu. The vendors will collectively retain a 2% NSR royalty on the properties; 1% of which can be purchased by Electric for $500,000. The transaction was accepted by the TSX-V July 29, 2011. During the six months ended May 31, 2012, the net proceeds of $nil (2011: $54,261) received is recognized as revenue from property sale. On June 20, 2012, the parties voluntarily terminated the agreement. In consideration, Electric will issue 125,000 common shares to the Company

Lavergne Rare Earth Element Prospect

On June 7, 2011, the Company announced that Zimtu and two prospecting partners have completed an agreement with Rare Earth Metals Inc. ("Rare Earth") whereby Rare Earth can earn a 100% interest in 40 unpatented claim units totaling 647 hectares that make up a part of their newly acquired Lavergne Rare Earth Element ("REE") Prospect located 80 kilometres east of Sudbury, Ontario. For its participation in the transaction, Zimtu will receive staged payments of $100,000 ($25,000 received) and 1,000,000 common shares (250,000 received and fair valued at $47,500 in 2011 and 250,000 shares received and fair valued at $40,000 during the six months ending May 31, 2012) over a 24-month period. Zimtu's two prospecting partners will together receive cash and share consideration equal to that of Zimtu. The vendors will collectively retain a 2% NSR royalty on the claims; 1% of which can be purchased by Rare Earth for $1,000,000. The agreement was accepted by the TSX-V on June 17, 2011. During the six months ended May 31, 2012, the net proceeds of $40,000 (2011: $65,695) received is recognized as revenue from property sale. On June 11, 2012, the agreement was amended to reduce the cash payment to $25,000 (received) and 900,000 common shares (500,000 shares received prior to May 31, 2012 and 400,000 shares received and fair valued at $20,000 received subsequent to May 31, 2012) over a one year period. All other aspects of the agreement remain the same.

Blachford Rare Earth Element Property

On June 16, 2011, the Company announced that Zimtu and one of its prospecting partners have signed an agreement with First Graphite Corporation (“First Graphite”) (formerly Solace Resources Corp.) whereby Solace can earn a 100% interest in the Blachford Rare Earth Element ("REE") Property located in the Northwest Territories approximately 100 kilometres southeast of the city of Yellowknife. The property is contiguous to Avalon Rare Metals Inc.'s ("Avalon") Thor Lake REE Project. For its participation in the transaction, Zimtu will receive staged payments totalling $100,000 ($12,500 received in 2011 and $37,500 received during the three months ended February 29, 2012) and 1,250,000 common shares (500,000 shares received and fair valued at $42,500 during the three months ended February 29, 2012) over an 18-month period. Zimtu's partner, 877384 Alberta Ltd. will receive cash and share consideration equal to that of Zimtu. The vendors will collectively retain a 2% NSR royalty on the property; 1% of which can be purchased by Solace for $750,000. The agreement was accepted by the TSX-V on November 30, 2011. During the six months ended May 31, 2012, the net proceeds of $80,000 (2011: $12,500) received is recognized as revenue from property sale

9. MINERAL PROPERTY INTERESTS (continued)

Zimtu Properties Farmed Out During the Year Ended November 30, 2011 (continued)

Deep Bay East and Simon Lake Graphite Properties

On September 1, 2011, the Company and one of its prospecting partners signed an agreement with Strike Graphite Corp. (formerly Strike Gold Corp.) ("Strike") whereby Strike has an option to purchase a 100% interest in and to the Deep Bay East and Simon Lake Flake Graphite Properties located in the Saskatchewan, Canada. For its participation in the transaction, Zimtu will receive staged payments of $162,500 ($87,500 received) and 1,500,000 common shares (500,000 shares received and fair valued at $167,500 in 2011 and 500,000 shares received and fair valued at $155,000 during the six months ended May 31, 2012) over a 14-month period. Zimtu's prospecting partner will received cash and share consideration equal to that of Zimtu. The vendors will collectively retain a 3% NSR royalty on the claims. The agreement was accepted by the TSX-V on September 6, 2011. During the six months ended May 31, 2012, the net proceeds of $205,000 (2011: $187,809) received is recognized as revenue from property sale.

Quatre Milles Graphite Property

On November 11, 2011, the Company and its prospecting partners signed an agreement with Lomiko Metals Inc. ("Lomiko") whereby Lomiko has an option to purchase a 100% interest in and to the Quatre Milles Graphite Property located in the Quebec, Canada. For its participation in the transaction, Zimtu will receive cash of $25,000 ($12,500 received) and staged payments of 2,000,000 common shares (500,000 shares received with a fair value of $55,000) over a two-year period. Zimtu's acquisition partners will receive cash and share consideration equal to that of Zimtu. The vendors will collectively retain a 2% NSR royalty on the claims which can be purchased for $1 million. The agreement was approved by TSX-V on March 26, 2012. During the six months ended May 31, 2012, the net proceeds of $54,258 (2011: $12,500) received is recognized as revenue from property sale.

Black Donald, Little-Bryan and Beidelman-Lyall Graphite Properties

On November 2, 2011, the Company and its prospecting partners signed an agreement with Standard Graphite Corp. (formerly Orocan Resource Corp.) ("Standard") whereby Standard has an option to purchase a 100% interest in and to the Black Donald, Little-Bryan, and Beidelman-Lyall Graphite Properties located in the Ontario, Canada. For its participation in the transaction, Zimtu will receive cash of $12,500 (received) and staged payments of 1,000,000 common shares (350,000 shares received and fair valued at $91,000 received at May 31, 2012 and 150,000 shares received and fair valued at $31,500 subsequent to May 31, 2012) over a two-year period. Zimtu's prospecting partners will receive cash and share consideration equal to that of Zimtu. The vendors will collectively retain a 2% NSR royalty on the claims which can be purchased for $1 million. The agreement was approved by the TSX-V on December 9, 2011. During the six months ended May 31, 2012, the net proceeds of $nil (2011: $103,500) received is recognized as revenue from property sale

Property Advisory Services During the Year Ended November 30, 2011

Canadian International Minerals Inc.

During the year ended November 30, 2009, the Company assisted Canadian International Minerals Inc. ("CIN") in the optioning of 52 mineral claims in the Thunder Bay Mining Division, Ontario known as the Deadhorse Creek Rare Earth Property. In consideration for its assistance, the Company received 100,000 shares in the first year and 92,500 shares on the first anniversary. The Company will receive $5,000 of common shares for each anniversary of the agreement in 2011, 2012 and 2013. Subsequent to May 31, 2012, the Company received $7,850 cash in lieu of shares for the 2011 payment.

(Unaudited - Expressed in Canadian Dollars)

9. MINERAL PROPERTY INTERESTS (continued)

Property Advisory Services During the Year Ended November 30, 2011 (continued)

Jungle Well and Laverton Projects

The Company participated in Quantum Rare Earth Developments Corp ("Quantum") and Silver Mountain Mines Corp. ("Silver Mountain") acquisition of Northeast Minerals Pty. Ltd ("Northeast"), a private Australian company that owns 100% interest in the Jungle Well and Laverton Rare Earth Projects. For its participation, the Company received 500,000 shares of Quantum and $33,333 following completion of a merger between Quantum and Silver Mountain.

Pasinex Resources Limited Properties

As at May 31, 2012, the Company owns 24.74% (November 30, 2011: 69.83%) of the issued and outstanding common shares of Pasinex. Prior to the loss of control on March 9, 2012, the Company included the value of properties held by Pasinex. Following the loss of control, those properties are no longer included in the financial statements.

Property expenditures for the six months ended May 31, 2012:

		Pasinex Properties		Zimtu Properties		Totals
Balance, beginning of year	$	**424,831**	$	**250,898**	$	**675,729**
Acquisition costs		**15,633**		**343,174**		**358,807**
Assay		**141**		**-**		**141**
Reports and mapping		**10,078**		**-**		**10,078**
		25,852		**343,174**		**369,026**
Sale of properties		**-**		**(136,343)**		**(136,343)**
Impairment of property		**-**		**(2,080)**		**(2,080)**
Loss of control in subsidiary		**(450,683)**		**-**		**(450,683)**
Balance, end of period	$	**-**	$	**455,649**	$	**455,649**

Property expenditures for the year ended November 30, 2011:

		Pasinex Properties		Zimtu Properties		Totals
Balance, beginning of year	$	**408,057**	$	**288,037**	$	**696,094**
Acquisition costs		**15,000**		**282,194**		**297,194**
Accommodation and travel		**865**		**-**		**865**
Assay		**65**		**-**		**65**
Equipment rental & supplies		**151**		**-**		**151**
Geological expenses		**1,596**		**-**		**1,596**
Reports and mapping		**(903)**		**-**		**(903)**
		16,774		**282,194**		**298,968**
Impairment of mineral properties		**-**		**(57,964)**		**(57,964)**
Sale of properties		**-**		**(261,369)**		**(261,369)**
Balance, end of year	$	**424,831**	$	**250,898**	$	**675,729**

(Unaudited - Expressed in Canadian Dollars)

10. PROPERTY AND EQUIPMENT

Cost		**Office Furniture**		**Leasehold Improvements**		**Computer Equipment**		**Total**
December 1, 2010	$	164,013	$	113,010	$	19,228	$	296,251
Additions		1,349		(11,846)		2,436		(8,061)
November 30, 2011	$	165,362	$	101,164	$	21,664	$	288,190
Additions		-		-		-		-
May 31, 2012	**$**	**165,362**	**$**	**101,164**	**$**	**21,664**	**$**	**288,190**
Accumulated depreciation								
December 1, 2010	$	55,800	$	21,100	$	7,852	$	84,752
Additions		55,008		20,410		9,848		85,266
November 30, 2011	$	110,808	$	41,510	$	17,700	$	170,018
Additions		27,561		10,205		3,894		41,660
May 31, 2012	**$**	**138,369**	**$**	**51,715**	**$**	**21,664**	**$**	**211,748**
Net book value								
December 1, 2010	$	108,213	$	91,910	$	11,376	$	211,499
November 30, 2011	$	54,554	$	59,654	$	3,964	$	118,172
May 31, 2012	**$**	**26,993**	**$**	**49,449**	**$**	**-**	**$**	**76,442**

11. SHARE CAPITAL

a) Authorized: Unlimited common shares without par value

b) Issued:

(i) During the Six Months Ended May 31, 2012

On May 2, 2012, the Company completed a non-brokered private placement of 1,261,388 common shares of the Company at a price of $1.20 per share for gross proceeds of $1,513,666. The securities issued are subject to a four-month hold period from the date of closing. The Company paid finder's fees of $46,542. Of the total gross proceeds, $162,000 was collected subsequent to May 31, 2012..

(ii) During the Year Ended November 30, 2011

During the year ended November 30, 2011, 476,427 share purchase warrants were exercised at $1.50 per share for proceeds of $714,641 and 44,100 stock options were exercised at $0.90 for proceeds of $39,690. Fair value of $51,277 of options exercised was transferred from contributed surplus to share capital.

(Unaudited - Expressed in Canadian Dollars)

11. SHARE CAPITAL (continued)

c) Warrants

A summary of the share purchase warrants is presented below:

	May 31, 2012			November 30, 2011		
	Number of Warrants		Weighted Average Exercise Price	Number of Warrants		Weighted Average Exercise Price
Outstanding, beginning of period	556,073	$	2.17	2,061,765	$	2.17
Exercised	-	$	1.50	(476,427)	$	1.50
Expired	(556,073)	$	2.17	(1,029,265)	$	2.40
Outstanding, end of period	-	$	-	556,073	$	2.40
Weighted average life (years)	-			0.08		

At May 31, 2012, the Company had nil (November 30, 2011: 556,703) share purchase warrants outstanding entitling the holders thereof the right to purchase one common share. The warrants have expired unexercised during the period.

May 31, 2012 Number of warrants	November 30, 2011 Number of warrants	Exercise Price	Expiry Date
-	556,073	$2.40	December 29, 2011
-	556,073		

d) Stock Option Plan

The Company has a Stock Option Plan (the "Plan") under which it is authorized to grant options to directors, officers, consultants or employees of the Company. At the Company's Annual General Meeting on July 6, 2011, the shareholders approved the number of options granted under the Plan to be fixed at 1,998,873 (2011 – 1,998,873), which is equal to 20% of the issued and outstanding shares. Options granted under the Plan have a maximum life of five years. Options granted to employees vest fully on grant. Options issued to investor relations consultants vest in stages over 12 months with one quarter of the options vesting in any three month period.

A summary of the stock option transactions under the Company's stock option plan is presented below:

	May 31, 2012			November 30, 2011		
	Number of Options		Weighted Average Exercise Price	Number of Options		Weighted Average Exercise Price
Outstanding, beginning of period	1,414,900	$	1.07	1,477,000	$	1.06
Exercised	-		-	(44,100)		0.90
Expired/cancelled	-		-	(18,000)		0.90
Outstanding, end of period	1,414,900	$	1.07	1,414,900	$	1.07
Weighted average life (years)	2.10			2.54		

(Unaudited - Expressed in Canadian Dollars)

11. SHARE CAPITAL (continued)

d) Stock Option Plan (continued)

At May 31, 2012, the Company had 1,414,900 (November 30, 2011: 1,414,900) stock options outstanding, entitling the holders thereof the right to purchase one common share as follows:

May 31, 2012 Number of options	**November 30, 2011** Number of options	Revised Exercise Price	Original Exercise Price	Expiry Date
543,900	543,900	$0.90	$1.50	August 27, 2013
290,000	290,000	n/a	$0.90	May 4, 2014
75,000	75,000	n/a	$0.90	June 1, 2014
96,000	96,000	n/a	$1.08	December 3, 2014
100,000	100,000	n/a	$1.35	April 5, 2015
310,000	310,000	n/a	$1.48	November 4, 2015
1,414,900	1,414,900			

e) Escrow Shares

The Company issued 200,000 common shares at a price of $0.50 per share to its directors, officers and founders for gross proceeds of $100,000. These shares are subject to an escrow agreement and are released in accordance with the CPC policy guidelines. An initial 10% was released on completion of the Qualifying Transaction and the remaining shares are released every six months. 100% of escrow shares were released as at May 31, 2012 and November 30, 2011.

12. ADVANCES AND AMOUNTS RECEIVABLE

The Company's current advances and amounts receivable consist mainly of costs related to the transfer of claims for a property purchased from the Company, as well as charges paid for by the Company on behalf of another Company and due for payment.

13. PREPAID EXPENSES AND DEPOSITS

The Company's current prepaid expenses consist mainly of marketing expenses paid in advance of service and advance payments made on the Company's credit card for marketing and travel expenses.

14. LOAN RECEIVABLE

The Company's loans receivable consist of:

a. a promissory note with a three year term ending August 19, 2013. The loan was used to purchase shares of Lakeland Resources Inc., and the borrower has the option to repay the loan in cash or shares, and
b. three promissory notes with terms of three years ending April 27, 2015. These loans are for the sale of shares of Pasinex to 3 individuals. The repayments coincide with the release of shares from escrow.

15. DEPOSITS

The Company's deposits consist of an amount equal to one month's basic rent, held by the landlord to be applied to the last month of rent in the Company's lease (see Note 18).

(Unaudited - Expressed in Canadian Dollars)

16. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities of the Company are due to service providers, mainly including management fees, professional fees and consulting fees. All accounts payable and accrued liabilities for the Company fall due within the next 12 months.

17. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	May 31, 2012	May 31, 2011
Income tax paid	$ -	$ -
Interest paid	$ -	$ -
Shares issued for property	$ 920,375	$ 1,040,000

18. LONG-TERM LEASE OBLIGATIONS

The Company leases premises under a long-term lease that expires September 1, 2014. The basic rent under the lease agreement is set out in the table below. In addition, the Company is required to pay realty taxes, maintenance, and other costs for the leased premises.

The rent payable in each of the next three fiscal years is as follows:

November 30, 2012	$109,690
November 30, 2013	110,176
November 30, 2014	82,632
	$302,498

19. GENERAL AND ADMINISTRATIVE EXPENSES

During the six months ended May 31, 2012 and 2011, the Company incurred the following general and administrative expenses:

	Three months ended May 31,		Six months ended May 31	
	2012	2011	**2012**	2011
Expenses				
Advertising and promotion	**$ 130,189**	$ 102,714	**$ 252,677**	$ 155,443
Amortization	**16,817**	21,883	**41,660**	43,645
Filing fees and transfer agent	**(4)**	12,085	**21,425**	23,235
Investor relations	**21,447**	21,478	**36,040**	42,840
Office, rent and telephone	**64,095**	51,343	**133,345**	117,940
Professional fees	**(34,200)**	34,137	**147,470**	84,250
Wages and benefits	**337,482**	303,849	**719,287**	637,935
	535,862	547,489	**1,351,904**	1,105,288

(Unaudited - Expressed in Canadian Dollars)

20. RELATED PARTY TRANSACTIONS

The Company incurred the following fees and expenses in the normal course of operations and are measured at the exchange amount.

	Six months ended May 31, 2012	May 31, 2011
Administration fees earned	**$**	**$**
Commerce Resources Corp.	540,000	540,000
Camisha Resources Corp.	15,000	15,000
Pasinex Resources Limited	45,000	30,000
Total fees earned	600,000	655,000
Wages paid to directors		
Total wages paid	242,569	220,925

Amounts due to (from) related parties	**May 31, 2012**	**November 30, 2011**	**December 1, 2010**
Commerce Resources Corp.	$ (28,518)	$ 31,825	$ 45,798
Pasinex Resources Limited	$ (256,057)	$ (188,583)	$ (93,725)
Total amount due from (to) related parties	$ (284,575)	$ (156,758)	$ (47,927)

All of the above transactions and balances are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Significant contracts related to these related party transactions are as follows:

The Company has entered into a Management Service Agreement with Commerce Resources Corp. (“Commerce”), a public company with common directors. Under the Management Service Agreement, the Company provides administrative and management services to Commerce for a fee of $90,000 per month plus applicable taxes. The contract has a term of one year and automatically renews for further terms as agreed to by the parties.

On June 1, 2010, the Company has entered into a Management Service Agreement with Camisha, a company accounted for as an investment under the equity method. Under the Management Service Agreement, the Company provides administrative and management services to Camisha for a fee of $2,500 per month plus applicable taxes. The contract has a term of one year and automatically renews for further terms as agreed to by the parties.

On May 15, 2008, the Company signed a management services agreement with Pasinex Resources Limited for the provision of administrative and managerial services for a period of 12 months. On November 30, 2008, the Company revised the agreement to reduce the fee from $25,000 per month to $12,500 per month commencing December 1, 2008, for the duration of the agreement. During the year ended November 30, 2010, the agreement was extended for a further 12 month term, until May 15, 2011 and the monthly remuneration to be paid to the Company for these services was at the rate of $5,000 per month. During the year ended November 30, 2011, this agreement continued on a month to month basis at a rate of $5,000 per month. During the current year, the Company signed an agreement for one year, at a rate of $12,500 per month, expiring on April 30, 2013.

(Unaudited - Expressed in Canadian Dollars)

21. SEGMENT INFORMATION

The Company's segment information is presented by industry according to the nature of their operations and the products and services they provide. Each of the Company's industry segments represents a strategic business unit offering products and services subject to different risks and returns from those of the other industry segments. Summary details of the industry segments are as follows:

(a) Investments in resource companies, mineral resource property acquisitions and dispositions segment;
(b) Management service and administrative service segment;
(c) Investment in stock, warrants and others
(d) Corporate segment

For the six months ended May 31, 2012

	Investment in mineral properties $	Management Service $	Investment in stock, warrants and others $	Corporate $	Total $
Revenue					
Administrative fees	-	700,488	-	-	700,488
Unrealized gain (loss) on investments	-	-	(1,411,013)	-	(1,411,013)
Gain (loss) on sale of investments	-	-	592,600	-	592,600
Income from property sale	1,064,032	-	-	-	1,064,032
	1,064,032	700,488	(818,413)	-	946,107
Segment assets	460,679	-	9,830,885	2,419,645	12,711,209
Expenditure for segment capital assets	369,027	-	-	-	369,027

For the six months ended May 31, 2011

	Investment in mineral properties $	Management Service $	Investment in stock, warrants and others $	Corporate $	Total $
Revenue					
Administrative fees	-	630,000	-	-	630,000
Unrealized gain (loss) on investments	-	-	(94,035)	-	(94,035)
Gain on sale of investments	-	-	1,459,953	-	1,459,953
Income from property sale	653,688	-	-	-	653,688
	653,688	630,000	1,365,918	-	2,649,606

(Unaudited - Expressed in Canadian Dollars)

21. SEGMENT INFORMATION (continued)

For the year ended November 30, 2011

Segment assets	755,759	-	8,892,400	2,227,028	11,875,187
Expenditure for segment capital assets	298,968	-	-	3,784	302,752

22. COMPARATIVE FIGURES

Certain comparative figures have been reclassified in order to conform to the current year's financial statements presentation.

23. FIRST TIME ADOPTION OF IFRS

The Company adopted IFRS effective December 1, 2011 with a transition date of December 1, 2010. These are the first Company's Interim Financial Statements prepared in accordance with IFRS. Prior to the adoption of IFRS, the Company prepared its financial statements in accordance with Canadian GAAP. The Company's financial statements for the year-ending November 30, 2012 are the first annual financial statements that will be prepared in accordance with IFRS. The Company has prepared its IFRS opening consolidated balance sheet as at its transition date of December 1, 2010. These unaudited consolidated financial statements have been prepared in accordance with the accounting policies described in Note 4. In preparing the Company's first annual consolidated financial statements under IFRS, the Company is required to use the standards in effect as of November 30, 2012 or prior. Accordingly, the opening balance sheet and financial statements for fiscal 2011 and 2012 may differ from these unaudited consolidated financial statements.

IFRS 1, First Time Adoption of International Financial Reporting Standards, requires that comparative financial information be provided. IFRS 1 requires first-time adopters to retrospectively apply all effective IFRS standards as of the reporting date, which for the Company will be November 30, 2012. However, it also provides for certain optional exemptions and certain mandatory exceptions for first IFRS adoption.

The Company has applied the following exemptions to its opening statement of financial position dated December 1, 2010:

<u>Mandatory exceptions</u>

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 there is objective evidence that those estimates were in error. The Company's IFRS estimates as of November 1, 2010 are consistent with its GAAP estimates for the same date.

Non-controlling interests

IFRS lists specific requirements of IAS 27 Consolidated and separate financial statements which are applied prospectively.

23. FIRST TIME ADOPTION OF IFRS (continued)

Elected exemptions

a) Share-based Payments

The Company has elected not to retrospectively apply IFRS 2 to awards that were granted and had vested prior to the Transition Date. As a result of applying this exemption, the Company will apply the provision of IFRS 2 only to all outstanding equity instruments that are unvested as at the Transition Date to IFRS.

b) Business combinations
The Company has elected to take the exemption and not to apply IFRS 3 Business Combinations, retrospectively to past business combinations that took place before the Transition Date. The Company has not restated business combinations that took place prior to December 1, 2010.

c) Fair value as deemed cost
The Company has not elected to measure any item of property, plant and equipment at its fair value at the Transition Date; property, plant and equipment have been measured at cost in accordance with IFRS which approximates costs in accordance with Canadian GAAP

While IFRS employs a conceptual framework that is similar to Canadian GAAP, some differences exist in certain matters of recognition, measurement and disclosure. The adoption of IFRS has resulted in no reclassifications in the Company's reported financial position as at December 1, 2010, May 31, 2011, and November 30, 2011, neither in the Company's statements of operations and comprehensive income and cash flows for the six months ended May 31, 2011 or the year ended November 30, 2011.

i) Reconciliation of Shareholders' Equity as Reported Under Canadian GAAP and IFRS

The transition from Canadian GAAP to IFRS required no change to equity as of December 1, 2010, May 31, 2011, and November 30, 2011.

ii) Reconciliation of Cash Flows as reported under Canadian GAAP to IFRS

The transition from Canadian GAAP to IFRS required no change to cash flow for the six months ended May 31, 2011 or the year ended November 30, 2011.

iii) Reconciliation of Assets and Liabilities as reported under Canadian GAAP to IFRS

The transition from Canadian GAAP to IFRS required no change to the reported asset and liability balances as of December 1, 2010 May 31, 2011, and November 30, 2011.

iv) Reconciliation of Other Comprehensive Income as reported under Canadian GAAP to IFRS

The transition from Canadian GAAP to IFRS required no change to other comprehensive income for the six months ended May 31, 2011 or the year ended November 30, 2011.

24. EVENTS AFTER THE REPORTING PERIOD

a. On June 8, 2012, the Company issued 20,833 shares at a price of $1.20 per share for gross proceeds of $25,000 in connection with the private placement that closed May 2012. The securities issued are subject to a four-month hold period from the date of closing.
b. On June 20, 2012, the agreement between the Company and Electric Metals Inc. for the purchase of the Montveil Property was terminated. The Company will receive 125,000 shares of Electric Metals in lieu of subsequent payments (see Note 9).
c. On June 29, 2012, the agreement between the Company and Remstar Resources Ltd. for the purchase of the Snip and Seebach Properties, originally signed on November 22, 2010, was amended. As a result, the Company will receive 2,000,000 common shares (1,000,000 shares received and fair valued at $100,000 during the year ended November 30, 2010) over five years (previously over two years) to the Company and incurring exploration expenditures of $850,000 over five years (previously over three years). Zimtu's partner will receive cash and share consideration equal to that of Zimtu. The vendors will retain a 2% NSR royalty on the properties.
d. On July 26, 2012, the Company announced that regulatory approval has been received for the acquisition by Pacific Potash Corp. (TSXv: PP) of all of the issued and outstanding securities of Moonraker Acquisition Corp. one of Zimtu's equity holdings. For its participation in the transaction, Zimtu will receive 2,500,000 common shares of Pacific Potash in exchange for the same number of shares in Moonraker held.