SOLOMON RESOURCES LIMITED

An Exploration Stage Company

Condensed Consolidated Interim Financial Statements

Three months ended October 31, 2012 and October 31, 2011

Unaudited

Expressed in Canadian Dollars

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SOLOMON RESOURCES LTD.

An Exploration Stage Company

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**NOTICE OF NO AUDITOR REVIEW OF
INTERIM FINANCIAL STATEMENTS**

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

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

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

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SOLOMON RESOURCES LIMITED

(an exploration stage company)

Condensed Consolidated Statement of Interim Financial Position
(unaudited - expressed in Canadian Dollars)

	Note		October 31, 2012	July 31, 2012
Assets				
Cash		$	286,964	281,261
Reclamation deposit	5		-	10,000
Receivables			36,150	18,966
Deposits			21,204	47,980
Prepaid expenses			13,815	30,737
Total current assets			358,133	388,944
Equipment	6		23,159	5,771
Mineral Property interests	7		180,397	30,374
Total non-current assets			203,556	36,145
Total assets		**$**	**561,689**	**425,089**
Liabilities				
Accounts payable and accrued liabilities		$	91,293	68,702
Due to related parties			121,536	306,129
Total liabilities			212,829	374,831
Equity				
Share Capital	8		30,155,272	29,472,747
Subscriptions received			-	300,000
Reserves			1,293,253	1,284,284
Accumulated Deficit			(31,099,665)	(31,006,773)
Total equity			348,860	50,258
Total equity and liabilities		**$**	**561,689**	**425,089**
Going concern	2			
Commitments	15			
Subsequent events	16			

The notes form an integral part of these condensed consolidated interim financial statements

Approved on behalf of the Board:

"Steve Vaughan"	*"Randy Rogers"*
Steve Vaughan, Director	**Randy Rogers, Director**

SOLOMON RESOURCES LIMITED

(an exploration stage company)

Condensed Consolidated Statements of Interim Comprehensive Income
(unaudited - expressed in Canadian Dollars)

		Three months ended October 31	
		2012	**2011**
General and Administrative Expenses			
Management fees	$	40,536	30,618
Travel, promotion and shareholder costs		9,246	10,649
Professional fees		20,873	21,038
Property investigation		-	8,304
Office and miscellaneous		18,700	10,833
Rent		9,000	9,447
Property maintenance		-	7,031
Transfer agent fees		490	983
Stock exchange fees		720	-
Amortization, less amortization capitalised		-	7,580
Total general and administrative expenses		99,565	106,483
Other items			
Oil and gas royalties		1,724	673
Interest received		-	5
Recovery of expenditures on mineral properties		5,179	27,868
Loss on disposal of equipment		(230)	-
Gain / (loss) on exchange		-	259
Total other items		6,672	28,805
Loss before income taxes		(92,893)	(77,678)
Income tax recovery / (Expense)	Note 9		
Current		-	-
Future income tax recovery		-	-
Comprehensive loss for the period	**$**	**(92,893)**	**(77,678)**
Loss per share - basic and diluted		(0.00)	(0.00)
Weighted average number of shares outstanding (basic and diluted)		29,469,015	24,669,972

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

SOLOMON RESOURCES LIMITED

(an exploration stage company)

Statement of Interim Changes to Shareholders' Equity

(unaudited - expressed in Canadian Dollars)

	Number of shares	Capital stock (note 8)	Subscriptions received	Contributed surplus	Accumulated deficit	Total equity
At July 31, 2011	**24,669,972**	**$ 29,348,425**	**-**	**1,237,575**	**(28,437,204)**	**2,148,796**
For the three months to October 31, 2011						
Net (loss) for the period		-	-	-	(77,678)	(77,678)
At October 31, 2011	**24,669,972**	**29,348,425**	**-**	**1,237,575**	**(28,514,882)**	**2,071,118**
For the nine months to July 31, 2012						
Net (loss) for the period		-	-	-	(2,491,891)	(2,491,891)
Shares issued for cash	2,000,000	155,000	-	-	-	155,000
Flow through share liability		(8,000)	-	-	-	(8,000)
Share subscriptions received		-	300,000	-	-	300,000
Share issue costs		(22,678)		1,166	-	(21,512)
Share based payments		-	-	45,543	-	45,543
At July 31, 2012	**26,669,972**	**$ 29,472,747**	**300,000**	**1,284,284**	**(31,006,773)**	**50,258**
For the three months to October 31, 2012						
Net (loss) for the period		-	-	-	(92,892)	(92,892)
Shares issued for cash	14,644,000	732,200	(300,000)	-	-	432,200
Share issue costs		(49,675)	-	8,969	-	(40,706)
At October 31, 2012	**41,313,972**	**$ 30,155,272**	**-**	**1,293,253**	**(31,099,665)**	**348,860**

SOLOMON RESOURCES LIMITED

(an exploration stage company)

Condensed Consolidated Statements of Interim Cash Flows
(unaudited - expressed in Canadian Dollars)

		Three months ended October 31	
		2012	**2011**
Operating activities			
Net loss for the period	$	(92,893)	(77,678)
Items not affecting cash			
Amortization		2,105	7,580
Loss on disposal of equipment		230	-
Operating cash flows		(90,558)	(70,098)
Changes in non-cash working capital			
Reclamation deposit		10,000	-
Tenement bond		-	(20)
Receivables		(17,184)	16,729
Deposits		26,776	-
Prepaid expenses		16,922	29,545
Accounts payable and accrued liabilities		22,591	(28,262)
Due to related parties		(184,593)	-
		(125,488)	17,992
Cash from (used in) operating activities		**(216,046)**	**(52,106)**
Financing activities			
Cash proceeds (net) on issue of new shares		397,249	-
Cash provided by financing activities		**397,249**	**-**
Investing activities			
Cash expended on mineral properties		(155,777)	(178,073)
Proceeds on disposal of equipment		5,541	-
Acquisition of equipment		(25,264)	(3,836)
Cash from (used in) investing activities		**(175,500)**	**(181,909)**
Inflow / (Outflow) of cash		**5,703**	**(234,015)**
Cash			
Beginning of period		281,261	263,179
End of period	**$**	**286,964**	**29,164**

Supplemental disclosure with respect to cash flows - note 10.
The notes form an integral part of these condensed consolidated interim financial statements.

1. NATURE OF OPERATIONS

Solomon Resources Limited (the "Company") was incorporated on August 1, 1989 under the laws of British Columbia. The Company is in the process of exploring and developing its mineral property interests and has not determined whether the properties contain economically recoverable reserves of ore. The Company has not earned significant revenues from its mineral property interests and is considered to be in the exploration stage. The Company's head office is at 2701B Highway 6, Box 938, Vernon, BC, Canada.

2. GOING CONCERN ASSUMPTION

The Company's financial statements have been prepared on a going concern basis, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

Several conditions cast doubt on the validity of this assumption. The business of mining exploration involves a high degree of risk and there is no assurance that current exploration projects will result in future profitable mining operations. The Company has no source of revenue, and has significant cash requirements to meet its administrative overhead, pay its debts and liabilities, and maintain its mineral interests. The ability of the Company to continue as a going concern and meet its commitments as they become due, including the acquisition, exploration and development of mineral properties, is dependent on the Company's ability to obtain the necessary financing. Management is planning to raise additional capital to finance operations and continue to explore mineral property interests. There is no assurance that these plans will be successful.

The Company reported comprehensive losses of $92,893 and $77,678 for the three months ended October 31, 2012 and 2011 respectively, and has an accumulated deficit in the exploration stage of $31,099,665 as at October 31, 2012 (July 31, 2012 - $31,006,773). Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will be able to continue this financing due to unpredictable economic conditions.

3. CURRENCY, BASIS OF PREPARATION AND ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

These condensed financial statements are stated in Canadian dollars, which is the Company's functional and reporting currency.

These condensed financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34') using accounting policies consistent with International Financial Reporting Standards ("IFRS").

The standards and interpretations within IFRS are subject to change and accordingly the accounting policies for the annual period that are relevant to these condensed consolidated financial statements will be finalized only when the financial statements are prepared for the year ending July 31, 2013.

The condensed consolidated financial statements include the accounts of the Company and its wholly-owned integrated subsidiaries, SRM XXK (a Mongolian corporation which was sold subsequent to the period), Avasca Inc. (a dormant British Columbia company), Valhalla Minerals U.S. Incorporated (a dormant Delaware corporation), Thor Gold Alaska Inc. (an inactive Alaskan Corporation) and Solomon (Australia) Pty. Ltd. (an Australian corporation, which was deregistered during the period). All significant intercompany balances and transactions have been eliminated.

4. SIGNIFICANT ACCOUNTING POLICIES

There have been no changes to the accounting policies used by the Company since the date of the last audited annual consolidated financial statements.

5. RECLAMATION DEPOSIT

The reclamation deposit in respect of a previously relinquished option to a mineral property interest in Canada in the amount of $10,000 was redeemed during the three months ended October 31, 2012.

6. EQUIPMENT

		Cost	Accumulated depreciation	Net book value
At July 31, 2012	$	90,964	(85,193)	5,771
Additions		25,264		25,264
Disposals		(90,964)	85,193	(5,771)
Depreciation for the period			(2,105)	(2,105)
At October 31, 2012	$	25,264	(2,105)	23,159

The additions and disposals represent the re-focussing of the Company from exploration for gold and other metals in the Yukon Territory to prospecting for tin and other metals in the Republic of Rwanda.

7. MINERAL PROPERTY INTERESTS

		Mongolia SRM	Ten Mile Creek	South West Yukon	Rurembo Rwanda	Other Properties	Total
		Note 8 (a)	Note 8 (b)	Note 8 (c)	Note 8 (d)	Note 8 (e)	
Balance, July 31, 2011	$	1,000	1,570,600	303,896	-	2	1,875,498
Expenditures during the period							
Personnel		-	53,243	44,911	3,139	-	101,293
Camp costs, travel and helicopter costs		-	66,892	24,803	18,849	-	110,544
Proceeds from camp rental		-	(18,000)	-	-	-	(18,000)
Mapping		-	27,218	6,413	-	-	33,631
Sampling		-	42,532	10,502	-	-	53,033
Options payments/land renewal payments		-	419	1,065	-	-	1,484
Staking costs		-	-	-	-	-	-
Write-down of expenditures		(1,000)	(1,734,524)	(391,587)	-	-	(2,127,111)
Balance, July 31, 2012	$	0	8,381	3	21,988	2	30,374
Expenditures during the period							
Personnel		-	-	-	96,301	-	96,301
Travel and accommodation		-	-	-	31,134	-	31,134
Field costs		-	-	-	22,502	-	22,502
Administration		-	-	-	8,468	-	8,468
Write-down of expenditures			(8,381)	-	-	-	(8,381)
Balance, October 31, 2012	$	0	0	3	180,392	2	180,397

(a) Mongolia

An agreement has been concluded to sell the Company's subsidiary in Mongolia for a nominal sum. The transfer of the subsidiary is pending under Mongolian corporate statute. The investment was written off in the year ended July 31, 2012.

(b) Ten Mile Creek, Yukon Territory

The Company's interest in the Ten Mile Creek option agreement was abandoned and written off during the year ended July 31, 2012. The Company's camp on the property earned modest revenue for the Company during the year ended July 31, 2012 and the revenue was netted off against the cost of the camp. During the three months ended October 31, 2012 the camp was demobilized and the remaining value was written off.

(c) South West Yukon

During the year ended July 31, 2012 the Company relinquished and wrote off the Jenn, Seamus, Tyke, Nis and Sek claim groups. The Company continues to hold the Pacer, Outpost and Rosie claim groups but has no plans for further work on the properties. Their values were written down to $1 each during the year ended July 31, 2012:

(i) The Pacer Claim Group comprises 236 mineral claims located approximately five kilometres west of the town of Haines Junction in the Front Ranges of the Kluane Mountains.
(ii) The Outpost Claim Group comprises 71 mineral claims located approximately fifty kilometres west of the town of Haines Junction.
(iii) The Rosie Claim Group comprises 217 mineral claims located approximately 58 kilometres north of Destruction Bay and 107 kilometres northwest of the village of Haines Junction.

(d) Rurembo Prospecting License, Republic of Rwanda

In July 2012, the Company signed a letter of intent ("LOI") with a group of private Canadian investors to acquire a 100% interest in the Rurembo Prospecting License in the Republic of Rwanda. An agreement was signed in October 2012 that confirmed and formalized the LOI.

During the three months ended October 31, 2012, the Company capitalized $158,404 in personnel, travel, administration and camp costs on the property. Included in deposits is $16,873 (2011 - $nil, July 2012 $43,650) in prepaid advances that are to be applied to future exploration on this project.

(e) Other Properties

(i) Sleitat Mountain, Alaska

The Company owns a 20% interest in the Sleitat Mountain Tin-Tungsten-Silver deposit near Dillingham, southwest Alaska. An 80% interest in the property is held by Osisko Mining Corp. The Company is responsible for 20% of any exploration or development expenditures incurred. Should the Company not participate in the expenditures, its interest in the property will be diluted in accordance with industry practice. If the Company's interest is diluted to less than a 10% participating interest, it will retain only a 1% NSR on subsequent production of any metals from the property. The property is not being actively explored and expenditures on the maintenance of the Company's interest in the property are therefore charged to property maintenance as incurred.

(ii) COL-Magnet Copper-Gold Property, British Columbia

Between December 2006 and May 2007, the Company acquired by on-line staking certain mineral claims in the Omineca Mining Division in north-central British Columbia.

No exploration work is planned the properties have been written down to a nominal value.

Environmental issues

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation.

The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company. As at October 31, 2012, the Company has no material obligations in respect to any of its properties.

Realization of assets

The investment in and expenditures on mineral properties comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal. Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore. The amounts shown for acquisition costs and deferred exploration expenditures represent costs incurred to date and do not necessarily reflect present or future values. These costs will be depleted over the useful lives of the properties upon commencement of commercial production or written off if the properties are abandoned or the claims allowed to lapse.

Title to mineral property interests

Although the Company has taken steps to verify the title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

8. SHARE CAPITAL

(a) Authorized

Unlimited common shares without par value

(b) Issued

Common shares without par value	Number of shares		Capital stock
October 31, 2011	24,669,972	$	29,348,425
July 31, 2012	26,669,972	$	29,472,747
October 31, 2012	41,313,972	$	30,164,241

During the three months ended October 31, 2012 14,644,000 new common shares were issued pursuant to a private placement that closed in two tranches (September 24 and October 31, 2012). Gross proceeds of $732,200 were raised, of which $300,000 had been received prior to July 31, 2012. The total legal, filing and brokerage cost of the issue, including the calculated value of finder warrants, was $49,675.

During the three months ended October 31, 2011 no new shares were issued.

During the nine months ended July 31, 2012 2,000,000 new common shares were issued for gross proceeds of $155,000. The total legal, filing and brokerage cost of the issue, including the calculated value of finder warrants, was $22,678.

(c) Stock options

The Company has an incentive stock option plan (the “Plan”) that allows it to grant share purchase options to its employees, directors, consultants and management company employees. Under the terms of the Plan, the exercise price of each option will not be lower than the lowest exercise price permitted by the TSX-V (currently $0.10). The Plan allows for a maximum of 10% of outstanding shares to be issued under the Plan.

Options have a maximum term of five years and terminate up to 90 days following the date on which an optionee ceases to be an employee, director, consultant or management company employee, and up to 30 days following the date on which an optionee who is engaged to provide investor relations activities ceases to be engaged to provide such services. In the case of the death of an optionee, the options terminate at the earlier of 12 months after the date of death and the expiration of the option period. Vesting of options is determined by the Board of Directors at the time the options are granted. Options issued to consultants providing investor relations activities must vest in stages over twelve months with no more than one-quarter of the options vesting in any three-month period.

Stock option activity was as follows:

	Number of Options Outstanding	Exercise Price	Weighted Average Exercise Price
Balance, July 31, 2011	1,924,000	$ 0.165 to $ 3.60	$ 0.43
Granted	705,000	$ 0.10	$ 0.10
Expired/Cancelled	(369,000)	$ 0.165 to $ 3.60	$ 0.62
Balance, July 31, 2012	2,260,000	$ 0.10 to $ 3.60	$ 0.30
Granted	200,000	$ 0.10	$ 0.10
Expired	0		
Balance, October 31, 2012	2,460,000	$ 0.10 to $ 3.60	$ 0.28

The value of options awarded are calculated using the Black Scholes method and expensed in the period of the award.

As at October 31, 2012 the following share purchase options were outstanding:

Expiry Date	Exercise Price	Number of shares
January 8, 2013	$ 3.600	20,000
October 2, 2013	$ 2.500	55,000
December 1, 2014	$ 0.265	520,000
December 17, 2015	$ 0.165	760,000
July 1, 2016	$ 0.170	200,000
December 16, 2016	$ 0.100	705,000
May 3, 2017	$ 0.100	200,000
Total		**2,460,000**

(d) Share purchase warrants

Share purchase warrants activity was as follows:

	Number of Warrants Outstanding	Exercise Price	Weighted Average Exercise Price
Balance, July 31, 2011	14,772,946	$ 0.15 to $ 0.40	$ 0.29
Issued	2,060,000	$ 0.10 to $ 0.15	$ 0.10
Exercised	0		
Expired	(13,854,212)	$ 0.15 to $ 0.40	$ 0.31
Balance, July 31, 2012	2,978,734	$ 0.10 to $ 0.30	$ 0.17
Issued	15,153,600	$ 0.10	$ 0.10
Exercised	0		
Expired	0		
Balance, October 31, 2012	18,132,334	$ 0.10 to $ 0.30	$ 0.11

As at October 31, the following share purchase warrants were outstanding. Under certain conditions the expiry date may be accelerated:

Expiry Date	Exercise Price	Number of Warrants
December 23, 2012	$ 0.10	16,000
December 23, 2012	$ 0.15	200,000
June 08, 2013	$ 0.30	918,734
November 30, 2013	$ 0.10	1,844,000
September 24, 2014	$ 0.10	6,564,000
October 31, 2014	$ 0.10	8,589,600
Total		**18,132,334**

9. INCOME TAXES

The Company has available losses that may be carried forward to apply against future years' income for income tax purposes. The approximate losses expire as follows:

Available to		Amount
2015	$	293,000
2026		559,000
2027		380,000
2028		5,000
2029		832,000
2030		492,000
2031		641,000
2032		483,000
	$	3,685,000

The tax losses above do not include approximately $3,631,000 that may be applied against future taxable income in the US expiring in 2015 nor do they include significant unrecognised tax benefits and unused tax losses for which no deferred tax assets have been recognised.

The Company's tax position is calculated annually and readers are referred to the audited consolidated financial statements for the year ended July 31, 2012 for further details.

10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Three months ending October 31		**2012**		**2011**
Income tax paid	$	0	$	0
Interest paid	$	0	$	0
Amortization of equipment included in mineral property interests	$	2,105	$	5,263
Mineral property interest expenditures included in accounts payable	$	18,576	$	43,094
Recovery of expenditure on mineral property interests previously written off	$	5,179	$	27,868
Write-down of expenditures on mineral property interests	$	0	$	0

11. SEGMENTED INFORMATION

The Company's one reportable operating industry segment is the exploration of mineral properties. Geographical information is as follows:

	31-Oct-12	July 31, 2012	July 31, 2011
ASSETS			
Canada	$ 5	$ 539,701	$ 419,969
Rwanda	203,551	21,988	-
Australia	-	-	4,120
Mongolia	-	-	1,000
	$ 203,556	$ 561,689	$ 425,089

12. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of its properties and to maintain a flexible capital structure for its projects for the benefit of its stakeholders. As the Company is in the exploration stage, it does not generate cash flows from operations. The Company's primary source of funds comes from the issuance of equity units. The Company does not use other sources of financing that require fixed payments of interest and principal due to lack of cash flow from current operations and is not subject to any externally imposed capital requirements.

The Company considers its capital under management to be all components of shareholders' equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares. Although the Company has been successful at raising funds in the past through the issuance of share capital, there can be no assurance that it will be successful in the future.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

Management reviews the capital structure on a regular basis to ensure that the above-noted objectives are met. There have been no changes to the Company's approach to capital management during the period.

13. FINANCIAL INSTRUMENTS - RISK MANAGEMENT

Financial instruments are classified as follows:

Cash – fair value profit and loss
Tenement bond and Reclamation deposit – held-to-maturity
Receivables (including Harmonized Sales Tax/Goods and Services Tax due from the Government of Canada) – as loans and receivables
Accounts payable– as other financial liabilities

The fair values of the Company's cash, reclamation deposit, receivables, and accounts payable equate to their carrying values due to the short-term maturity of these financial instruments.

The Company is exposed in varying degrees to a variety of financial instrument related risks, including credit risk, liquidity risk and market risk, which includes foreign currency risk, interest rate risk and other price risk. The types of risk exposure and the way in which such exposure is managed are provided below.

(a) Credit risk

Credit risk is the risk of potential loss to the Company if the counter party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to financial assets including cash, receivables, a reclamation deposit and a tenement bond. The Company's total exposure to credit risk is $72,714 (July 31, 2011 - $322,938, August 1, 2010 - 2010 - $612,517). The Company limits exposure to credit risk on cash through maintaining it with high-credit quality Canadian financial institutions. Receivables are made up of refundable sales taxes and royalties to be received from legacy joint ventures in oil and gas.

The Company's concentration of credit risk and maximum exposure thereto are as follows:

	October 31, 2012	July 31, 2012
Bank accounts – Canada	$ 286,964	277,252
Bank accounts – Australia	0	4,009
Reclamation deposit	0	10,000
Tenement bond	0	0
Receivables	36,150	18,966
	$ 323,114	300,227

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by forecasting the Company's cash flows required by operations and anticipated investing and financing activities and, where necessary, by withholding payments due to related parties. The Company has cash at October 31, 2012 in the amount of $286,964 (July 31, 2012 - $281,261). At October 31, 2012, the Company has current liabilities of $212,829 (July 31, 2012 - $374,831) made up of accounts payable and accrued liabilities which are due within 30 days of the year-end. The Company does not have any derivative financial liabilities.

(c) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market prices. The significant market risk exposures to which the Company is potentially exposed are:

(i) Foreign currency risk

The Company is exposed to foreign currency risk to the extent expenditures incurred or funds received and balances maintained by the Company are denominated in currencies other than the Canadian dollar. The Company is not currently exposed to any material currency risk. The Company does not manage currency risk through hedging or other currency management tools.

(ii) Interest rate risk

Interest rate risk consists of the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to significant other price risk.

14. RELATED PARTY TRANSACTIONS AND BALANCES

For the three months ended October 31	2012	2011
Total fees paid to directors, officers and a relative of a director	85,518	47,072
Of which - fees expensed	40,536	30,617
- fees capitalised to mineral property interests	44,981	16,455
Book value of office equipment sold to a relative of a director	5,771	-
Book value of debt settled with a relative of a director	5,541	-
Loss on disposal of equipment to a relative of a director	(230)	-
As at October 31	**2012**	**2011**
Advances to directors	5,000	5,000
Payable to directors, officers and a relative of a director	121,536	106,328

There are no fixed terms of repayment or interest for amounts payable to an officer, a director and a relative of a director.

15. COMMITMENTS

The Company is committed to monthly lease payments of $3,000 for its premises in Vernon B.C. and monthly rental of $4,000 for its premises in Kigali, Rwanda. The Kigali office has a one year renewable term. The lease payments schedule for the Vernon office is as follows:

2013		36,000
2014		36,000
2015		36,000
2016		21,000
	$	129,000

16. SUBSEQUENT EVENTS

There were no material events subsequent to October 31, 2012.