TERYL RESOURCES CORP.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

November 30, 2012

Responsibilities for Financial Statements

The accompanying financial statements for Teryl Resources Corp. (the "Company") have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"). These consolidated financial statements, which are the responsibility of management, are unaudited and have not been reviewed by the Company's auditors. Management believes the consolidated financial statements are free of material misstatement and present fairly, in all material respects, the financial position of the Company as at November 30, 2012 and the results of its operations, its cash flows and its statement of change in equity for the six months ended November 30, 2012.

TERYL RESOURCES CORP.
INTERIM STATEMENTS OF FINANCIAL POSITION
(Stated in Canadian Dollars)

	November 30 2012 $ (Unaudited)	May 31 2012 $
ASSETS		
Current		
Cash and cash equivalent	1,361,279	2,059,482
Amounts receivable and prepaid expenses	18,058	77,537
Promissory note receivable – related party (Note 8)	25,964	25,224
	1,405,301	2,162,243
Reclamation Bonds	8,778	8,778
Equipment (Note 5)	1,703	5,054
Mineral Property Interests (Note 7)	172,719	176,643
Deferred Exploration Expenditures (Note 7)	506,002	195,376
	2,094,503	2,548,094
LIABILITIES,		
Current		
Accounts payable	37,941	24,500
Accrued liabilities	3,800	39,384
Due to related parties (Note 8)	3,402	53,891
	45,143	117,775
SHAREHOLDERS' EQUITY		
Share Capital (Note 9)		
Authorized:		
100,000,000 common shares, voting, no par value		
5,000,000 preferred shares, non-voting, $1 par value		
Issued and outstanding: 71,605,605 and 72,678,605 common shares outstanding at November 30, 2012 and May 31, 2012 respectively	13,967,073	14,045,753
Reserves	726,617	701,825
Accumulated Other Comprehensive Loss	(108,360)	(83,160)
Deficit	(12,535,970)	(12,234,099)
	2,049,360	2,430,319
	2,094,503	2,548,094

Going Concern (Note 1) and **Subsequent Events** (Note 13)

Approved on behalf of the Board of Directors:

"John Robertson" Director   "Suzan El-Khatib" Director

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

TERYL RESOURCES CORP.
INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Stated in Canadian Dollars)
(Unaudited)

	Three months ended November 30 2012 $	Three months ended November 30 2011 $	**Six months ended November 30 2012 $**	Six months ended November 30 2011 $
General and Administrative Expenses				
Amortization of equipment	**201**	243	**364**	488
Filing and regulatory fees	**8,441**	7,896	**14,741**	11,446
Foreign exchange (gain) loss	**1,095**	2,559	**(1,352)**	4,206
Geological consulting	**-**	-	**2,000**	-
Consulting, management and directors' fees (Note 10)	**54,589**	25,509	**110,730**	52,403
Office and administrative	**11,127**	4,233	**24,316**	8,850
Office rent and utilities	**11,823**	3,578	**22,868**	6,508
Professional fees	**6,798**	4,700	**13,208**	9,660
Publicity, promotion and investor relations	**52,458**	20,943	**71,552**	35,609
Secretarial and employee benefits	**14,295**	6,062	**29,363**	12,883
Stock-based compensation (Note 9)	**-**	-	**24,792**	-
Operating Loss	**(160,827)**	(75,723)	**(312,582)**	(142,053)
Other Income (Expenses)				
Miscellaneous income	**1,887**	4,694	**4,742**	11,664
Interest income	**4,740**	-	**9,885**	-
Capital asset write-off	**-**	-	**(3,916)**	-
	6,627	4,694	**10,711**	11,664
Net Loss for the Period	**(154,200)**	(71,029)	**(301,871)**	(130,389)
Translation of foreign operations	**896**	24,919	**(25,200)**	29,305
Comprehensive Loss for the Period	**(153,304)**	(46,110)	**(327,071)**	(101,084)
Loss per Share – Basic and Diluted	**(0.002)**	(0.001)	**(0.004)**	(0.002)
Weighted Average Number of Common Shares Outstanding, Basic and Diluted	**72,089,045**	72,489,045	**72,385,436**	72,295,272

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

TERYL RESOURCES CORP.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Stated in Canadian Dollars)
(Unaudited)

	Six months ended November 30, 2012 $	Six months ended November 30, 2011 $
Cash flows from operating activities		
Net loss for the period	**(301,871)**	(130,389)
Items not affecting cash		
Amortization of equipment	**364**	488
Interest income	**(740)**	-
Stock-based compensation	**24,792**	-
Changes in non-cash working capital items		
Amounts receivable and prepaid expenses	**59,479**	2,064
Accounts payable and accrued liabilities	**(22,139)**	6,386
	(240,115)	(121,451)
Cash flows from (used in) investing activities		
Reclamation bonds	**-**	(3,300)
Purchase of office equipment	**(3,715)**	-
Deferred exploration expenditures	**(313,211)**	(21,299)
	(316,926)	(24,599)
Cash flows from financing activities		
Bank indebtedness	**-**	10,032
Advances from (to) related parties	**(50,489)**	64,122
Purchase of treasury shares	**(78,680)**	-
Share capital issued for cash	**-**	52,645
	(129,169)	126,799
Effect of foreign exchange	**(11,993)**	(66)
Decrease in cash	**(698,203)**	(19,251)
Cash, beginning of period	**2,059,482**	19,371
Cash, end of period	**1,361,279**	54
Supplementary disclosure of cash flow information:		
Interest paid	**-**	-
Income taxes paid	**-**	-

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

TERYL RESOURCES CORP.
INTERIM CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY
(Stated in Canadian Dollars)
(Unaudited)

	Share Capital			Accumulated Other Comprehensive		
	Number	Amount $	Reserves $	Loss $	Deficit $	Total $
Balance, May 31, 2011	**72,103,605**	**14,004,922**	**688,112**	**(1,084,750)**	**(11,467,769)**	**2,140,515**
Shares issued for cash, net of share issue cost	575,000	41,947	11,614	-	-	53,561
Fair value of broker warrants	-	(202)	202	-	-	-
Share issuance cost	-	(914)	-	-	-	(914)
Net loss for the period	-	-	-	-	(130,389)	(130,389)
Translation of foreign operation	-	-	-	29,305	-	29,305
Balance, November 30, 2011	**72,103,605**	**14,004,008**	**699,928**	**(1,055,445)**	**(11,598,158)**	**2,092,078**
Stock based compensation	-	-	1,897	-	-	1,897
Net loss for the period	-	-	-	-	(635,941)	(635,941)
Translation of foreign operation	-	-	-	972,285	-	972,285
Balance, May 31, 2012	**72,678,605**	**14,045,753**	**701,825**	**(83,160)**	**(12,234,099)**	**2,430,319**
Stock based compensation	-	-	24,792	-	-	24,792
Treasure share purchased and cancelled	(1,073,000)	(78,680)	-	-	-	(78,680)
Net loss for the period	-	-	-	-	(301,871)	(301,871)
Translation of foreign operation	-	-	-	(25,200)	-	(25,200)
Balance, November 30, 2012	**71,605,605**	**13,967,073**	**726,617**	**(108,360)**	**(12,535,970)**	**2,049,360**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Teryl Resources Corp. (the "Company") is a public company incorporated in British Columbia on May 23, 1980 and changed to its current name on February 28, 1984. Its shares are listed on the TSX Venture Exchange ("TSX-V"). The Company is in the business of mineral property acquisition and exploration. It also acquires oil and gas property interests and participates in drilling wells. The Company's registered office is located at #240 – 11780, Hammersmith Way, Richmond, BC, V7A 5E9.

These unaudited consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Several adverse conditions cast substantial doubt on the validity of this assumption. The Company continues to incur operating losses, has limited sources of operating cash flow, and no assurances that sufficient funding, including additional royalty revenue, will be available to conduct further exploration and development of its mineral property projects.

The Company's ability to continue as a going concern is dependent upon its ability to obtain the financing necessary to complete its mineral projects by receiving royalty payments, through joint ventures, realization of future profitable production or proceeds from disposition of its natural resource interests. At November 30, 2012 the Company had working capital of $1,360,158 (May 31, 2012 – $2,044,468) and accumulated deficit of $12,535,970 since inception. These consolidated financial statements do not include adjustments that would be necessary should it be determined that the Company may be unable to continue as a going concern.

If the going concern assumption was not appropriate for these financial statements, adjustments would be necessary in the carrying values of assets, liabilities, reported income and expenses and the balance sheet classifications used. Such adjustments could be material.

2. SIGNIFICANT CANADIAN ACCOUNTING POLICIES

a) Basis of accounting and principles of consolidation

These interim consolidated financial statements of the Company and its subsidiaries, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and International Accounting Standard ("IAS") 34 (Interim Financial Reporting). These interim consolidated financial statements have been prepared in accordance with the accounting policies the Company expects to apply to its May 31, 2013 annual financial statements. Those accounting policies are based on the IFRS standards and International Financial Reporting Interpretations Committee ("IFRIC") interpretations that the Company expects to be applicable at that time.

These interim consolidated financial report do not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes of financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that these financial statements be read in conjunction with the audited annual financial statements of the Company for the year ended May 31, 2012.

These interim consolidated financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on January 30, 2013.

2. SIGNIFICANT CANADIAN ACCOUNTING POLICIES (Continued)

b) Consolidation

These consolidated financial statements have been prepared in accordance with IFRS and include the accounts of the Company and its wholly-owned subsidiaries, Argon Investment Corporation (inactive) and Teryl, Inc. Teryl, Inc. was incorporated on November 17, 1988 in the state of Delaware and registered to do business in the USA, to hold and operate the Company's mineral property interests and oil and gas well interests located in the USA.

All inter-company transactions are eliminated upon consolidation.

c) Significant Accounting Judgments and Estimates

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the period.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

<u>Determination of functional currency</u>

The Company determines the functional currency through an analysis of several indicators such as expenses and cash flows, financing activities, retention of operating cash flows, and frequency of transactions with the reporting entity.

<u>Valuation of share-based payments</u>

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

<u>Income taxes</u>

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

<u>Depreciation for equipment</u>

Depreciation expense is allocated based on assumed asset lives. Should the asset life or depreciation rates differ from the initial estimate, an adjustment would be made in the operations of the period.

2. SIGNIFICANT CANADIAN ACCOUNTING POLICIES (Continued)

c) Significant Accounting Judgments and Estimates (Continued)

Economic recoverability and probability of future economic benefits of mineral properties

Management has determined that mineral property and deferred exploration costs incurred which were capitalized have future economic benefits and are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geological and metallurgic information, history of conversion of mineral deposits to proven and probable reserves, scoping and feasibility studies, accessible facilities, existing permits and life of mine plans.

d) Comparative Figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

e) New Standards and Interpretations

A number of new standards and interpretations issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committees, and amendments to standards and interpretations, are not yet effective for the six months ended November 30, 2012, and have not been applied in preparing these unaudited interim consolidated financial statements. The extent of the impact of adoption of these standards and interpretations on the consolidated financial statements of the Company has not been determined.

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Foreign exchange risk

The Company is primarily exposed to currency fluctuations relative to the Canadian dollar through expenditures that are denominated in US dollars. Also, the Company is exposed to the impact of currency fluctuations on its monetary assets and liabilities.

The operating results and the financial position of the Company are reported in Canadian dollars. Fluctuations in exchange rates will, consequently, have an impact upon the reported operations of the Company and may affect the value of the Company's assets and liabilities.

The Company currently does not enter into financial instruments to manage foreign exchange risk.

The Company is exposed to foreign currency risk through the following financial assets and liabilities that are denominated in United States dollars:

November 30, 2012	Cash	Accounts payable
	$180,364	$8,100

At November 30, 2012 with other variables unchanged, a +/-10% change in exchange rates would increase/decrease pre-tax loss by approximately +/- $17,226.

(Stated in Canadian Dollars)

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Interest rate and credit risk

The Company has no significant concentrations of credit risk arising from operations. The Company's current policy is to invest any significant excess cash in investment-grade short-term deposit certificates issued by reputable financial institutions with which it keeps its bank accounts and management believes the risk of loss to be remote. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

Receivables consist of goods and services tax due from the Federal Government. Management believes that the credit risk concentration with respect to receivables is remote.

Liquidity Risk

The Company has no recent history of profitable operations and its present business is at an early stage. As such, the Company is subject to many risks common to such enterprises, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources, and the lack of revenues. The Company has no investments in asset backed commercial paper.

In order to finance the Company’s exploration programs and to cover administrative and overhead expenses, the Company raises money through equity sales, from the exercise of convertible securities, loans from related parties and from the sale of investments. There can be no such assurance that it will be able to obtain adequate financing in the future or that the terms of any financing will be favourable. Many factors influence the Company’s ability to raise funds, including the state of the resource market and commodities prices, the climate for mineral exploration, the Company’s track record, and the experience and calibre of its management.

4. INVESTMENTS

At May 31, 2011, the Company wrote off its investments of 15,880 common shares of Linux Gold Corp., a company with directors in common as a result of other-than-temporary losses.

The Company classified its investments as available-for-sale, with revaluation gains and losses recognized in accumulated other comprehensive income (loss) and other-than-temporary losses recognized in net income (loss).

5. EQUIPMENT

	November 30 2012 $	May 31 2012 $
Furniture and fixtures – at cost	**2,230**	28,311
Less: Accumulated amortization	**(527)**	(23,257)
	1,703	5,054

(Stated in Canadian Dollars)

6. OIL AND GAS WELL INTERESTS

The Company owns a 6.5% working interest (4.680% net revenue interest) in the Peters No. 1 Well, in Fayette County, Texas, and a 7.5% working interest (5.79375% net revenue interest) in each of the C-S #1, Jancik #2 and Herrmann #4 wells, located in Burleson County, Texas. The carrying cost of these wells has been completely depleted.

The Company entered into agreements with IAS Energy, Inc., a company with common directors, to purchase 40% interests (subject to 40% net revenue interests to others) on May 18, 2006, in the Ken Lee #1 natural gas well for $103,045 ($92,500 US), on June 8, 2006, in the Elvis Farris #2 natural gas well for $104,461 ($92,500 US) and on July 31, 2006, in the Clarence Bright #1 natural gas well for $104,673 ($92,500 US). All three wells are located in Knox and Laurel Counties, Kentucky. The three wells commenced production late in 2006. During the May 31, 2008 year end, the Company wrote off the carrying costs of the wells to $Nil, since the wells have no proven economic reserves.

During the six months ended November 30, 2012 the Company recorded net revenue after production cost of $4,742 (2012 - $11,664) from the wells in Texas.

7. MINERAL PROPERTY INTERESTS

	Balance May 31 2012 $	Effect of Exchange Rate Changes $	**Balance November 30 2012 $**
Property acquisition costs			
Silverknife	32,001	-	32,001
Fish Creek	49,538	-	49,538
West Ridge	95,104	(3,924)	91,180
	176,643	**(3,924)**	**172,719**

Silverknife, Laird, BC, Canada

Pursuant to agreements between Reg Technologies Inc. ("Reg Tech"), SMR Investments Ltd. ("SMR"), Rapitan Resources Inc. ("Rapitan"), and Chevron Minerals Ltd. ("Chevron"), the Company acquired a 30% working interest in the Silverknife mineral claims, situated in the Liard Mining Division in the Province of British Columbia, subject to a 10% Net Profit Royalty ("NPR") to Rapitan and a 1% Net Smelter Returns to SMR. On December 21, 2010 the Company purchased the 10% NPR in the Silverknife property from Rapitan for consideration of 200,000 common shares of the Company issued at a fair value of $32,000 on January 25, 2011.

On April 20, 2012 the Company and Minewest Silver and Gold Inc. ("Minewest"), formerly 100% owned subsidiary of Reg Tech to which Reg Tech spun off 100% of its interest in the Silverknife claims, entered into an Exploration, Development and Mine Operating Agreement (the "Exploration Agreement") until the completion of mining and environmental restoration on the Property with initial participation interests of 70% and 30% for Minewest and the Company respectively. The Exploration Agreement was approved by the TSX Venture Exchange on September 7, 2012.

Fish Creek, Fairbanks, Alaska, USA

The Company and Linux Gold Corp. ("Linux") entered into an agreement on March 5, 2002, whereby the Company may earn up to a 50% interest in the Fish Creek mineral claims, located in the Fairbanks district of Alaska, USA, by expending $500,000 US within three years and issuing 200,000 common shares (issued on December 16, 2002 at $0.08 per share). An additional 100,000 shares were issued on February 14, 2007 at $0.16 per share in payment of an extension of the expenditure date to March 5, 2007, which was further extended to March 5, 2011. Linux will have a 5% Net Profit Interest until the Company pays $2,000,000 US. On March 4, 2011 the Company and Linux further amended the agreement to extend the option agreement to March 5, 2012.

7. MINERAL PROPERTY INTERESTS (Continued)

Fish Creek, Fairbanks, Alaska, USA (Continued)

On December 1, 2011 the Company and Linux further amended the agreement to include the following terms:

- Linux applies $75,000 owed by Linux to the Company towards the above stated minimum exploration budget of US$500,000;
- The Company has an option to pay the expenditures for the Fish Creek property in cash in lieu of the exploration costs to the Company; and
- The term of the agreement is extended to March 5, 2013.

As a result of the above amendment, $75,000 advanced to Linux by the Company was applied as deferred exploration expenditure for the year ended May 31, 2012.

During May, 2012 the Company and Linux agreed to apply towards the minimum exploration budget of $500,000 the balance owed by Linux of $7,517 and additional cash payment of $60,000, which was paid off as of November 30, 2012.

During the six months ended November 30, 2012 the Company made an additional payment of $54,000 to Linux in lieu of exploration expenditure.

As at November 30, 2012, of the minimum exploration budget of $500,000 the Company has expended a total of $376,424 on exploration on Fish Creek property and cash payments made in lieu of exploration.

West Ridge, Dome Creek, Alaska, USA

Pursuant to various agreements, the Company earned 100% interest in the West Ridge mineral properties (approximately 5,200 acres) located in the Dome Creek area of the Fairbanks District of Alaska, USA.

Gil Venture, Dome Creek, Alaska, USA

Pursuant to various agreements, the Company acquired a 20% interest in 237 claims located in the Gilmore Dome area of Fairbanks District of Alaska. On May 31, 1991, the Company, NERCO Exploration Company and Fort Knox Venture entered into an agreement, which granted the Company a 20% participating interest in the claims. Under the agreement, Fort Knox Venture paid the Company cash and funded approved programs, earning them an 80% participating interest in the property, with the Company retaining a 20% participating interest. Fort Knox Venture, through its operator Fairbanks Gold Mining, Inc. ("Fairbanks"), was doing exploration work on this property. During the year ended May 31, 2011 the Company incurred exploration expenditure of $270,462 on the property.

Effective December 21, 2011 the Company executed the Asset Purchase Agreement to sell all of its 20% interest in the Gil Venture property to Fairbanks. Fairbanks granted to the Company a production royalty equal to 1% of net smelter returns on all production from the property up to US$15,000,000, after which the royalty is equal to 0.5% of the net smelter returns on all production from the property. On December 19, 2011 Fairbanks paid the Company US$2,500,000 as an advance payment of the production royalty. An additional advance payment of royalty of US$1,500,000 will be paid to the Company upon commencement of commercial production from a mine constructed on the property. As at November 30, 2012, no additional advance payment was received from Fairbanks as a result of their production commencement.

(Stated in Canadian Dollars)

7. MINERAL PROPERTY INTERESTS (Continued)

Deferred Exploration Expenditures

	Six Months Ended November 30, 2012 $	Year Ended May 31, 2012 $
Silverknife Claims		
Drilling and assaying	**22,124**	-
Staking and recording	**-**	2,418
Geological consulting	**4,045**	2,186
	26,169	4,604
Fish Creek Claims		
Cash in lieu of exploration work	**54,000**	142,517
Staking and recording	**10,545**	
Geological consulting	**-**	2,139
	64,545	144,656
Gil Venture Claims		
Exploration	**-**	-
Geological consulting	**-**	-
Disposition	-	(2,948,428)
	-	(2,948,428)
West Ridge Claims		
Drilling and Assaying	**211,117**	-
Staking and recording	**11,380**	21,066
	222,497	21,066
Exploration expenditures for the period		170,326
Disposition	-	(2,948,428)
Effect of foreign exchange rate changes	**(2,585)**	1,082,335
	310,626	(1,695,767)
Exploration expenditures – beginning of period	**195,376**	1,891,143
Exploration expenditures – end of period	**506,002**	195,376

(Stated in Canadian Dollars)

8. ADVANCES TO/ FROM RELATED PARTIES

Promissory note receivable – related party:

	May 31, 2012	**November 30, 2012**
	$	**$**
REGI US, Inc.	25,224	**25,964**
	25,224	**25,964**

Due to related parties:

	May 31, 2012	**November 30, 2012**
	$	**$**
Minewest Silver and Gold Corp.	4,458	**3,045**
KLR Petroleum Ltd.	-	**357**
	4,458	**3,402**

During the year ended May 31, 2012 REGI US, Inc. repaid $3,916 to the Company and converted the balance of $24,684 into a promissory note owed to the Company at annual interest rate of $6%, for which the Company recorded interest income of $540 on the promissory note during the year ended May 31, 2012. During the six months ended November 30, 2012 the Company recorded interest income of $740 accrued on the promissory note.

9. SHARE CAPITAL

Authorized share capital consists of:

- 100,000,000 voting common shares with no par value, and
- 5,000,000 non-voting preferred shares with $1 par value

The Preferred Shares have attached thereto a right to receive dividends as determined by the Directors. The Preferred Shares may be issued in series, with special rights and restrictions therefore being determined by the Directors, subject to regulatory approval. No Preferred Shares have been issued to the date of these consolidated financial statements.

On September 30, 2011, the Company issued 575,000 units of capital stock pursuant to a private placement at $0.10 per unit. Each unit consists of one common share and one share purchase warrant exercisable into the Company's common stock at $0.15 per share expiring September 30, 2012. In connection with the private placement finders' fee of $2,100 was paid and 10,000 broker warrants were issued which are exercisable into the Company's common stock at $0.15 per share expiring September 30, 2012. The broker warrants were valued at $202 using the Black-Scholes option pricing model, with the assumptions of risk free interest rate – 0.83%, expected life - one year, expected dividend yield - $ nil and expected stock price volatility – 111.84%.

On July 4, 2012, the Company received the approval from the TSX-V on a normal course issuer bid ("NCIB") to purchase up to 10% of the issued and outstanding common shares of the Company on the open market. During the six months ended November 30, 2012, the Company purchased 1,073,000 shares of the Company for gross purchase of $78,680 at prices between $0.055 to $0.085 per share. All of the 1,073,000 shares were cancelled on October 11, 2012.

(Stated in Canadian Dollars)

9. SHARE CAPITAL (Continued)

Stock Options

The Company has a stock option plan to issue up to 10% of the issued common shares to certain directors and employees. All options granted under the plan vest immediately upon grant, but are subject to the following exercise conditions:

i) Up to 25% of the options may be exercised at any time during the term of the option; such initial exercise is referred to as the "First Exercise";

ii) The second 25% of the options may be exercised at any time after 90 days from the date of the First Exercise; such second exercise is referred to as the "Second Exercise";

iii) The third 25% of the options may be exercised at any time after 90 days from the date of the Second Exercise; such third exercise is referred to as the "Third Exercise"; and

iv) The fourth and final 25% of the options may be exercised at any time after 90 days from the date of the Third Exercise.

As the Company believes that it is not probable that any options (other than those granted to investor relations) would vest except the first 25% of the options that vested immediately upon a date of grant, the fair value of the first 25% of the options that vested were charged to the consolidated statements of operations and comprehensive loss.

During the year ended May 31, 2012, the Company granted 300,000 stock options exercisable at $0.08 per share up to three months after the termination of the consultant's service with fair value of $1,897 for the options vested during the year. Because the options were granted to a consultant performing investor relation activities, 25% of the options vested immediately and the rest were to vest at 25% every three months. The investor relation agreement was terminated after the three month trial period.

On July 10, 2012, the Company received the approval from the TSX-V on re-pricing 300,000 options from exercise prices between $0.185 and $0.24 to the new exercise price of $0.10. The incremental fair value of the repriced options was recorded at $531.

On June 21, 2012, the Company granted 2,125,000 options exercisable into the Company's common shares at $0.10 per share until June 21, 2017. The fair value of the options was recorded at $24,261.

During the six months ended November 30, 2012, 550,000 options were forfeited due to the termination of the agreement with the consultant.

The fair value of options granted was estimated on the date of grant using the Black-Scholes option pricing model, with the following weighted-average assumptions:

	Six Months Ended November 30, 2012	Year Ended May 31, 2012
Risk-free interest rate	**0.93% - 1.26%**	0.91%
Expected dividend yield	**Nil**	Nil
Expected stock price volatility	**116% - 166%**	162%
Forfeiture rate	**75%**	75%
Expected life (in years)	**0.67 – 5**	0.25

(Stated in Canadian Dollars)

9. SHARE CAPITAL (Continued)

Stock Options (Continued)

The following is a summary of the Company's stock option activities during the year ended May 31, 2012 and the six months ended November 30, 2012:

	Number of Options	Weighted Average Exercise Price $
Balance – May 31, 2011	2,400,000	0.16
Issued	300,000	0.08
Forfeited, unexercised	(75,000)	0.20
Expired	(1,675,000)	0.15
Balance – May 31, 2012	950,000	0.16
Issued	2,125,000	0.10
Repriced	(300,000)	0.21
Repriced	300,000	0.10
Forfeited, unexercised	(550,000)	0.13
Balance – November 30, 2012	2,525,000	0.10

The following share purchase options were outstanding at November 30, 2012:

Expiry Date	Exercise Price $	Number of Options	Remaining Contractual Life (years)	Number of Options Exercisable
March 10, 2013	0.100	75,000	0.27	18,750
October 30, 2014	0.185	100,000	1.91	25,000
October 30, 2014	0.100	125,000	1.91	31,250
April 19, 2015	0.100	100,000	2.38	25,000
June 15, 2017	0.100	2,125,000	4.54	531,250
		2,525,000		631,250

Warrants

The following is a summary of the Company's warrant activities during the years ended May 31, 2012 and the six months ended November 30, 2012:

	Number of Warrants	Weighted Average Exercise Price $
Balance – May 31, 2011	3,381,659	0.20
Issued	585,000	0.15
Expired without being exercised	(3,381,659)	0.20
Balance – May 31, 2012	585,000	0.15
Expired without being exercised	(585,000)	0.15
Balance – November 30, 2012	-	

(Stated in Canadian Dollars)

10. RELATED PARTY TRANSACTIONS

Related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Related party transactions not disclosed elsewhere in these financial statements are as follows:

SMR Investments Ltd. ("SMR") is a private company controlled by an officer of the Company. Under a management contract with SMR, the Company agreed to pay up to $2,500 per month for management services. The Company was charged management fees by SMR of $15,000 during the six months ended November 30, 2012 (2012 - $15,000).

During the six months ended November 30, 2012, management, consulting and directors fees of $18,000 (2012 - $6,000) were paid to the President of the Company.

11. SEGMENTED INFORMATION

The Company's business consists of mineral properties and oil and gas property interests. Details on a geographic basis are as follows:

	Canada	United States	Total
November 30, 2012	$	$	$
Total assets	1,244,309	850,194	2,094,503
Acquisition and exploration costs	338,109	340,612	678,721
Net income (loss) for the six months ended November 30, 2012	(167,848)	21,177	(146,671)

	Canada	United States	Total
May 31, 2012	$	$	$
Total assets	2,262,481	285,613	2,548,094
Acquisition and exploration costs	113,490	258,529	372,019
Net loss for the year ended May 31, 2012	(413,975)	(352,355)	(766,330)

12. CAPITAL MANAGEMENT

The capital of the Company consists of the items included in shareholders' equity. The Company manages the capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the Company's assets.

The Company's objectives of capital management are intended to safeguard the entity's ability to continue the Company's development and exploration of its mineral properties and support any expansionary plans.

To effectively manage the entity's capital requirements, the Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its development and exploration objectives.

13. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through the date of these consolidated financial statements. There is no subsequent event other than normal course of the business operation.