SUPERIOR MINING INTERNATIONAL CORPORATION

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED
OCTOBER 31, 2012 and 2011

(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

UNAUDITED CONDENSEDCONSOLIDATED INTERIM FINANICAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited condensed consolidated interim financial statements for the three months ended October 31, 2012 and 2011.

SUPERIOR MINING INTERNATIONAL CORPORATION
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

	October 31, 2012	July 31, 2012 (Audited)
ASSETS		
Current assets		
Cash	$ 3,799	$ 22,614
Receivables (note 3)	10,489	9,264
Prepaid expenses	8,225	15,519
Total current assets	22,513	47,397
Non-current assets		
Exploration and evaluation assets (note 4)	1,338,550	1,283,408
Total assets	$ 1,361,063	$ 1,330,805
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (note 5)	$ 393,378	$ 311,401
Equity		
Capital stock (note 6)	19,022,531	19,022,531
Reserves (note 6)	659,660	949,296
Deficit	(18,726,831)	(18,957,310)
Capital and reserve attributable to shareholders of Superior Mining International Corporation	955,360	1,014,517
Non-controlling interest	12,325	4,887
Total equity	967,685	1,019,404
Total liabilities and equity	$ 1,361,063	$ 1,330,805

Nature and continuance of operations (note 1)
Commitments (note 4)
Subsequent events (note 13)

Approved and authorized for issue on December 17, 2012 on behalf of the Board of Directors:

"Cyrus Driver" Director — Cyrus Driver

"Brent Butler" Director — Brent Butler

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

SUPERIOR MINING INTERNATIONAL CORPORATION
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

	Three Months Ended October 31, 2012	Three Months Ended October 31, 2011
EXPENSES		
Amortization	$ -	$ 325
Bank charges and interest	71	85
Consulting (note 8)	9,586	23,082
Filing and transfer agent fees	480	1,296
Foreign exchange gain	(1,551)	(2,130)
Investor relations	-	2,527
Management fees (note 8)	-	25,500
Office, telephone and printing	11,248	21,305
Professional fees (note 8)	31,885	47,009
Property investigation	-	5,388
Stock-based compensation (note 6 and 8)	33,818	238,386
Travel	-	1,148
Write-off of exploration and evaluation assets	-	188,436
Loss before other items	(85,537)	(552,357)
OTHER ITEMS		
Interest income	-	20
Comprehensive loss for the period	$ (85,537)	$ (552,337)
Comprehensive loss attributable to:		
Shareholders of Superior Mining International Corporation	$ (92,975)	$ (568,799)
Non-controlling interests	7,438	16,462
	$ (85,537)	$ (552,337)
Basic and diluted loss per common share	$ (0.00)	$ (0.01)
Weighted average common shares outstanding for basic loss per share	57,566,479	50,250,495

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

SUPERIOR MINING INTERNATIONAL CORPORATION
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

	Three Months Ended October 31, 2012	Three Months Ended October 31, 2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (85,537)	$ (552,337)
Items not affecting cash:		
Foreign exchange	(1,551)	(2,130)
Amortization	-	325
Stock-based compensation	33,818	238,386
Write-off of exploration and evaluation assets	-	188,436
Changes in non-cash working capital items:		
Increase in receivables	(1,225)	(6,266)
Decrease in prepaid expenses	7,294	8,263
Increase in accounts payable and accrued liabilities	26,835	64,666
Net cash used in operating activities	(20,366)	(60,657)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation expenditures	-	(73,880)
Net cash provided by (used in) investing activities	-	(73,880)
CASH FLOWS FROM FINANCING ACTIVITIES		
Subscription received in advance	-	50,000
Net cash provided by financing activities	-	50,000
Foreign exchange effect on cash	1,551	2,130
Change in cash for the period	(18,815)	(82,407)
Cash, beginning of period	22,614	107,660
Cash, end of period	$ 3,799	$ 25,253

Supplemental disclosure with respect to cash flows (note 7)

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

SUPERIOR MINING INTERNATIONAL CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Capital Stock		Reserves							
	Number	Amount	Options	Warrants	Total Reserves	Obligation to issue common shares	Deficit	Total	Non-controlling Interest	Total Equity
Balance as at August 1, 2011	50,250,495	$ 18,311,506	$ 693,780	$ 84,905	$ 778,685	$ -	$ (17,846,113)	$ 1,244,078	$ (15,423)	$ 1,228,655
Subscriptions received in advance	-	-	-	-	-	50,000	-	50,000	-	50,000
Stock-based compensation	-	-	238,386	-	238,386	-	-	238,386	-	238,386
Loss for the period	-	-	-	-	-	-	(568,799)	(568,799)	16,462	(552,337)
Balance as at October 31, 2011	50,250,495	$ 18,311,506	$ 932,166	$ 84,905	$ 1,017,071	$ 50,000	$ (18,414,912)	$ 963,665	$ 1,039	$ 964,704
Balance as at August 1, 2012	57,566,479	$ 19,022,531	$ 946,801	$ 2,495	$ 949,296	$ -	$ (18,957,310)	$ 1,014,517	$ 4,887	$ 1,019,404
Options expired	-	-	(323,454)	-	(323,454)	-	323,454	-	-	-
Stock-based compensation	-	-	33,818	-	33,818	-	-	33,818	-	33,818
Loss for the period	-	-	-	-	-	-	(92,975)	(92,975)	7,438	(85,537)
Balance as at October 31, 2012	57,566,479	$ 19,022,531	$ 657,165	$ 2,495	$ 659,660	$ -	$ (18,726,831)	$ 955,360	$ 12,325	$ 967,685

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Superior Mining International Corporation (the "Company") is a Canadian company incorporated in the Yukon Territory. The Company's head, registered and records office address is 408 – 837 West Hastings Street, Vancouver, British Columbia, Canada, V6C 3N6. The Company is primarily engaged in the acquisition, exploration and development of mineral properties.

The recoverability of the amounts comprising exploration and evaluation assets is dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete their exploration and development and upon future profitable production.

These condensed consolidated interim financial statements are prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at October 31, 2012, the Company had an accumulated deficit of $18,726,831 (July 31, 2012 - $18,957,310) a working capital deficiency of $370,865 (July 31, 2012 - $264,004) and has not generated revenues from operations. These circumstances lend substantial doubt as to the ability of the Company to meet its obligations as they come due, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

In order to continue as a going concern and to meet its corporate objectives, which primarily consist of exploration work on its exploration and evaluation assets, the Company will require additional financing through debt or equity issuances or other available means. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

These condensed consolidated interim financial statements do not include adjustments that would be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting* ("IAS 34"), as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee (IFRICs). Accordingly, they do not include all of the information required for full annual financial statements by International Financial Reporting Standards ("IFRS") for complete financial statements for year end reporting purposes. Results for the period ended October 31, 2012, are not necessarily indicative of future results.

The accounting policies applied by the Company in these condensed consolidated interim financial statements other than as noted in Note 2 (d) are the same as those applied by the Company in its most recent annual consolidated financial statements as at and for the year ended July 31, 2012 as filed on SEDAR at www.sedar.com.

(b) Basis of consolidation and presentation

The condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial assets measured at fair value. All dollar amounts presented are in Canadian dollars unless otherwise specified.

These condensed consolidated interim financial statements include the financial statements of the Company and the entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant intercompany transactions and balances have been eliminated.

(Expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

(b) Basis of consolidation and presentation (cont'd…)

The consolidated financial statements include the financial statements of the parent and its subsidiaries listed in the following table:

Name of Subsidiary	Country of Incorporation	Proportion of Ownership Interest	Principal Activity
Superior Mining South Africa (Pty) Corporation	South Africa	100%	Mineral exploration
Owl Eye Trading 71 (Pty) Ltd.	South Africa	100%	Mineral exploration
Turquoise Moon Trading 403 Pty Ltd.	South Africa	87%	Mineral exploration
Middelvlei Gold & Investments (Pty) Ltd. ("MGI")	South Africa	50%	Mineral exploration
Westland Minerals Limited	New Zealand	100%	Mineral exploration
SUI (NZ) Limited	New Zealand	100%	Mineral exploration
Superior Mining Holding Pte. Ltd.	Singapore	100%	Holding company
Superior Mining (NZ) Management Limited.	New Zealand	100%	Mineral exploration

(c) Significant accounting judgment and estimation uncertainties

The preparation of these financial statements in conformity with IFRS requires estimates and assumptions that affect the amounts reported in these financial statements.

<u>Significant accounting judgments</u>

Significant accounting judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements include, but are not limited to, the following:

i) Going concern risk assessment (Note 1);

ii) Determination of functional currency; and

iii) Recoverability of the carrying value of the Company's exploration and evaluation assets.

<u>Critical accounting estimates</u>

Key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year include, but are not limited to, the following:

i) *Share-based payments* – The fair value of share-based payments is determined using a Black-Scholes Option pricing model. Such option pricing models require the input of subjective assumptions including the expected price volatility, option life, dividend yield, risk-free rate and estimated forfeitures at the initial grant.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

(c) Significant accounting judgment and estimation uncertainties (cont'd…)

Critical accounting estimates (cont'd…)

ii) *Deferred income taxes* - The Company is periodically required to estimate the tax basis of assets and liabilities. Where applicable tax laws and regulations are either unclear or subject to varying interpretations, it is possible that changes in these estimates could occur that materially affect the amounts of deferred income tax assets and liabilities recorded in the financial statements. Changes in deferred tax assets and liabilities generally have a direct impact on earnings in the period that the changes occur. Each period, the Company evaluates the likelihood of whether some portion or all of each deferred tax asset will not be realized. This evaluation is based on historic and future expected levels of taxable income, the pattern and timing of reversals of taxable temporary timing differences that give rise to deferred tax liabilities, and tax planning initiatives.

(d) New accounting standards and amendments to existing standards

New and amended standards adopted by the Company

i) Amendments to IAS 12, *Income Taxes,* which removed some subjectivity in determining on which basis an entity measures the deferred tax relating to an asset. The amendment introduced a presumption that an entity will assess whether the carrying value of an asset will be recovered through the sale of the asset. There was no impact to the Company arising from the adoption of this standard.

ii) Amendments to IAS 1, *Presentation of Financial Statements* require items to be grouped in other comprehensive income based on whether those items are potentially reclassifiable to profit or loss subsequently. The application of these amendments has not had any material impact on current and prior periods disclosures but may affect disclosures for future transactions

New or revised standards and amendments to existing standards not yet effective

The Company has not applied the following new or revised standards that have been issued but are not yet effective at October 31, 2012:

(i) Effective for annual periods beginning on or after January 1, 2013
- New standard IFRS 10, *Consolidated Financial Statements*
- New standard IFRS 11, *Joint Arrangements*
- New standard IFRS 12, *Disclosure of Interests in Other Entities*
- New standard IFRS 13, *Fair Value Measurement*
- Reissued IAS 27, *Separate Financial Statements*
- Reissued IAS 28, *Investments in Associates and Joint Ventures*

(ii) Effective for annual periods beginning on or after January 1, 2015
- New standard IFRS 9, *Financial Instruments, Classification and Measurement*

The Company is currently assessing the impact that these standards will have on the Company's consolidated financial statements.

(Expressed in Canadian dollars)

3. RECEIVABLES

The Company's receivables arise from the following sources: Harmonized Sales Tax ("HST") receivable due from Canadian government taxation authorities, VAT receivable and income tax receivable from the South African government. These are broken down as follows:

	October 31, 2012	July 31, 2012 (Audited)
HST receivable	$ 6,616	$ 5,162
VAT receivable	267	285
Income taxes receivable	3,606	3,817
	$ 10,489	$ 9,264

4. EXPLORATION AND EVALUATION ASSETS

	Mangalisa, South Africa	Ross South, New Zealand	Red Castle, Australia	Total
Balance, August 1, 2012	$ 1,258,551	$ 10,065	$ 14,792	$ 1,283,408
Exploration expenditures:				
Geological and consulting	30,809	-	13,888	44,697
Travel	6,867	-	3,578	10,445
	37,676	-	17,466	55,142
Balance, October 31, 2012	$ 1,296,227	$ 10,065	$ 32,258	$ 1,338,550

	Mangalisa, South Africa	Victory North, New Zealand	Ross South, New Zealand	Collingwood, New Zealand	Red Castle, Australia	Total
Balance, August 1, 2011	$ 1,147,809	$ 28,973	$ 70,155	$ 170,700	$ -	$ 1,417,637
Acquisition costs:						
Additions	7,890	-	-	-	-	7,890
Exploration expenditures:						
Geological and consulting	98,710	64,472	76,845	38,992	13,989	293,008
Office and miscellaneous	76	-	-	-	803	879
Travel	4,066	21,151	18,297	14,133	-	57,647
	102,852	85,623	95,142	53,125	14,792	351,534
Write-off	-	(114,596)	(155,232)	(223,825)	-	(493,653)
Balance, July 31, 2012 (Audited)	$ 1,258,551	$ -	$ 10,065	$ -	$ 14,792	$ 1,283,408

4. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Mangalisa, South Africa

During fiscal 2008, the Company was granted a lease, giving it the right to explore a property in the eastern part of the Free State Goldfield, near the village of Riebeekstad, South Africa.

Redcastle, Australia

During the year ended July 31, 2012, the Company entered into a Heads of Agreement with Reinhold Resources Ltd. to earn-in a 51% interest in the Redcastle Project located in the Western Australia. The Company is committed to exploration expenditures of AUD$200,000 on the project before May 4, 2014.

Ross South, New Zealand

During fiscal 2009, the Company was granted an Exploration Permit for a property approximately 2 km. south of the Victory Gold project, on the South Island of New Zealand.

During the year ended July 31, 2012, the Company decided not to pursue further exploration resulting in a write-off of $155,232.

During the period ended October 31, 2012, the Company sold the property for $10,065 (received subsequent to October 31, 2012).

The Company retains a sliding scale net smelter return ("NSR") royalty of 1-7% for a period of 3 years after commercial production. After the third anniversary, the NSR royalty becomes Nil.

Victory North, New Zealand

During the year ended July 31, 2010, the Company was granted an Exploration Permit on ground immediately adjacent to that of the Victory Gold project in New Zealand.

During the year ended July 31, 2012, the Company decided not to pursue further exploration on the property resulting in a write-off of $114,596.

Collingwood, New Zealand

During fiscal 2011, the Company was granted an Exploration Permit in Collingwood, New Zealand.

During the year ended July 31, 2012, the Company decided not to pursue further exploration on the property resulting in a write-off of $223,825.

(Expressed in Canadian dollars)

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payables and accrued liabilities for the Company are broken down as follows:

	October 31, 2012	July 31, 2012
Trade payables	$ 111,216	$ 121,182
Accrued liabilities	36,885	30,000
Due to related parties (Note 8)	245,277	160,219
Total	$ 393,378	$ 311,401

All payables and accrued liabilities for the Company fall due within the next 12 months.

6. CAPITAL STOCK AND RESERVES

a) Authorized share capital: unlimited common voting shares without par value.

b) Issued share capital:

During the period ended October 31, 2012 and 2011, the Company did not have any share activities.

c) Stock options:

The Company has a fixed stock option plan whereby a maximum of 20% of the issued common shares are reserved for issuance under the plan (being an aggregate of 10,050,099 common shares). The options can be granted for a maximum term of five years and pricing and vesting are determined by the board of directors.

Stock option transactions and the number of stock options outstanding are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, July 31, 2012	6,987,500	$ 0.18
Expired	(1,450,000)	(0.27)
Balance, October 31, 2012	5,537,500	$ 0.15
Number of options currently exercisable	4,982,500	$ 0.16
Weighted average contractual life remaining in years	3.51	

During the period ended October 31, 2012, the Company:

i) recorded a stock-based compensation expense of $33,818 for options vested; and

ii) recorded a transfer of fair value of $323,454 to capital stock for options expired.

(Expressed in Canadian dollars)

6. CAPITAL STOCK AND RESERVES (cont'd…)

c) Stock options: (cont'd...)

During the period ended October 31, 2011, the Company:

i) granted 5,250,000 stock options with a fair value of $530,330 estimated using the Black-Scholes option pricing model. The options have various vesting dates. The weighted average fair value per option granted during the period was $0.10; and

ii) recorded a stock-based compensation expense of $238,386 for options vested.

The following weighted average assumptions were used for the Black-Scholes option pricing model:

	October 31, 2012	October 31, 2011
Risk-free interest rate	-	2.76%
Expected life of options	-	4.25 years
Annualized volatility	-	135%
Dividend rate	-	0.00%
Forfeiture rate	-	0.00%

d) Warrants:

There were no warrants transactions during the period ended October 31, 2012.

As at October 31, 2012, the following stock options and warrants were outstanding:

	Number of Stock options /Warrants		Exercise Price	Expiry Date
Stock options	100,000		$ 0.05	May 28, 2014
	200,000		0.12	September 24, 2014
	230,000		0.215	April 7, 2015
	300,000		0.185	June 25, 2015
	1,527,500		0.22	March 4, 2016
	3,180,000		0.12	September 29, 2016
	5,537,500			
Warrants	54,800	*	$ 0.10	November 18, 2012
	5,835,000	*	1.00	November 18, 2012
	5,889,800			

* Expired subsequent to the period ended October 31, 2012.

(Expressed in Canadian dollars)

7. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	October 31, 2012	October 31, 2011
Cash paid during the year for interest	$ -	$ -
Cash paid during the year for income taxes	$ -	$ -

During the period ended October 31, 2012, the Company had the following significant non-cash investing and financing activities:

a) included in accounts payable $117,112 (2011 - $22,943) of exploration and evaluation expenditures; and

b) fair value of options expired of $323,454 (2011 - $Nil).

8. RELATED PARTY TRANSACTIONS

Amounts paid or accrued to related parties are as follows:

		For the period ended October 31, 2012	For the period ended October 31, 2011
Key Management:			
A director of a subsidiary of the Company	Consulting	$ 1,762	$ 14,082
Directors and officers	Stock-based compensation (i)	28,335	223,738
		$ 30,097	$ 237,820
Related Parties:			
A firm in which the CFO is a partner (ii)	Professional fees	$ 25,000	$ 32,294
A company owned by a director	Management/Administration	-	28,500
A company owned by the CEO	Exploration expenditures	36,000	33,024
		$ 61,000	$ 93,818

(i) Stock-based compensation is the fair value of options granted and vested to key management personnel.

(ii) The CFO joined the Company in this role during 2012. In 2011, the CFO was a director of the Company.

The amounts due to the related parties included in accounts payables and accrued liabilities are as follows:

	October 31, 2012	July 31, 2012 (Audited)
Due to a firm in which the CFO is a partner	$ 113,416	$ 88,416
Due to a company owned by a director	11,000	11,000
Due to a company owned by the CEO	120,861	60,803
	$ 245,277	$ 160,219

(Expressed in Canadian dollars)

9. FINANCIAL INSTRUMENTS AND RISK

The Company's financial instruments consist of cash, receivables and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying value, unless otherwise noted.

Concentration of credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk due to the potential for counterparties to default on their contractual obligations consist primarily of receivables. The maximum potential loss on these financial instruments is equal to the carrying amounts of these items. The Company limits its exposure to credit loss by dealing with counterparties it believes to be creditworthy.

Fair value

The Company estimates the fair value of its financial instruments based on current interest rates, market value and pricing of financial instruments with comparable terms. Unless otherwise indicated, the carrying value of these financial instruments approximates their fair market value because of the near maturity of those instruments.

Financial statements measured at fair value on the statements of financial position are summarized in levels of fair value hierarchy as either "Level 1" Unadjusted quoted prices in active markets for identical assets or liabilities; "Level 2" Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and, "Level 3" Inputs that are not based on observable market data.

Financial instruments measured at fair value on the statements of financial position are summarized in levels of fair value hierarchy as follows:

	October 31, 2012		
	Level 1	Level 2	Level 3
Assets			
Cash	$ 3,799	$ -	$ -

	July 31, 2012		
	Level 1	Level 2	Level 3
Assets			
Cash	$ 22,614	$ -	$ -

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at October 31, 2012, the Company had current assets of $22,513 (July 31, 2012 - $47,397) to settle current liabilities of $393,378 (July 31, 2012 - $311,401). The Company is planning additional financings in the near term to raise working capital to finance its ongoing operations. All of the Company's financial liabilities are classified as current and mature within the next fiscal period.

(Expressed in Canadian dollars)

9. FINANCIAL INSTRUMENTS AND RISK (cont'd…)

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(a) Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions is subject to floating rate of interest. The interest rate risks on cash and on the Company's obligations are not considered significant.

(b) Foreign currency risk

The Company has monetary assets and liabilities denominated in foreign currencies and non-monetary assets represented by mineral exploration interests in New Zealand (NZ$) and Australia (AUD$). The Company could accordingly be at risk for foreign currency fluctuations.

As at October 31, 2012, the Company had cash, receivables and accounts payable in ZAR$, SGD$, AUD$ and NZD$. The amounts are minimal and any risk due to foreign currency fluctuations is not significant.

(c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

10. JOINT VENTURE OPERATIONS

The financial statements include the Company's 50% interest in MGI, as follows:

		For the period ended October 31, 2012		For the year ended July 31, 2012
				(Audited)
Cash	$	25	$	32
Non-cash working deficiency		(19,374)		(20,497)
Income (loss)	$	1,116	$	(2,120)
Cash used in operating activities	$	(1,134)	$	(83)

(Expressed in Canadian dollars)

11. SEGMENTED INFORMATION

The Company primarily operates in one reportable operating segment, being the acquisition and exploration of exploration and evaluation assets. Geographic information is as follows:

	October 31, 2012	July 31, 2012
		(Audited)
Exploration and evaluation assets		
South Africa	$1,296,227	$ 1,258,551
New Zealand	10,065	10,065
Australia	32,258	14,792

12. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern.

In the management of capital, the Company monitors its adjusted capital which comprises all components of equity (ie. capital stock, reserves and deficit).

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue common shares through private placements. The Company is not exposed to any externally imposed capital requirements. The Company's policy remains unchanged from the prior year.

13. SUBSEQUENT EVENT

Subsequent October 31, 2012, the Company received $200,000 in connection to its unsecured convertible notes private placement. The notes may be converted at anytime into common shares of the Company at $0.10 per share. The principal amount and all accrued interest at 12% per annum will be payable a year from the closing date. Each $100 note will also include 1,000 share purchase warrants exercisable at $0.10 for a period of 1 year from the closing date. The financing is subject to the acceptance of the TSX Venture Exchange.