China Minerals
MINING CORPORATION

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Nine Months Ended August 31, 2012

(Unaudited)

Notice of No Auditor Review

In accordance with National Instrument 51-102, Part 4, subsection 4.3(3)(a), the Company discloses that the accompany unaudited interim consolidated financial statements for the nine months ended August 31, 2012 have been prepared by and are the responsibility of the Company's management. They have been reviewed and approved by the Company's Audit Committee and the Board of Directors.

The Company's independent auditor, PricewaterhouseCoopers LLP, has not performed a review of these unaudited interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants.

China Minerals Mining Corporation
Condensed Consolidated Interim Statements of Financial Position
(Unaudited - in Canadian dollars)

	August 31, 2012	November 30, 2011
ASSETS		
Current assets		
Cash and cash equivalents	$ 2,362,453	$ 6,814,673
Short-term investments	26,500	26,500
Other receivables	197,683	25,842
Prepaid expenses	555,159	101,693
Mine supplies inventory	30,454	51,282
	3,172,249	7,019,990
Property, plant and equipment (Note 3)	1,478,424	1,647,553
Reclamation bonds (Note 4)	349,444	314,444
Exploration and evaluation assets (Note 4)	17,880,520	15,704,295
	$ 22,880,637	$ 24,686,282
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	$ 80,994	$ 135,627
Due to related parties (Note 7)	-	174,601
Mortgage payable (Note 3)	9,116	87,288
	90,110	397,516
Asset retirement obligation (Note 4)	842,173	826,498
	932,283	1,224,014
SHAREHOLDERS' EQUITY		
Share capital (Note 5)	51,550,715	51,550,715
Share-based payment reserve	9,808,043	9,735,799
Foreign currency translation reserve	(40,807)	-
Deficit	(39,369,597)	(37,824,246)
	21,948,354	23,462,268
	$ 22,880,637	$ 24,686,282

Nature of operations (Note 1)
Commitments and contingencies (Note 8)
Post reporting date events (Note 10)

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

Approved on behalf of the Board:

"Harvey Brooks"
Chairman of the Audit Committee

"Ling Zhu"
Director

China Minerals Mining Corporation
Condensed Consolidated Interim Statements of Operations and Comprehensive Loss
(Unaudited - in Canadian dollars)

	Three months ended August 31, 2012	Three months ended August 31, 2011	Nine months ended August 31, 2012	Nine months ended August 31, 2011
Expenses				
Accretion of asset retirement obligation	$ 5,225	$ 5,365	$ 15,675	$ 19,454
Amortization	1,684	3,179	5,052	9,539
Bank charges and financing interests	408	1,058	1,982	14,319
Directors' and executive fees	74,261	101,250	282,384	107,750
Filing fees and transfer agent	14,452	14,938	28,666	51,809
Investor relations	8,941	20,772	101,384	109,468
Loss from disposal of equipment	-	-	12,321	-
Management services fees	-	86,187	-	86,187
Professional and consulting fees	18,331	16,523	78,029	100,125
Project investigation	8,491	37,744	28,568	48,244
Rent and office expenses	118,860	81,254	378,194	241,690
Salaries and benefits	99,154	219,385	598,924	521,956
Shareholder information	5,177	7,282	11,300	43,590
Share-based payments (Note 5)	(34,753)	208,379	62,751	322,000
Travel	15,040	25,687	20,215	30,482
Loss before the undernoted	(335,271)	(829,003)	(1,625,445)	(1,706,613)
Other income (expenses)				
Interest income	25,896	23,813	78,986	61,127
Foreign exchange gain (loss)	826	382	1,108	(1,400)
Premium paid for flow-through shares	-	-	-	96,607
	(308,549)	(804,808)	(1,545,351)	(1,550,279)
Other comprehensive gain (loss)				
Cumulative translation adjustments	(31,886)	-	(40,807)	-
Loss and comprehensive loss for the period	$ (340,435)	$ (804,808)	$ (1,586,158)	$ (1,550,279)
Basic and diluted loss per common share	(0.00)	(0.00)	(0.01)	(0.01)
Weighted average number of common shares outstanding	189,873,268	189,373,268	189,873,268	161,254,489

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

China Minerals Mining Corporation
Condensed Consolidated Interim Statements of Cash Flows
(Unaudited - in Canadian dollars)

	Three months ended August 31, 2012	Three months ended August 31, 2011	Nine months ended August 31, 2012	Nine months ended August 31, 2011
Cash provided by (used in):				
Operating activities				
Net loss for the period	$ (308,549)	$ (804,808)	$ (1,545,351)	$ (1,550,279)
Items not affecting cash:				
Accretion of asset retirement obligation	5,225	5,365	15,675	19,454
Amortization	1,684	3,179	5,052	9,539
Loss from disposal of equipment	-	-	12,321	-
Share-based payments	(34,753)	208,379	62,751	322,000
Premium paid for flow-through shares	-	-	-	(96,607)
	(336,393)	(587,885)	(1,449,552)	(1,295,893)
Changes in non-cash working capital				
Other receivables and prepaid expenses	(404,876)	172,578	(625,308)	108,978
Mine supplies inventory	20,828	1,567	20,828	(19,730)
Accounts payable and accrued liabilities	29,326	(30,282)	(39,400)	(217,950)
Due to related parties	-	81,587	(174,601)	70,287
	(691,115)	(362,435)	(2,268,033)	(1,354,308)
Investing activities				
Property, plant and equipment		-	-	(2,914)
Exploration and evaluation expenditures	(1,777,043)	(365,335)	(2,065,208)	(547,863)
Short-term investments	-	-	-	(26,500)
	(1,777,043)	(365,335)	(2,065,208)	(577,277)
Financing activities				
Shares issued for cash, net of issuance costs	-	-	-	7,422,815
Repayment of mortgage	(26,839)	(23,818)	(78,172)	(69,374)
	(26,839)	(23,818)	(78,172)	7,353,441
Effect of exchange rate changes on cash and cash equivalents	(31,886)	-	(40,807)	-
(Decrease) increase in cash	(2,526,883)	(751,588)	(4,452,220)	5,421,856
Cash and cash equivalents, beginning of period	4,889,336	8,404,223	6,814,673	2,230,779
Cash and cash equivalents, end of period	$ 2,362,453	$ 7,652,635	$ 2,362,453	$ 7,652,635

Supplemental cash flow information (Note 6).

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

CHINA MINERALS MINING CORPORATION
Condensed Consolidated Interim Statements of Changes in Equity
(Unaudited - in Canadian dollars)

	Number of Shares	Share Capital	Share Subscriptions	Share-based Payment Reserve	Foreign Currency Translation Reserve	Deficit	Total Shareholders' Equity
Balance, December 1, 2011	189,873,268	$ 51,550,715	$ -	$ 9,735,799	$ -	$ (37,824,246)	$ 23,462,268
Share-based payments expensed	-	-	-	62,751	-	-	62,751
Share-based payments capitalized	-	-	-	9,493	-	-	9,493
Net loss for the period	-	-	-	-	-	(1,545,351)	(1,545,351)
Cumulative translation adjustment	-	-	-	-	(40,807)	-	(40,807)
Balance, August 31, 2012	189,873,268	$ 51,550,715	$ -	$ 9,808,043	$ (40,807)	$ (39,369,597)	$ 21,948,354

Balance, December 1, 2010	121,191,450	$ 44,072,900	$ 55,000	$ 9,320,897	$ -	$ (24,838,544)	$ 28,610,253
Private placements	68,681,818	7,555,000	(55,000)	-	-	-	7,500,000
Share issuance costs	-	(77,185)		-	-	-	(77,185)
Share-based payments expensed	-	-		327,067	-	-	327,067
Share-based payments capitalized	-	-	-	7,265	-	-	7,265
Net loss for the period	-	-		-	-	(1,550,279)	(1,550,279)
Balance, August 31, 2011	189,873,268	$ 51,550,715	$ -	$ 9,655,229	$ -	$ (26,388,823)	$ 34,817,121

1. NATURE OF OPERATIONS

China Minerals Mining Corporation ("China Minerals" or the "Company") was incorporated in January 2006 under the laws of British Columbia, Canada as Hawthorne Resources Inc. and renamed as Hawthorn Gold Corp. in October 2006. In April 2011, the Company's name was further changed to China Minerals. The Company's registered office is Suite 717 – 1030 West Georgia Street, Vancouver, British Columbia, Canada. China Minerals is listed on the TSX Venture Exchange under the trading symbol "CMV". The Company is in the business of acquisition, exploration and development of mineral properties. Its main assets are Table Mountain and Taurus gold projects in northern British Columbia, Canada.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to continue its operations for the foreseeable future and meet its obligations and commitments in the normal course of business. At August 31, 2012, the Company had an accumulated deficit of $39,369,597 (2011 - $37,824,246) and no sources of revenue. The ability of the Company to continue as a going concern is dependent upon the recoverability of the carrying values of its mineral property interests, the discovery of economically recoverable reserves and its ability to raise the necessary financing to successfully complete the exploration and development of its properties into profitable operations. Although the Company has been previously successful in raising the necessary capital to meet its obligations as they come due, there can be no assurance that the Company will have continual access to the financing market in the future or such financing will be on reasonable commercial terms to the Company. As of August 31, 2012, the Company has cash reserves of $2,362,453 to meet its operational requirements in the coming fiscal year.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including IAS 34 *Interim Financial Reporting* and IFRS 1 *First-Time Adoption of IFRS*. They do not include all the information and disclosure required in the annual financial statements and should be read in conjunction with the Company's audited annual financial statements as of November 30, 2011.

Subject to certain transition elections available under IFRS 1 as disclosed in Note 9, the Company has consistently applied the same accounting policies in its opening IFRS statement of financial position at December 1, 2010 ("the transition date") and throughout all periods presented, as if these policies had always been in effect.

These condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value; as well they are prepared on an accrual basis of accounting except for cash flow information.

These condensed consolidated interim financial statements were reviewed and approved by the Audit Committee on October 15, 2012.

Basis of consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiaries, Cassiar Gold Corp. ("Cassiar") and North American Mining Consulting Ltd. ("North American Mining") The Company consolidates these subsidiaries on the basis that it controls, either directly or indirectly, through its ability to govern their financial and operating polices.

All intercompany transactions and balances have been eliminated on consolidation.

Standards, amendments and interpretation that are not yet effective

Certain new standards, interpretation and amendments to existing standards are not yet effective for the period ended August 31, 2012 and/or have not been adopted by the Company in preparing these condensed consolidated interim financial statements.

The following is a summary of these standards and amendments, along with their effective dates:

Accounting standard effective for annual periods beginning on or after July 1, 2012

IAS 1 Presentation of Financial Statements

In June 2011, IAS 1 was amended to require entities to group certain items in other comprehensive income ("OCI") into a) items that might be reclassified to profit or loss in subsequent periods and b) items that will not be reclassified to profit and loss in subsequent periods. The Company is currently evaluating the impact of this amendment. However, it does not expect any significant change to its condensed consolidated interim financial statements from the amendment.

Accounting standard effective for annual periods beginning on or after January 1, 2015

IFRS 9 Financial Instruments

The standard introduces new requirements for the classification and measurement of financial instruments. A financial asset will be classified on the basis of the Company's business model for managing the financial asset and the related contractual cash flow characteristics. Gains and losses on investments in the instruments that are not held for trading may be presented in other comprehensive income if so elected at initial recognition.

Accounting standards effective for annual periods beginning on or after January 1, 2013

IFRS 10 Consolidated Financial Statements and IFRS 12 Disclosure of Interests in Other Entities

In May 2011, the IASB issued IFRS 10 and IFRS 12. IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 defines the principle of control, such that the same consolidation criteria will apply to all entities. It lays out three elements of control: 1) power over the investee; 2) rights to variable returns from involvement with the investee; and 3) the ability to use power over the investee to affect the amount of investors' return.

IFRS 12 outlines the disclosure requirements for interests in subsidiaries and other entities to enable users to evaluate the risks associated with interests in other entities and the effects of those interests on an entity's financial position and cash flows.

IFRS 11 Joint Arrangements

In May 2011, the IASB issued IFRS 11 which replaces the guidance in IAS 31 *Interest in Joint Ventures.* IFRS 11 defines a joint arrangement as an arrangement where two or more parties contractually agree to share control. Joint control exists only when the decisions about activities that significantly affect the returns of an arrangement requiring the unanimous consent of the parties sharing control. The focus is no longer on the legal structure of the joint arrangement but rather on how the rights and obligations are shared by the joint arrangement parties.

(Unaudited – in Canadian Dollars)

The standard eliminates a Company's choice to proportionately consolidate jointly controlled entities and requires such entities to be accounted for using the equity method.

IFRS 13 Fair Value Measurement

IFRS 13 sets out a single IFRS framework for measuring fair value and outlines disclosure requirements about fair value measurement. The standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability between market participants at the measurement date.

3. PROPERTY, PLANT AND EQUIPMENT

Cost	Land	Buildings	Site Equipment	Vehicles	Computers	Office Furniture	Total
As at December 1, 2010	$ 13,000	$ 1,809,478	$ 629,266	$ 235,296	$ 82,829	$ 46,064	$ 2,815,933
Additions	7,000	99,411	-	-	2,914	-	109,325
Disposals	-	(618,840)	(133,700)	(135,648)	-	-	(888,188)
As at November 30, 2011	20,000	1,290,049	495,566	99,648	85,743	46,064	2,037,070
Additions	-	-	-	-	-	-	-
Disposals	-	-	-	-	(16,017)	-	(16,017)
As at August 31, 2012	$ 20,000	$ 1,290,049	$ 495,566	$ 99,648	$ 69,726	$ 46,064	$ 2,021,053
Accumulated amortization							
As at December 1, 2010	$ -	$ 448,288	$ 277,387	$ 137,568	$ 51,831	$ 28,966	$ 944,040
Amortization	-	134,256	69,262	28,320	9,591	3,420	244,849
Disposals	-	(541,761)	(121,185)	(136,426)	-	-	(799,372)
As at November 30, 2011	-	40,783	225,464	29,462	61,422	32,386	389,517
Amortization	-	93,695	40,516	17,546	3,000	2,051	156,808
Disposals	-	-	-	-	(3,696)	-	(3,696)
As at August 31, 2012	$ -	$ 134,478	$ 265,980	$ 47,008	$ 60,726	$ 34,437	$ 542,629
Net book value							
At December 1, 2010	13,000	1,361,190	351,879	97,728	30,998	17,098	1,871,893
At November 30, 2011	20,000	1,249,266	270,102	70,186	24,321	13,678	1,647,553
As at August 31, 2012	20,000	1,155,571	229,586	52,640	9,000	11,627	1,478,424

For the nine months ended August 31, 2012, amortization of $151,757 (2011 - $176,860) was capitalized to exploration and evaluation assets and $5,052 (2011 - $9,539) expensed to operations.

Mortgage Payable

In October 2008, the Company purchased land and buildings adjacent to its Cassiar property for $385,000 and financed the purchase with a mortgage of $350,000. The mortgage has a four-year term, bears interest at an annual rate of 12% and is payable at $9,217 per month. At August 31, 2012, the principal outstanding was $9,116 (November 30, 2011 - $87,288) which was subsequently paid off in September, 2012.

(Unaudited – in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS

Cassiar Property, British Columbia

The Company, through its subsidiary Cassiar Gold Corp., owns 100% of the Cassiar mineral assets. The Cassiar property, located in northern British Columbia, Canada, comprises the Table Mountain gold mine and the Taurus gold deposit.

Table Mountain Gold Mine

Table Mountain is an underground mining project with a fully permitted gold mill and tailings management facility which are available for future ore processing.

Taurus Gold Deposit

The Taurus gold deposit is a large gold system located about eight kilometres from the Table Mountain milling facility. The Taurus deposit is subject to a 2.5% net smelter return royalty held by Sable Resources Ltd.

In June 2012, the Company commenced an exploration program on the Cassiar property. The drilling program was 85% on the Taurus and 15% on the Table Mountain properties. The exploration expenditures for the nine months period ended August 31, 2012 and the year ended November 30, 2011 were as follows:

Cassiar Property	Nine months ended August 31, 2012	Year ended November 30, 2011
Costs, beginning of period	15,704,295	24,500,000
Acquisition and maintenance of mineral claims	1,587	105,646
Exploration costs		
Amortization	151,757	231,838
Asset retirement obligation	-	391,398
Camp and expediting	222,698	156,799
Drilling	828,465	-
Equipment	61,482	21,421
Environmental and permits	3,685	34,524
Assaying	216,885	-
Geological and geophysics	364,724	566,033
Consulting and professional	35,813	37,285
Share-based payments	9,493	11,623
Travel and transportation	59,026	51,815
Vehicle expenses	11,268	13,020
Financing and others	24,405	22,306
Wages and benefits	184,937	401,483
	2,176,225	2,045,191
Write-down of exploration and evaluation assets	-	(10,840,896)
Costs, end of period	17,880,520	15,704,295

(Unaudited – in Canadian Dollars)

Asset Retirement Obligation ("ARO")

The Company has future obligation in retiring its exploration and evaluation assets at the Cassiar Property including dismantling, remediation and treatment of the site. The exact nature and costs of the obligation are subject to change because of the ongoing changes of environmental requirements enacted by government agencies.

The Company prepares estimates of the timing and amount of expected cash flows when an ARO will be incurred. The net present value of the ARO is initially recognized as a long-term liability and is added to the exploration and evaluation assets; and it is subsequently re-measured at each reporting period.

A continuity of the asset retirement obligation relating to the mineral assets is as follows:

	August 31, 2012	November 30, 2011	
Asset retirement obligation - beginning balance	$ 826,498	$ 621,919	
Change in estimate	-	232,285	(1)
Asset retirement obligation recovery	-	(52,020)	
Accretion expense	15,675	24,314	
Asset retirement obligation - ending balance	$ 842,173	$ 826,498	

(1) The Company revised its estimates from previous year based on new information regarding the expected abandonment date of its properties.

The total undiscounted cash flow estimated to settle the obligations as at August 31, 2012 was $976,469, which was adjusted for inflation at the rate of 2% and then discounted at a risk free rate of 2.69%. Certain minimum amounts of ARO will occur each year with the significant amounts expected to be paid in 2014.

At August 31, 2012, the Company has $349,444 (November 30, 2011 - $314,444) of reclamation bonds with the Ministry of Energy, Mines and Petroleum Services British Columbia as commitments to meet its regulatory obligations.

5. SHARE CAPITAL

Common Shares

Authorized - unlimited number of common shares without par value

Issued and outstanding – see Interim Consolidated Statements of Changes in Equity

Stock Option Plan

The Company has adopted a stock option plan whereby the maximum number of common shares reserved for issue shall not exceed 10% of the total number issued and outstanding common shares of the Company as at the grant date. At August 31, 2012, the maximum number of shares that could be reserved for issuance was 8,952,326. The term of all option grants is generally five years to a maximum of ten years. Options granted to investor relations consultants generally have one to two-year terms and are vested over a twelve-month period with 25% vested every three months from the date of grant. Options granted to directors, officers, employees and consultants generally have a five-year term and a vesting period of eighteen months with one-third vested every six months from the date of grant.

(Unaudited – in Canadian Dollars)

Share-based Payments

During the three months ended August 31, 2012, the Company granted 1,810,000 share purchase options (year ended November 30, 2011 – 6,360,000) to directors, officers, employees and consultants at an exercise price of $0.10 (year ended November 30, 2011 - $0.15). The options have a five year term and vested one-third every six months from the date of the grant.

The fair value of share purchase options granted during the three months ended August 31, 2012 has been calculated using the Black-Scholes option pricing model with the following assumptions:

Expected average option term	5 years
Expected stock price volatility	121%
Expected dividend yield	0%
Risk free interest rate	1.25%
Fair value per option	$0.03
Forfeiture rate	7.43%

The expected average option term is the average expected period to exercise, based on the historical activity patterns for each individually vesting tranche. The risk free interest rate is the yield on a zero-coupon Canadian Treasury Bill of a term consistent with the assumed option life. Estimate of expected forfeitures is based on review of comparable peer companies.

The option pricing model used requires the input of highly subjective assumptions including the expected stock price volatility and forfeiture rate. Changes in the assumptions can significantly affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options.

During the nine months ended August 31, 2012, the Company recognized share-based payments in the financial statements as follows:

	Nine months ended August 31, 2012	2011
Consolidated Statements of Financial Position		
Exploration and evaluation assets	$ 9,493	$ 7,265
Consolidated Statements of Operations		
Share-based payments	62,751	322,000
	$ 72,244	$ 329,265

(Unaudited – in Canadian Dollars)

Outstanding Share Purchase Options

The continuity of the Company's share purchase options to August 31, 2012 is as follows:

	Number of options	Weighted average exercise price
Balance, December 1, 2010	5,252,000	$ 0.48
Expired	(200,000)	(0.43)
Forfeited	(1,587,000)	(0.31)
Granted	6,360,000	0.15
Balance, November 30, 2011	9,825,000	$ 0.29
Expired	(1,125,000)	(0.56)
Forfeited	(2,205,000)	(0.15)
Granted	1,810,000	0.10
Balance, August 31, 2012	8,305,000	$ 0.25

At August 31, 2012, the following share purchase options were outstanding:

Exercise Price	Number of Options Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Ex. Price	Number of Options Exercisable	Expiry Date	
$ 1.60	25,000	0.09	1.60	25,000	October, 2012	(1)
$ 0.16~0.48	1,876,666	0.45	0.42	1,876,666	February, 2013	
$ 0.16~0.40	233,334	0.71	0.26	233,334	May, 2013	
$ 0.12	750,000	0.79	0.12	750,000	June, 2013	
$ 0.40	605,000	1.58	0.40	605,000	April, 2014	
$ 0.48	600,000	2.03	0.48	600,000	September, 2014	
$ 0.16	1,805,000	3.60	0.16	1,203,333	April, 2016	
$ 0.12	600,000	3.91	0.12	450,000	July, 2016	
$ 0.10	1,810,000	4.79	0.10	-	June, 2017	
	8,305,000	2.85	$ 0.25	5,743,333		

(1) Subsequently expired.

6. SUPPLEMENTAL CASH FLOW INFORMATION

(a) Interest payments for the nine months ended August 31, 2012 and 2011 were $4,781 and $13,579 respectively.

(b) As at August 31, 2012, $3,360 (August 31, 2011 - $52,483) included in accounts payable and accrued liabilities was related to exploration and evaluation assets.

7. RELATED PARTY TRANSACTIONS

Prior to the set up of the Company's subsidiary in China in December 2011, an administration under the Chief Executive Officer shared office space, personnel, professional and administrative services with related parties of the Company's major shareholder. In August 2011, the Company entered into an office lease and a management services agreement with these related parties. As of December 1, 2011, the Company's Chinese subsidiary, North American Mining Consulting Ltd. took over the office rental agreement while the management service agreement was terminated.

(Unaudited – in Canadian Dollars)

For the nine months ended August 31, 2012, the Company was charged office rental of $165,672 (2011 - $nil). As at August 31, 2012, no outstanding amount (November 30, 2011 - $174,601) was included in current liabilities payable to these related parties with regards to the office lease.

All transactions with the related parties have incurred in the normal course of business and were measured at the exchange amounts as determined and agreed by the transacting parties. Balances with related parties are non-interest bearing, unsecured and payable on demand.

Key management compensations

The Company's directors and senior officers are considered key management personnel. Their compensation comprises:

	Nine months ended August 31,	
	2012	2011
Remuneration and short-term benefits	$ 619,910	$ 371,215
Share-based payments	(3,618)	70,586
	$ 616,292	$ 441,801

8. COMMITMENTS AND CONTINGENCIES

a) The Company's annual commitments to office leases are as follows:

	August 31, 2012
2012	$ 96,478
2013	137,542
2014	53,158
	$ 287,178

The above lease commitments include the Company's 50% share of lease obligation of its former office space which has been subleased, a two-year office lease expiring April, 2013 and a one-year lease for its Chinese subsidiary ending December 31, 2012.

b) In November 2010, the Company received notice from a vendor for damages on certain contracted equipment in the amount of $109,237. The Company believes this claim to be without merit. At this time, the likelihood of the outcome is not determinable and no liability has been recorded in connection with the claim.

c) In November 2010, the Company received notice from a vendor for outstanding invoices in the amount of $131,410. The Company disagrees with the amount and has accrued $21,667 in accounts payable and accrued liabilities. At this time the likelihood of the outcome is not determinable and no liability has been recorded in connection with the difference of $109,743.

9. TRANSITION TO IFRS

The Company has issued its first condensed consolidated interim financial statements prepared in accordance with IFRS for the three months period ended February 29, 2012. This note provides explanation on how the transition from previous Canadian GAAP to IFRS has affected the Company's financial position and comprehensive loss.

(a) IFRS 1 *First-time Adoption of IFRS*

IFRS1 requires that first-time adopters retrospectively apply all effective IFRS standards and interpretations in effect as at the reporting date. IFRS 1 also provides for certain mandatory exceptions and optional exemptions for first-time adopters.

The Company is applying the following exemptions and exceptions as set out in IFRS 1:

- IFRS 2 "Share-based payments" has only been applied to share-based payments which had not vested at December 1 2010.
- IFRIC 1, "Changes in Existing Decommissioning, Restoration and Similar Liabilities" has not been applied to the Company's asset retirement obligation that existed prior to the transition to IFRS.
- The Company has elected to deem the fair value of its exploration and evaluation assets to be cost from the date of transition to IFRS.
- IFRS 1 also requires that estimates made under IFRS must be consistent with estimates made for the same date under Canadian GAAP except where adjustments are required to reflect any differences in accounting policies.

(b) Share-based payment

Under Canadian GAAP, for the purpose of accounting for share-based compensation, an individual was classified as an employee when the individual was consistently represented to be an employee under law. Under IFRS, an individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. This definition of an employee is broader than that previously applied by the Company.

Under Canadian GAAP, forfeitures were recognized as they occurred. Under IFRS, the forfeiture rate is estimated up front and factored into the number of stock options expected to vest.

Under Canadian GAAP, the Company recorded share-based compensation on a straight-line basis over the vesting period. Under IFRS, the Company records share-based payments for each tranche within an award over the vesting period of the corresponding tranche

(c) Asset retirement obligations

Under Canadian GAAP, asset retirement obligations are measured at the initial date of recognition using a discounted cash flow analysis with the Company's credit-adjusted risk free interest rate. The liability (and corresponding asset) is only re-measured in the event of changes in the amount or timing of cash flows required to settle the obligation.

IFRS (IAS 37 Provisions, Contingent Liabilities and Contingent Assets) requires initial measurement of the obligation using a pre-tax discount rate that reflects the risk associated with the liability; furthermore the liability is required to be re-measured at each reporting date.

(Unaudited – in Canadian Dollars)

(d) Flow-through shares ("FT Shares")

Under Canadian GAAP, the FT shares were measured at the amount received. Under IFRS, when FT shares are issued, a liability is recognized in the amount of the estimated premium paid by the investors for FT shares. This liability is reversed and recognized through the statement of comprehensive loss as the relevant expenditures are incurred.

Under Canadian GAAP, a deferred income tax liability is recorded upon the renunciation of the flow through shares. Under IFRS a deferred income tax liability is recorded as the relevant expenditures are incurred.

Reconciliations of previously reported financial statements from Canadian GAAP to IFRS

These are the Company's third condensed consolidated interim financial statements for the period covered by the first annual consolidated financial statements prepared in accordance with IFRS. The accounting policies set out in Note 2 and the exemptions noted above have been applied in the preparation of the financial statements for the period ended August 31, 2012, the comparative information for the periods ended August 31, 2011, November 30, 2011 and the opening IFRS statements of financial position as at December 1, 2010 (the Company's transition date).

The following reconciled financial statements present how the transition from previous Canadian GAAP to IFRS has affected the Company's 1) equity and 2) comprehensive loss. There are no IFRS transition effects on the Company's cash flow. Therefore, the cash flow statements are not presented.

Condensed Consolidated Interim Statements of Changes in Equity
As at August 31, 2011

August 31, 2011 (unaudited)	Note	Canadian GAAP	Adoption Effect	IFRS
EQUITY				
Share capital	9 (d)	$ 49,516,367	$ 2,034,348	$ 51,550,715
Share-based payment reserve	9 (b)	9,726,070	(70,841)	9,655,229
Accumulated deficit	9 (b,c,d)	(23,992,400)	(2,396,423)	(26,388,823)
Total equity		(35,250,037)	432,916	(34,817,121)

(Unaudited – in Canadian Dollars)

9. FIRST TIME ADOPTION OF IFRS (cont'd)

Condensed Consolidated Interim Statements of Comprehensive Loss
For the Three Months ended August 31, 2011

	Note	Canadian GAAP	Adoption Effect	IFRS
Expenses				
Accretion of asset retirement obligation	9 (c)	$ 4,860	$ 505	$ 5,365
Amortization		3,179	-	3,179
Bank charges and financing interests		1,058	-	1,058
Directors' and executive fees		101,250	-	101,250
Filing fees and transfer agent		14,938	-	14,938
Investor relations		20,772	-	20,772
Management services fees		86,187	-	86,187
Professional and consulting fees		16,523	-	16,523
Project investigation		37,744	-	37,744
Rent and office expenses		81,254	-	81,254
Salaries and benefits		219,385	-	219,385
Shareholder information		7,282	-	7,282
Share-based payments	9 (b)	137,334	71,045	208,379
Travel		25,687	-	25,687
Loss before the undernoted		(757,453)	(71,550)	(829,003)
Other income (expenses)				
Interest income		23,813	-	23,813
Loss in foreign exchange		382	-	382
Comprehensive loss for the period		(733,258)	(71,550)	(804,808)
Deficit, beginning of the period		(23,259,142)	(2,324,873)	(25,584,015)
Deficit, end of of the period		$ (23,992,400)	$ (2,396,423)	$ (26,388,823)

(Unaudited – in Canadian Dollars)

9. FIRST TIME ADOPTION OF IFRS (cont'd)

Condensed Consolidated Interim Statements of Comprehensive Loss

For the Nine Months ended August 31, 2011

	Note	Canadian GAAP	Adoption Effect	IFRS
Expenses				
Accretion of asset retirement obligation	9 (c)	$ 14,579	$ 4,875	$ 19,454
Amortization		9,539	-	9,539
Bank charges and financing interests		14,319	-	14,319
Directors' and executive fees		107,750	-	107,750
Filing fees and transfer agent		51,809	-	51,809
Investor relations		109,468	-	109,468
Management services fees		86,187	-	86,187
Professional and consulting fees		100,125	-	100,125
Project investigation		48,244	-	48,244
Rent and office expenses		241,690	-	241,690
Salaries and benefits		521,956	-	521,956
Shareholder information		43,590	-	43,590
Share-based payments	9 (b)	326,501	(4,501)	322,000
Travel		30,482	-	30,482
Loss before the undernoted		(1,706,239)	(374)	(1,706,613)
Other income (expenses)				
Interest income		61,127	-	61,127
Loss in foreign exchange		(1,400)	-	(1,400)
Premium paid for flow-through shares	9 (d)	-	96,607	96,607
Comprehensive loss for the period		(1,646,512)	96,233	(1,550,279)
Deficit, beginning of the period		(22,345,888)	(2,492,656)	(24,838,544)
Deficit, end of of the period		$ (23,992,400)	$ (2,396,423)	$ (26,388,823)

10. POST REPORTING DATE EVENTS

No significant non-adjusting events have occurred between the reporting date and the authorization date for the issuance of the financial statements.

China Minerals
MINING CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Nine Months Ended

August 31, 2012

This management's discussion and analysis ("MD&A") of the Company and its subsidiaries was prepared as of October 15, 2012 and should be read in conjunction with the accompanying unaudited condensed consolidated interim financial statements for the nine months ended August 31, 2012 and the audited consolidated financial statements for the year ended November 30, 2011 and the related MD&A which are available on the Company's website at www.chinamineralmining.com and on the SEDAR website at www.sedar.com.

The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") for its fiscal year starting December 1, 2011. Prior to that, the financial statements were prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). Reconciliations between the previously disclosed comparative periods' financial statements prepared under Canadian GAAP and those prepared under IFRS is detailed in Note 9 of the condensed consolidated interim financial statements.

Management is responsible for the preparation and integrity of the financial statements to ensure reliability, transparency and accountability to the Board of Directors and shareholders. The Audit Committee meets with management quarterly to review the financial statements and MD&A and recommends approval to the Company's Board of Directors.

All dollar amounts referred to in this MD&A are expressed in Canadian dollars except where indicated otherwise. The Company's shares are listed on the TSX Venture Exchange under the symbol "CMV", and quoted on the Pink Sheets in the United States under the symbol "HWTHF".

FORWARD-LOOKING STATEMENTS

Certain of the statements and information contained in this MD&A that are not historical facts are forward-looking statements within the meaning of National Instrument 51-102 *Continuous Disclosure Obligations* of the Canadian Securities Administrators. Forward-looking statements often are identified by the use of words such as "anticipate", "believe", "plan", "estimate", "expect", "intend", "target" or variations of such words and phrases or state that certain actions, events or results "may", "will", "could", "would", "should", "might" occur or "be achieved".

This MD&A contains forward-looking statements, such as estimates and statements regarding the Company's goals and future plans, including words to the effect that the Company expects a stated result or event to occur. These forward-looking statements are subject to known or unknown risks and uncertainties which could cause actual results or performance of the Company to differ materially from results implied by such forward-looking information. Factors that could cause the actual results to differ include commodity price fluctuations, market capital access, global economy and politics, government regulations, environmental restrictions, exploration results, mineral title disputes, limitation on insurance coverage and availability of consultants delivering timely services, as well as those factors discussed in the section entitled "Risks and Uncertainties" in this MD&A.

Although the Company has attempted to identify important factors that could affect the Company or may cause actual actions, events or results to differ, there may be other causing factors out of the Company's anticipation or estimation. Forward-looking statements contained herein are made as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results otherwise. Accordingly, readers are advised not to place undue reliance on forward-looking statements.

DESCRIPTION OF BUSINESS AND OVERVIEW OF EXPLORTAION ACTIVITIES

The Company and its wholly owned subsidiaries, Cassiar Gold Corp. ("Cassiar") and North American Mining Consulting Ltd., are engaged in the exploration and development of mineral properties. The Company's main asset is the Cassiar Gold Project comprising the Table Mountain Property ("Table Mountain") and Taurus Property ("Taurus"), of which it owns 100% through its subsidiary, Cassiar Gold Corp.

The Company has conducted an extensive review of its mineral assets at Table Mountain and Taurus. The evaluation suggests that intensive exploration expenditures are required to prove up the asset potential and to further advance the projects. As such, an 8,200 metre exploration-focused drilling campaign was carried out during the summer of 2012. The completed drilling program comprised 43 drill holes at Taurus and 10 drill holes at Table Mountain.

At Taurus, the 2012 drill holes were designed to a) test for down dip and along strike extensions to high-grade intercepts indentified in the historic drill hole database, b) step-out into peripheral, open ares of the deposit and c) infill, internal gaps in the deposit. In general this program succeeded in demonstrating the presence of gold-bearing veins and structures well outside the known deposit area. Drill-testing adjacent to high-grade intertercepts, however, met with mixed success.

At Table Mountain, the 2012 drill holes tested the Sky Vein prospect – a little-drilled but significant east-west trending structure known to contain gold-bearing veins in a setting very similar to the past-producing vein deposits on the property. Five of the ten drill holes encountered significant (> 10 m true width) veins below the Table Mountain thrust but assays are pending.

MINERAL PROPERTY INTERESTS

Darcy Baker, Ph.D., P.Geo., the Company's advisor and a Qualified Person as defined by National Instrument ("NI") 43-101, has reviewed and approved the technical information contained in this MD&A.

Cassiar Gold Project, British Columbia

The Cassiar Gold Project is located in northern British Columbia. It comprises approximately 58,900 hectares (including two placer claims) of which the Company has 100% interest, which comprise the Table Mountain and Taurus Properties in the Liard Mining Division. The area is easily accessible by all-weather road along Highway 37, which runs through the center of the Cassiar properties, and by subsidiary roads which allow easy access to many parts of the projects. The area also can be accessed via fixed-wing aircraft flights to the Cassiar airstrip which lies immediately to the west of the Taurus Property near the old Cassiar town site. The Company owns an accommodation facility on Highway 37 in Jade City, British Columbia located between Table Mountain and Taurus that can accommodate up to 70 people. An office and core logging facility are located to the southwest of the camp area.

Approximately 425,000 ounces of gold have historically been produced from the Cassiar district, mainly from underground mines on the Company's current land holdings on the Table Mountain Property. Gold mineralization is of the orogenic (mesothermal) gold type, and has many similarities in mineralization style and geological controls to the Cariboo Gold district in British Columbia, the Mother Lode belt of California, and to gold deposits of the Abitibi Greenstone belt in Ontario. Mineralization occurs in mafic volcanic-hosted, steeply dipping quartz-sulphide-carbonate vein systems which splay off shear zones that are developed in stacked thrust fault surfaces localized along carbonate altered ultramafic rocks and carbonaceous sedimentary rocks.

The Company has entered into a Resource Funding Agreement with the First Nation Kaska Dena Council on behalf of the BC Kaska in connection with the continued exploration and development of the Cassiar

Gold Camp. Under the Agreement, China Minerals has agreed to provide resource funding to the BC Kaska to contribute to the cost of negotiating a Traditional Knowledge Protocol (the "TK Agreement") and a Socio-Economic Participation Agreement (the "SEPA"). The TK Agreement will assist the parties in establishing the appropriate traditional knowledge protocols for the exploration and development of the Property. The SEPA would include environmental, cultural and socio-economic and business opportunities and benefits for members of the BC Kaska and their businesses.

On January 5, 2012, the Company initiated a systematic compilation and evaluation of the data available for the Cassiar Gold Project. In spite of gaps in historic reporting, the company amassed a coherent database comprising 2,418 drill hole collar locations (521 Taurus; 1,897 Table Mountain), 48,862 drill hole lithological intervals (15,486 Taurus; 33,376 Table Mountain) and 84,466 gold assay results (54,424 Taurus; 27,042 Table Mountain). Collectively, this database represents 259,814 m of drilling including 201,187 of surface and underground drilling at Table Mountain and 58,627 m of surface drilling at Taurus.

This database formed the basis for target evaluation and recommendation for the now complete summer drilling program. Additionally, areas for historic core re-sampling and re-logging were identified.

Table Mountain Property

The Table Mountain Property contains the Main (formerly Erickson), Bain, Cusac and Vollaug mines which are past producing underground high-grade gold mines that occur south of Highway 37. A permitted 270 tonne per day gravity/flotation mill, power plant, assay lab and tailings impoundment facility are located in northern parts of the property, and were put under care and maintenance by previous owners in October 2007. Thirteen adits/portals, approximately 25 km of underground workings, and more than 23 km of surface access roads occur on the property.

Table Mountain contains several areas hosting NI 43-101 compliant resources supported by a technical report (the "Table Mountain Report") titled, "Technical Report on the Table Mountain Property, Liard Mining District, British Columbia" prepared by Clifford A. Pearson, P. Geo and Finley J. Bakker, P. Geo, which was filed at www.sedar.com May 26, 2010. Resources occur principally in the Bain and Cusac mine areas, and include an indicated resource of 21,471 tonnes at an average grade of 18.02 g/t Au (approximately 12,440 troy ounces of gold) and an additional inferred resource of 19,306 tonnes at an average grade of 31.76 g/t Au (approximately 19,714 troy ounces of gold) in the East Bain system. Additional resources occur in the Cusac mine, mainly in the Eileen vein system. A summary of resources on the Table Mountain property that are derived from the Table Mountain report are summarized in the table below:

Category	Tonnes	Au uncut g/t	Au cut g/t	Density
Indicated Total	21,471	18.02	16.24	2.70
Inferred Total	65,757	24.30	20.12	2.70

A feasibility study has not been completed on the Table Mountain property and there is no certainty the disclosed targets will be reached or that the proposed operations will be economically viable.

During the three months ended August 31, 2012, 10 exploration drill holes for 1,340 metres were completed at the Sky Vein prospect ("Sky Vein"). Sky Vein is hosted in a steeply-dipping fault / shear structure which splays from the shallowly dipping Table Mountain Thrust. The thrust structure separates overlying argillite sedimentary rocks from underlying basalt and locally the thrust contain strongly hydrothermally altered ultramafic rocks (listwantie). This is a similar geological setting to the veins exploited, for example, at the Main and Cusac mines. Sulphide-bearing quartz veins 10-20 metres wide were encountered in five of the ten 2012 drill holes. Assays are pending as at the date of this MD&A.

Taurus Property

The Taurus Property is located north of Highway 37 within the northern portions of the Cassiar Gold Project. The Property contains the Taurus Gold Deposit ("Taurus Deposit"), a large gold system which has been the focus of much of the exploration on the project. The Taurus deposit is located approximately eight kilometres from the company's milling facility, and is located along the main access road to the former town of Cassiar. It lies low in the valley in an area of subdued topography, allowing year round exploration and ease of access. The Taurus underground mine produced approximately 35,000 ounces of gold from eastern portions of the Taurus Deposit in the 1980s. The Taurus Deposit was explored by previous operators with the objective of identifying potential for both large tonnage open pit and high grade underground mines. Sable Resources Ltd. has a 2.5% Net Smelter Return Royalty (NSR) on a group of ten claims (Mack 1 to 4, Hopeful 1 to 4, Hillside and Highgrade) on the Taurus Property which cover a portion of the Taurus Deposit.

The Taurus Deposit hosts an inferred resource of 1.06 million ounces of gold comprising of 33.1 million tonnes at an average capped grade of 0.99 g/t Au using a cut-off grade of 0.50 g/t Au. This resource is supported by the NI 43-101 compliant technical report titled "Updated Resource Report on the Taurus Deposit – Liard Mining District, B.C." prepared by Thomas C. Stubens and Morinus Andre de Ruijter of Wardrop Engineering Inc. which was filed at www.sedar.com on March 11, 2009.

After a review of the Taurus database in early 2012, the Company developed a three dimensional model of the major planar fault and shear structures and identified several target areas. The Taurus deposit is open in many directions around the periphery of the deposit but also internal to the known deposit footprint. Additionally, several targets were identified to have potential for higher-grade mineralization.

During the three months ended August 31, 2012, the Company commenced a drilling program at Taurus utilizing a single, skid-mounted drill. Between June 15 and August 18, 2012, 43 drill holes for 6,857 metres of drilling were completed focusing on open areas of the Taurus deposit and potential higher-grade zones. Concurrent with the drilling, geological crews have re-logged 69 historic drill holes within and proximal to drill targets to better refine structural models.

Drill results announced in the Company's news releases dated September 18 and October 2, 2012 from Taurus include several holes designed to test open areas of the Taurus Deposit which intersected ankerite altered basalt with veins, associated sulphide mineralization and gold mineralization. Some of the highlighted results include:

- Holes TA12-16 and TA-19 intersected, respectively, 8.80 m at 5.05 g/t Au and 19.00 m at 2.13 g/t Au outside previous eastern boundary of Taurus deposit
- A high grade vein grading 8.77 g/t Au over 1.80 m in hole TA12-24 demonstrates that gold mineralization at the Sable Zone extends to the south-east
- Wide gold intersections of 23.00 m grading 3.83 g/t Au and 10.45 m grading 4.42 g/t Au in holes TA12-38 and TA12-40, respectively, show new opportunity in the 88 Hill / Highway Gap

SUMMARY OF QUARTERLY RESULTS (unaudited)

The following table highlights the Company's quarterly results for the last eight quarters. The financial information below has been prepared in accordance with IFRS as of December 1, 2010 (the transition date). Prior periods were prepared under Canadian GAAP.

	2012			2011				2010
	IFRS			IFRS				GAAP
	Aug 31	May 31	Feb 29	Nov 30	Aug 31	May 31	Feb 28	Nov 30
	$	$	$	$	$	$	$	$
Revenue	-	-	-	-	-	-	-	-
Net loss	(308,549)	(478,061)	(758,741)	(11,435,423)	(804,808)	(498,086)	(247,385)	(7,105,005)
Net loss per share - basic and diluted	(0.00)	(0.00)	(0.00)	(0.06)	(0.00)	(0.00)	(0.00)	(0.06)

In the last quarter of 2010, excluding the write-down of $6,568,100 on the Company's Cassiar mineral property interests, the net loss would be $536,905. The Company's expenditures increased quarter by quarter in the fiscal year 2011 and started decreasing for the three quarters in 2012.

In March 2011, the Company completed an equity financing with SkyOcean Venture Investment Limited ("SkyOcean") for gross proceeds of $7.5 million. Following the completion of the financing with SkyOcean, a new Chief Executive Officer was appointed and an administrative office was set up in Beijing, China. The increased costs in the last three quarters of 2011 reflected the incremental expenses in connection with the Beijing administration. In the fourth quarter of 2011, the Cassiar mineral assets were further written down by $10,840,896.

In 2012, the Company's loss has been decreasing quarter by quarter as the Company implemented prudent measures in reducing its overhead and employees in both offices. The higher first quarter loss was a result of a severance payment to an officer.

The effect of transitioning from Canadian GAAP to IFRS has impacted asset retirement obligations, share-based payments and flow-through shares for the periods presented under IFRS in the above table. For further details, please see Note 9 to the condensed consolidated interim financial statements for the nine months ended August 31, 2012.

REVIEW OF FINANCIAL RESULTS

(Rounded to the nearest thousand ('000))

Net Loss

For the three and nine months ended August 31, 2012, the Company incurred a net loss of $309,000 and $1,545,000 respectively compared to $805,000 and $1,550,000 for the same periods in 2011. The lower loss for the third quarter of 2012 was due to the reduced salaries and benefits, investor relations and project due diligence activities.

Administrative Expenses

Administrative expenses for the three and nine months ended August 31, 2012 were $335,000 and $1,625,000 (2011 - $829,000 and $1,707,000) respectively. Excluding non-cash expenses for accretion and amortization (2012 - $7,000 and $21,000; 2011 - $9,000 and $29,000), loss from disposal of equipment (2012 - $nil and $12,000; 2011 - $nil) and share-based payments (2012 – ($35,000) and $63,000; 2011 - $208,000 and $322,000), the administrative (cash) expenses for the three and nine months ended August 31, 2012 were $363,000 and $1,530,000 (2011 - $613,000 and $1,356,000).

Areas of increased (cash) expenses for the nine months period of 2012 over 2011 were: directors and executive fees (2012 - $282,000; 2011 - $108,000), salaries and benefits (2012 - $599,000; 2011 - $522,000), and rent and office expenses (2012 - $378,000; 2011 - $242,000), Increased directors and executive fees were primarily due to the remunerations made to senior executives through their consulting firms. The higher salaries and benefits were due to staff additions for the Company's Beijing based subsidiary and a termination payment to an officer. Rent and office expenses arose as a result of the expenditures incurred in the Beijing subsidiary.

The increased expenses were offset partially by reduced costs in: filing fees and transfer agent (2012 – $29,000; 2011 - $52,000); professional and consulting fees (2012 – $78,000; 2011 – $100,000), shareholder information (2012 - $11,000; 2011 - $44,000) and project investigation (2012 - $29,000; 2011 - $48,000).

Mineral Property Expenditures

The Company capitalizes expenditures incurred in connection with the acquisition and exploration of its mineral property interests. At August 31, 2012, the carrying values of the Cassiar gold property was $17.9 million (November 30, 2011 - $15.8 million). During the three and nine months ended August 31, 2012, total costs of $1.8 million and $2.2 million respectively, were incurred on the exploration expenditures (2011 - the property was mainly in care and maintenance). Details of mineral property expenditures are disclosed in Note 4 of the condensed consolidated interim financial statements for the nine months ended August 31, 2012.

LIQUIDITY AND CAPITAL RESOURCES

At August 31, 2012, the Company's cash and cash equivalents were $2,362,000 compared with $6,815,000 at November 30, 2011, and its working capital at August 31, 2012, was $3,082,000 (November 30, 2011 - $6,622,000). The Company has no long-term debt obligations or off-balance sheet arrangements.

As at August 31, 2012, the Company has sufficient working capital to operate as a going concern to meet its obligations as they become due for the next twelve months. However, management continues to evaluate its operations, mineral assets and business opportunities which might require future equity issuances, debt financing or asset sales.

Under operating activities, the Company used $2,268,000 of its cash for the nine months ended August 31, 2012 compared with $1,354,000 for the same period in 2011. The higher cash used in 2011 operating activities was due to the establishment of a subsidiary in Beijing, China with added administration cash outlays.

In the investing activities, the Company expended $2,065,000 of its cash on the exploration and evaluation assets for the three quarters of 2012 compared with $548,000 in 2011. The Company commenced a drilling program on the Cassiar gold properties in June 2012. The program was completed subsequently in September 2012.

The Company's financing activity for the nine months period of 2012 was the repayment of $78,000 (2011 - $69,000) on a mortgage relating to land and certain infrastructure facilities at the Cassiar Gold Camp. At August 31, 2012, the remaining mortgage was $9,000 which was subsequently paid off in September 2012.

The Company's continual operations are dependent on management's ability to raise required capital through future equity issuances, debt financings and/or from strategic shareholders. There can be no assurance that such financings will be available and on terms favourable to the Company.

COMMITMENTS

To keep the Company's mineral claims in good standing and to continue having the rights to the mineral interests of the exploration and evaluation properties, the Company has obligations to make cash payments to the government and/or underlying mineral interest owners and to fulfill work program expenditures.

The Company's annual commitments to office leases are as follows:

		August 31, 2012
2012	$	96,478
2013		137,542
2014		53,158

The above lease commitments include the Company's 50% share of lease obligation of its former office space which has been subleased, a two-year office lease expiring April 2013 and a one-year lease for its Chinese subsidiary ending December 31, 2012.

TRANSACTIONS WITH RELATED PARTIES

Prior to the set up of the Company's subsidiary in China in December 2011, an administration under the Chief Executive Officer shared office space, personnel, professional and administrative services with related parties of the Company's major shareholder. In August 2011, the Company entered into an office lease and a management services agreement with these related parties. As of December 1, 2011, the Company's Chinese subsidiary, North American Mining Consulting Ltd. took over the office rental agreement while the management service agreement was terminated.

For the nine months ended August 31, 2012, the Company was charged office rental of $165,672 (2011 - $nil). As at August 31, 2012, no outstanding amount (November 30, 2011 - $174,601) was included in current liabilities payable to these related parties with regards to the office lease.

All transactions with the related parties have incurred in the normal course of business and were measured at the exchange amounts as determined and agreed by the transacting parties. Balances with related parties are non-interest bearing, unsecured and payable on demand.

Key management compensations

The Company's directors and senior officers are considered as key management personnel. Their compensation comprises:

	Nine months ended August 31,			
		2012		2011
Remuneration and short-term benefits	$	619,910	$	371,215
Share-based payments		(3,618)		70,586
	$	616,292	$	441,801

CHANGES TO DIRECTORS AND OFFICERS

In February 2012, Mr. Richard Barclay resigned as Executive Vice President, Director and a member of the Management Committee, Mr. Michael Beley as Director and Mr. Jian Zhang as Director and Special Advisor to the Executive Chairman.

In June 2012, Mr. David Bo resigned as the Executive Chairman and a member of the Management Committee.

OUTSTANDING SHARE DATA

The following summarizes the Company's share capital as of October 15, 2012:

	Number of shares	Weighted average exercise price
Issued and outstanding common shares	189,873,268	
Share purchase options	8,280,000	$0.24
	198,153,268	

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, other receivables, accounts payable and accrued liabilities and due to related parties. The fair values of the financial instruments listed above approximate their carrying value due to their short term maturity.

Financial instruments are initially recognized at fair value and financial instruments designated as loans and receivables and other financial liabilities are subsequently measured at amortized cost, with gains and losses recognized in the period the gain or loss occurs.

The Company is exposed to a variety of financial instrument related risks as follows:

Currency risk

The functional currency of Company and its Canadian subsidiary is Canadian dollar whereas its Chinese subsidiary is Chinese Yuan ("RMB"). The Company is exposed to currency risk arising from fluctuations in foreign exchange rates among the Canadian dollar, U.S. dollar and RMB. However, this currency risk is minimal as the Company's cash and cash equivalents (99%) were primarily held in Canadian and U.S. dollars.

Credit risk

The Company's exposure to credit risk on its Canadian cash and cash equivalents is limited as these assets are maintained at high-credit quality financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages liquidity risk with an annual budget and monthly cash forecasts to identify the timeline of its financial requirements. By monitoring the monthly actual expenditures against the budget, the Company ensures it has the control and flexibility to meet its business obligations.

As at August 31, 2012, the Company had cash resources of $2.4 million to settle current liabilities of $81,000. Management believes the Company has sufficient liquidity to meet its commitments and operational needs in the coming year.

Interest rate risk

Interest rate risk is the risk that the Company's future cash flows will fluctuate due to changes in the market interest rates. The Company earns the majority of its interest income from short-term investments invested in guarantee investment certificates. Fluctuations in interest rates will have a corresponding effect on the interest income. As the Company's mortgage is at a fixed interest rate for four years with less than seven months remaining, management does not believe it is exposed to interest rate risk.

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 ability to access capital markets 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 does not hold any marketable securities that fluctuate in value as a result of volatile movements in the global financial markets.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in accordance with IFRS requires management to make estimates and judgments that affect the reported amounts of the Company's financial position and operating results. The Company evaluates its estimates on an ongoing basis and considers the following policies to be critical in understanding the estimates and judgments that are used in the preparation of these financial statements. Due to the uncertainties and continual changes in the business environment, actual results could differ from the management's estimates which could impact significantly the Company's financial position, results of operations and cash flows.

Exploration and evaluation ("E&E") assets and Impairment assessment

Costs related to acquisition, exploration and development are capitalized to the E&E assets until economical recoverable mineral reserves are determined. The capitalized costs are then reclassified as mining assets and amortized on a unit-of-production basis.

The Company performs impairment tests on the E&E assets when events or circumstances occur which indicate the assets may not be recoverable. Impairment assessments are carried out on project by project basis with each project representing a single cash generating unit.

When impairment indicators are identified, an impairment loss is recognized for any amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Value in use is determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset in its present form and from its ultimate disposal.

Share-based payments

The Company applies the fair value method of accounting for share-based payments on stock option grants to employees and consultants. Under this method, the Company calculates the fair value of stock options using the Black-Scholes option pricing model and the amounts are charged either to operations or capitalized to exploration and evaluation assets costs over the vesting period.

In determining the fair value, management is required to make certain assumptions such as the expected life of the options, forfeiture rates and expected volatility. Changes in the assumptions would affect the fair value of the option awards which could have a material result.

TRANSITION TO IFRS

Commencing December 1, 2011, the Company prepares its financial statements in accordance with IFRS with restatement of comparative statements of financial position as at December 1, 2010 and November 30, 2011. These are the Company's third condensed consolidated interim financial statements for the nine months ended August 31, 2012. For details of its IFRS accounting policies, refer to Note 2 in the condensed consolidated interim financial statements for the three months ended February 29, 2012.

The impact of first-time adoption of IFRS and reconciliations between the Company's financial statements previous reported under Canadian GAAP and current reporting under IFRS is provided in Note 9 of the condensed consolidated interim financial statements for the nine months ended August 31, 2012.

A reconciliation of the Company's equity as at August 31, 2011 from Canadian GAAP to IFRS:

Condensed Consolidated Interim Statements of Changes in Equity
As at August 31, 2011

August 31, 2011 (unaudited)	Note	Canadian GAAP	Adoption Effect	IFRS
EQUITY				
Share capital	9 (d)	$ 49,516,367	$ 2,034,348	$ 51,550,715
Share-based payment reserve	9 (b)	9,726,070	(70,841)	9,655,229
Accumulated deficit	9 (b,c,d)	(23,992,400)	(2,396,423)	(26,388,823)
Total equity		(35,250,037)	432,916	(34,817,121)

A reconciliation of comprehensive loss for the three months ended August 31, 2011:

Condensed Consolidated Interim Statements of Comprehensive Loss
For the Three Months ended August 31, 2011

	Note	Canadian GAAP	Adoption Effect	IFRS
Expenses				
Accretion of asset retirement obligation	9 (c)	$ 4,860	$ 505	$ 5,365
Amortization		3,179	-	3,179
Bank charges and financing interests		1,058	-	1,058
Directors' and executive fees		101,250	-	101,250
Filing fees and transfer agent		14,938	-	14,938
Investor relations		20,772	-	20,772
Management services fees		86,187	-	86,187
Professional and consulting fees		16,523	-	16,523
Project investigation		37,744	-	37,744
Rent and office expenses		81,254	-	81,254
Salaries and benefits		219,385	-	219,385
Shareholder information		7,282	-	7,282
Share-based payments	9 (b)	137,334	71,045	208,379
Travel		25,687	-	25,687
Loss before the undernoted		(757,453)	(71,550)	(829,003)
Other income (expenses)				
Interest income		23,813	-	23,813
Loss in foreign exchange		382	-	382
Comprehensive loss for the period		(733,258)	(71,550)	(804,808)
Deficit, beginning of the period		(23,259,142)	(2,324,873)	(25,584,015)
Deficit, end of of the period		$ (23,992,400)	$ (2,396,423)	$ (26,388,823)

A reconciliation of comprehensive loss for the nine months ended August 31, 2011:

Condensed Consolidated Interim Statements of Comprehensive Loss

For the Nine Months ended August 31, 2011

	Note	Canadian GAAP	Adoption Effect	IFRS
Expenses				
Accretion of asset retirement obligation	9 (c)	$ 14,579	$ 4,875	$ 19,454
Amortization		9,539	-	9,539
Bank charges and financing interests		14,319	-	14,319
Directors' and executive fees		107,750	-	107,750
Filing fees and transfer agent		51,809	-	51,809
Investor relations		109,468	-	109,468
Management services fees		86,187	-	86,187
Professional and consulting fees		100,125	-	100,125
Project investigation		48,244	-	48,244
Rent and office expenses		241,690	-	241,690
Salaries and benefits		521,956	-	521,956
Shareholder information		43,590	-	43,590
Share-based payments	9 (b)	326,501	(4,501)	322,000
Travel		30,482	-	30,482
Loss before the undernoted		(1,706,239)	(374)	(1,706,613)
Other income (expenses)				
Interest income		61,127	-	61,127
Loss in foreign exchange		(1,400)	-	(1,400)
Premium paid for flow-through shares	9 (d)	-	96,607	96,607
Comprehensive loss for the period		(1,646,512)	96,233	(1,550,279)
Deficit, beginning of the period		(22,345,888)	(2,492,656)	(24,838,544)
Deficit, end of of the period		$ (23,992,400)	$ (2,396,423)	$ (26,388,823)

Notes to the reconciliations:

a) Share-based payments

The Company applies IFRS 2 on share-based payments. Under Canadian GAAP ("GAPP"), the Company recorded stock-based compensation on a straight-line basis over the vesting period. Under IFRS, the Company records share-based payments for each tranche within an award over the vesting period of the corresponding tranche. This results in a changing of the amortization schedule. In addition, forfeitures were recognized as they occurred under Canadian GAPP while under IFRS, expected forfeitures are estimated up front.

b) Asset retirement obligations

Under Canadian GAAP, asset retirement obligations are measured at the initial date of recognition using a discounted cash flow analysis with the Company's credit-adjusted risk free interest rate. The liability (and corresponding asset) is only re-measured in the event of changes in the amount or timing of cash flows required to settle the obligation. IFRS (IAS 37) requires initial measurement of the obligation using a pre-tax discount rate that reflects the risk associated with the liability. In addition the liability is required to be re-measured at each reporting date

c) Flow-through shares

Under Canadian GAAP, the flow-through shares were measured at the amount received. Under IFRS, when flow-through shares are issued, a liability is recognized in the amount of the estimated premium paid by the investors for flow-through shares. This liability is reversed and recognized through the statement of comprehensive loss as the relevant expenditures are incurred.

Under Canadian GAAP and future income tax liability is recorded upon the renunciation of the flow-through shares whereas under IFRS deferred income tax liability is recorded as the relevant expenditures are incurred.

OUTLOOK

With the summer drilling program completed in September 2012, the Company's plans for the remainder of fiscal year 2012 are to assess data from the 53 drill holes completed this year and review geological models and concepts developed from the drill core re-logging program. Further drilling targets will be identified. Additionally, several other prospective areas such as Newcoast on the Taurus Property were identified through on-going compilation of historic geochemical, geophysical and drilling data and through re-logging of drill core. This program of compilation will continue with the goal of delineating high priority drilling targets for 2013.

RISKS AND UNCERTAINTIES

Due to nature of the Company's business in mineral exploration and development, it is subject to various risks and uncertainties as set out in the following. If any of the described risks occur, the Company's business, operating results and financial position could be adversely affected in a material way.

Exploration Risk

Mineral exploration activities are inherently risky. Few properties that are explored are eventually developed into producing mines. Exploration activities on the Company's two mineral properties have not yet resulted in discoveries of commercial mineralization to take the Company to the producing stage. If there are no further discoveries, the Company may be forced to look for other projects and abandon the existing properties.

Titles to Mining Properties

While the Company exercises due diligence with respect to determining titles to properties it has interests in and claims in good standing, there is no guarantee that titles to such properties will not be challenged. The Company's properties may be subject to prior unregistered agreements or transfers, indigenous or government land claims. Any of which could result in the total loss of the Company's mineral property interests.

Mineral Resources are Estimates

The mineral resource figures disclosed in the MD&A are estimates only and the Company cannot be certain that specific quantities of gold or other minerals will be realized. These estimates are subject to the assumptions and judgments used in the geological interpretations. Any material changes in the mineralization, grade, metal prices and market conditions could have a serious adverse effect on the economic viabilities of the Company. Until the estimated deposits are mined and processed, the mineral resources and its grades remain estimates only.

Commodity Prices

The Company's future viability depends largely on the movement of the price of gold as the Company's mineral resources are primarily of gold. Gold prices have historically been volatile reacting to conditions beyond the Company's control, including international politics, economic crisis, global production, consumption pattern and speculative activities. A sustaining depressed gold price will be damaging to the Company's continual operation.

Global Economy and Financial Markets

The Company relies on the capital markets to raise equity financings for its exploration activities, operating expenses and business development. The current Euro zone debt crisis has led to serious damages to the global financial system and tightened credit facilities. This has increased difficulties for the Company to access to the financial markets and the resulting higher costs of capital.

Share Price Volatility and Dilution

The European market crisis and the resulting contraction of the capital markets have resulted in a steep drop in the Company's share price. The Company's stock price will continually be affected by such volatile market trends, which may not be necessarily related to the financial condition, underlying assets or prospects of the Company. For the Company's ongoing working capital and exploration activities, it relies on the issuance of common shares However, there is no assurance that additional capital will be available when needed or that if available, the terms of such financing will be favourable to the Company. Any future equity financing will cause dilution to the Company's existing shareholders.

Government and Environmental Regulations

The Company's operations are subject to various regulations governing prospecting, permitting, mine safety, labour standards, explosive storage, reclamation, spills, tailings disposal and any other environmental issues. There is no guarantee that new rules and compliances will not be enacted or existing regulations will not be changed and applied in such a way that they may adversely impact the Company's operations. Environmental legislation has becoming more stringent and penalties are enforced for non-compliance. Compliance with existing and evolving regulations means increasing costs to the Company.

Competition

The Company is in competition with all of its mining counterparts which may have greater financial resources and expertise. It competes with them in the acquisition of quality mineral properties, recruitment of qualified technical and geological employees in addition to the attraction of investors and joint venture partners. All these competitions create uncertainties to the Company's ongoing operations.

Uninsured Hazards

The Company may be subject to liabilities on hazards such as unusual geological conditions during exploration and drilling which cannot be insured against or against which the Company may elect not to insure because of the high premium or for other reasons. Such liability may result in the loss of the Company assets and its insolvency.