



**WEST RED LAKE  
GOLD MINES INC.**

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**West Red Lake Gold Mines Inc.**

**Condensed Interim Financial Statements  
(Expressed in Canadian Dollars)**

**Three Months Ended December 31, 2012 and 2011**

**(Unaudited)**

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## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The accompanying unaudited condensed interim financial statements of West Red Lake Gold Mines Inc. (the "Company") are the responsibility of the management and Board of Directors of the Company.

The unaudited condensed interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed interim financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the unaudited condensed interim financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the unaudited interim condensed financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited interim condensed financial statements and (ii) the unaudited interim condensed financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the years presented by the unaudited interim condensed financial statements.

The Board of Directors is responsible for ensuring that management fulfills its financial reporting responsibilities and for reviewing and approving the unaudited interim condensed financial statements together with other financial information. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the internal controls over the financial reporting process and the unaudited interim condensed financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited interim condensed financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

### **NOTICE TO READER**

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

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

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

*(signed)*  
Robert Seitz  
Chief Executive Officer

*(signed)*  
Daniel Crandall  
Chief Financial Officer

February 28, 2013  
Toronto, Canada

**West Red Lake Gold Mines Inc.**  
**Condensed Interim Statements of Financial Position**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

<b>As at</b>	<b>December 31, 2012</b>	<b>September 30, 2012</b>
<b>Assets</b>		
Current assets		
Cash	\$ 679,931	\$ 295,140
Restricted cash (Note 3)	22,055	22,055
Prepaid expenses and deposits	5,058	5,671
	<b>707,044</b>	<b>322,866</b>
Property and equipment (Note 4)	88,242	93,700
Exploration and evaluation costs (Note 5)	9,486,794	9,160,404
	<b>\$ 10,282,080</b>	<b>\$ 9,576,970</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 455,327	\$ 183,376
Due to joint venture partner (Note 6)	236,690	259,568
	<b>692,017</b>	<b>442,944</b>
Deferred income tax liabilities	909,000	909,000
	<b>1,601,017</b>	<b>1,351,944</b>
<b>Shareholders' Equity</b>		
Share capital (Note 7)	19,007,587	18,807,808
Units to be issued (Note 12)	93,420	300,600
Reserves	5,958,441	5,374,590
Deficit	(16,378,385)	(16,257,972)
	<b>8,681,063</b>	<b>8,225,026</b>
	<b>\$ 10,282,080</b>	<b>\$ 9,576,970</b>

**Nature of operations and going concern** (Note 1)

**Commitments** (Note 11)

**Subsequent events** (Note 12)

Approved by the Board:

*signed* "Stephen Jakob" \_\_\_\_\_, Director

*signed* "Robert Seitz" \_\_\_\_\_, Director

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



# West Red Lake Gold Mines Inc.

## Condensed Interim Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

(Unaudited)

	Three Months Ended December 31,	
	2012	2011
<b>Expenses</b>		
Management fees (Note 10)	\$ 27,000	\$ 32,000
Office general and administrative (Note 10)	36,096	24,261
Professional fees	28,144	14,523
Shareholder information	11,595	29,372
Travel and entertainment	3,122	2,953
Insurance	7,798	6,423
Consulting fees	1,200	26,250
Depreciation	5,458	7,236
	<b>120,413</b>	<b>143,018</b>
Loss before under noted items	<b>(120,413)</b>	<b>(143,018)</b>
Interest and other income	-	55
<b>Loss and comprehensive loss for the period</b>	<b>\$ (120,413)</b>	<b>\$ (142,963)</b>
<b>Basic and fully diluted loss per share</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>
<b>Weighted average number of common shares outstanding - Basic and diluted</b>	<b>46,234,577</b>	<b>42,662,189</b>

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



# West Red Lake Gold Mines Inc.

## Condensed Interim Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

(Unaudited)

	Number of Shares	Share Capital	Flow-through Units to be Issued	Reserves			Total
				Warrants Reserve	Share-based Payments	Deficit	
<b>Balance, September 30, 2011</b>	<b>41,649,148</b>	<b>\$ 18,623,763</b>	<b>\$ -</b>	<b>\$ 1,572,266</b>	<b>\$ 3,351,944</b>	<b>\$ (15,602,723)</b>	<b>\$ 7,945,250</b>
Flow-through units issued for cash (Note 7(b)(i))	2,000,000	500,000	-	-	-	-	500,000
Share issue costs (Note 7(b)(i))	-	(17,000)	-	-	-	-	(17,000)
Warrants issued on private placement (Note 7(b)(i))	-	(300,000)	-	300,000	-	-	-
Broker warrants issued on private placement (Note 7(b)(i))	-	(20,400)	-	20,400	-	-	-
Issued for property (Note 7(b)(ii))	40,000	7,200	-	-	-	-	7,200
Net loss for the period	-	-	-	-	-	(142,963)	(142,963)
<b>Balance, December 31, 2011</b>	<b>43,689,148</b>	<b>18,793,563</b>	<b>-</b>	<b>1,892,666</b>	<b>3,351,944</b>	<b>(15,745,686)</b>	<b>8,292,487</b>
Additional share issue costs	-	(13,755)	-	-	-	-	(13,755)
Issued for property	130,000	28,000	-	-	-	-	28,000
Flow through units issued after year end (Note 7(b)(iii))	-	-	300,600	-	-	-	300,600
Share-based compensation	-	-	-	-	129,980	-	129,980
Net loss for the period	-	-	-	-	-	(512,286)	(512,286)
<b>Balance, September 30, 2012</b>	<b>43,819,148</b>	<b>\$ 18,807,808</b>	<b>\$ 300,600</b>	<b>\$ 1,892,666</b>	<b>\$ 3,481,924</b>	<b>\$ (16,257,972)</b>	<b>\$ 8,225,026</b>

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



# West Red Lake Gold Mines Inc.

## Condensed Interim Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

(Unaudited)

	Number of Shares	Share Capital	Flow-through Units to be Issued	Reserves			Total
				Warrants Reserve	Share-based Payments	Deficit	
<b>Balance, September 30, 2012</b>	<b>43,819,148</b>	<b>\$ 18,807,808</b>	<b>\$ 300,600</b>	<b>\$ 1,892,666</b>	<b>\$ 3,481,924</b>	<b>\$ (16,257,972)</b>	<b>\$ 8,225,026</b>
Flow-through units issued for cash (Note 7(b)(iii) and (iv))	6,714,000	805,680	(300,600)	-	-	-	505,080
Share issue costs (Note 7(b)(iii) and (iv))	-	(22,050)	-	-	-	-	(22,050)
Warrants issued on private placement (Note 7(b)(iii) and (iv))	-	(545,616)	-	545,616	-	-	-
Broker warrants issued on private placement (Note 7(b)(iii) and (iv))	-	(38,235)	-	38,235	-	-	-
Flow-through units issued after period end (Note 12)	-	-	93,420	-	-	-	93,420
Net loss for the period	-	-	-	-	-	(120,413)	(120,413)
<b>Balance, December 31, 2012</b>	<b>50,533,148</b>	<b>\$ 19,007,587</b>	<b>\$ 93,420</b>	<b>\$ 2,476,517</b>	<b>\$ 3,481,924</b>	<b>\$ (16,378,385)</b>	<b>\$ 8,681,063</b>

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



**West Red Lake Gold Mines Inc.**  
**Condensed Interim Statements of Cash Flows**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

	<b>Three Months Ended December 31,</b>	
	<b>2012</b>	<b>2011</b>
<b>Cash flow - Operating activities</b>		
Net loss for the period	\$ (120,413)	\$ (142,963)
Adjustments for non-cash items:		
Depreciation	5,458	7,236
Net changes in non-cash working capital balances:		
Accounts receivable	-	202,955
Due from joint venture partner	(22,878)	303,884
Prepaid expenses and deposits	613	(21,154)
Accounts payable and accrued liabilities	271,951	216,195
	<b>134,731</b>	<b>566,153</b>
<b>Cash flow - Investing activities</b>		
Exploration and evaluation costs - exploration	(326,390)	(519,546)
Restricted cash	-	(55)
	<b>(326,390)</b>	<b>(519,601)</b>
<b>Cash flow - Financing activities</b>		
Issue of common shares, net of issue costs	483,030	483,000
Flow-through units to be issued	93,420	-
	<b>576,450</b>	<b>483,000</b>
<b>Change during the period</b>	<b>384,791</b>	<b>529,552</b>
<b>Cash, beginning of period</b>	<b>295,140</b>	<b>173,107</b>
<b>Cash, end of period</b>	<b>\$ 679,931</b>	<b>\$ 702,659</b>
<b>Supplemental cash flow information</b>		
Shares issued for mineral properties	\$ 35,200	\$ 7,200

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



# West Red Lake Gold Mines Inc.

## Notes to Condensed Interim Financial Statements Three Months Ended December 31, 2012 and 2011 (Expressed in Canadian Dollars) (Unaudited)

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### 1. Nature of operations and going concern

West Red Lake Gold Mines Inc. (the "Company" or "West Red Lake Gold Mines") (Formerly Hy Lake Gold Inc.) was incorporated under the name Hy Lake Gold Inc. ("Hy Lake Gold") on November 29, 1991 under the Business Corporations Act (Ontario). On May 30, 2012, the Company changed its name from "Hy Lake Gold" to "West Red Lake Gold Mines". Effective June 29, 2012 the common shares of West Red Lake Gold Mines commenced trading on the Canadian National Stock Exchange ("CNSX") under the trading symbol RLG and prior to that it traded under the symbol HYL.

The Company commenced its current business activities of acquiring, exploring and developing mineral properties on October 1, 2005. Substantially all of the efforts of the Company are devoted to these business activities. To date the Company has not earned significant revenue and is considered to be in the exploration stage. The ability of the Company to carry out its business plan rests with its ability to secure equity and other financing.

As at December 31, 2012, the Company had a working capital balance of \$15,027 (September 30, 2012 - working capital deficiency of \$120,078), had not yet achieved profitable operations, has accumulated losses of \$16,378,385 (September 30, 2012 - \$16,257,972) and expects to incur further losses in the development of its business, all of which casts doubt upon the Company's ability to continue as a going concern. The Company is in the exploration stage has no proven reserves or production relating to its operations. The application of the going concern assumption is dependent upon the Company's ability to generate future profitable operations and obtain necessary financing to do so.

Management believes the Company can obtain sufficient financing to cover planned operations throughout the next twelve month period. Management plans on securing additional financing through the issue of new equity, among other things. There is no assurance that these initiatives will be successful.

These condensed interim financial statements have been prepared on the basis of accounting principles applicable to a "going concern", which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. The business of mining and exploring for minerals involves a high degree of risk and there is no guarantee that the Company's exploration programs will yield positive results or that the Company will be able to obtain the necessary financing to carry out the exploration and development of its mineral property interests.

Management believes the going concern assumption to be appropriate for these condensed interim financial statements. If the going concern assumption was not appropriate, adjustments might be necessary to the carrying value of the assets and liabilities, reported revenues and expenses, and the balance sheet classifications used in the financial statements.

The recoverability of the carrying value of exploration properties and the Company's continued existence is dependent upon the preservation of its interests in the underlying properties, the development of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values.

Although the Company has taken steps to verify title to the properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, undetected defects, unregistered claims, native land claims, and non-compliance with regulatory and environmental requirements.

The primary office of the Company is located at 65 Queen St. West, Unit 1105, Toronto, Ontario M5H 2M5.



# West Red Lake Gold Mines Inc.

## Notes to Condensed Interim Financial Statements Three Months Ended December 31, 2012 and 2011 (Expressed in Canadian Dollars) (Unaudited)

### 2. Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

The policies applied in these condensed interim financial statements are based on IFRSs issued and outstanding as of February 28, 2013, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these condensed interim financial statements as compared with the most recent annual financial statements as at and for the year ended September 30, 2012. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending September 30, 2013 could result in restatement of these condensed interim financial statements.

These financial statements for the three months ended December 31, 2012 were authorized for issuance by the Board of Directors of the Company on February 28, 2013.

#### **New standards not yet adopted and interpretations issued but not yet effective**

There are no relevant changes in accounting standards applicable to future periods other than as disclosed in the most recent annual consolidated statements as at and for the year ended September 30, 2012.

### 3. Restricted cash

The Company has one company credit card with a major financial institution with an aggregate credit limit of \$22,000. The financial institution holds \$22,055 in a Guaranteed Investment Certificate as collateral on the credit amount as long as the credit card is active. The restricted cash amount would change if there were any change in the credit limit on the card.

### 4. Property and equipment

#### **COST**

	<b>Computer Equipment</b>	<b>Machinery and Equipment</b>	<b>Vehicles</b>	<b>Total</b>
Balance, September 30, 2011	\$ 8,554	\$ 161,114	\$ 66,405	\$ 236,073
Balance, December 31, 2011	8,554	161,114	66,405	236,073
Balance, September 30, 2012	8,554	161,114	66,405	236,073
<b>Balance, December 31, 2012</b>	<b>\$ 8,554</b>	<b>\$ 161,114</b>	<b>\$ 66,405</b>	<b>\$ 236,073</b>

# West Red Lake Gold Mines Inc.

## Notes to Condensed Interim Financial Statements Three Months Ended December 31, 2012 and 2011 (Expressed in Canadian Dollars) (Unaudited)

### 4. Property and equipment (Continued)

#### ACCUMULATED DEPRECIATION

	Computer Equipment	Machinery and Equipment	Vehicles	Total
Balance, September 30, 2011	\$ 4,332	\$ 82,635	\$ 26,460	\$ 113,427
Depreciation for the period	316	3,924	2,996	7,236
Balance, December 31, 2011	4,648	86,559	29,456	120,663
Depreciation for the period	950	11,772	8,988	21,710
Balance, September 30, 2012	5,598	98,331	38,444	142,373
Depreciation for the period	222	3,139	2,097	5,458
<b>Balance, December 31, 2012</b>	<b>\$ 5,820</b>	<b>\$ 101,470</b>	<b>\$ 40,541</b>	<b>\$ 147,831</b>

#### CARRYING AMOUNTS

	Computer Equipment	Machinery and Equipment	Vehicles	Total
At September 30, 2011	\$ 4,222	\$ 78,479	\$ 39,945	\$ 122,646
At December 31, 2011	3,906	74,555	36,949	115,410
At September 30, 2012	2,956	62,783	27,961	93,700
<b>At December 31, 2012</b>	<b>\$ 2,734</b>	<b>\$ 59,644</b>	<b>\$ 25,864</b>	<b>\$ 88,242</b>

### 5. Exploration and evaluation costs

On a quarterly basis, management of the Company reviews exploration costs to ensure mineral properties and deferred exploration expenditures include only costs and projects that are eligible for capitalization.

	Balance, September 30, 2012	Acquisition	Exploration	Reimbursements	Balance, December 31, 2012
Mount Jamie	\$ 4,397,791	\$ -	\$ 291,846	\$ -	\$ 4,689,637
Rowan Lake	3,662,488	-	57,197	(22,878)	3,696,807
Golden Tree	349,519	-	-	-	349,519
Red Summit	639,904	-	225	-	640,129
Rubicon	110,702	-	-	-	110,702
	\$ 9,160,404	\$ -	\$ 349,268	\$ (22,878)	\$ 9,486,794

# West Red Lake Gold Mines Inc.

## Notes to Condensed Interim Financial Statements Three Months Ended December 31, 2012 and 2011 (Expressed in Canadian Dollars) (Unaudited)

### 5. Exploration and evaluation costs (Continued)

	Balance, September 30, 2011	Acquisition	Exploration	Reimbursements	Balance, September 30, 2012
Mount Jamie	\$ 3,668,793	\$ -	\$ 728,998	\$ -	\$ 4,397,791
Rowan Lake	3,459,142	-	278,840	(75,494)	3,662,488
Golden Tree	310,892	33,500	5,127	-	349,519
Red Summit	639,904	-	-	-	639,904
Rubicon	61,002	49,700	-	-	110,702
	\$ 8,139,733	\$ 83,200	\$ 1,012,965	\$ (75,494)	\$ 9,160,404

The Company's properties are as follows:

#### (a) *Mount Jamie*

During 2008, the Company completed a series of transactions resulting in the acquisition of a 100% interest in the Mount Jamie Property for 2,000,000 shares. The 9 mining claims are located in the Red Lake Mining District in Ontario. The property is subject to a 3% NSR.

During 2011, the Company acquired, by staking, 6 additional mining claims to the west and northwest of the claims acquired during 2008.

#### (b) *Rowan Lake*

During 2008, the Company entered into an Option and Joint Venture Agreement Agreement with Red Lake Gold Mines ("RLGM"), a general partnership of Goldcorp Inc. and Goldcorp Canada Ltd. (collectively "Goldcorp Red Lake Gold Mines" or "Goldcorp") on Goldcorp Red Lake Gold Mines' Rowan Lake Property in Todd Township, Red Lake, Ontario.

As a result of the Company having incurred the requisite exploration expenditures of \$2,500,000 on the Rowan Lake Mine Property during 2011, the Company exercised its option to acquire a 60% joint venture ownership interest in the property. RLGM advised the Company that it did not intend to exercise the Option Back-In Right to purchase a 20% interest in the Property for \$5,000,000. Accordingly, the Company issued 1,000,000 common shares in favour of RLGM, with an ascribed fair value of \$340,000.

Subsequent to the formation of the joint venture, Goldcorp has a joint venture back-in right to purchase an 11% interest in the property from the Company, within 90 days of the joint venture expending \$5,000,000 on operations, for \$7,000,000. If Goldcorp exercises the joint venture back-in right, it will thereafter have a 51% joint venture interest and the Company will have a 49% joint venture interest in the Rowan Property.

The property is subject to a 2% NSR.

# West Red Lake Gold Mines Inc.

## Notes to Condensed Interim Financial Statements

### Three Months Ended December 31, 2012 and 2011

(Expressed in Canadian Dollars)  
(Unaudited)

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#### 5. Exploration and evaluation costs (Continued)

##### (c) *Golden Tree*

- (i) During 2008, the Company entered into an Option Agreement to acquire a 100% interest in a six claim addition to the Golden Tree Property ("Golden Tree 1"), in the Ball Township / Hammell Lake areas of the Red Lake Mining District. The claims, to be known as the Pipestone Bay Property, are contiguous, west-north-west along strike, with the Company's Mount Jamie Property. Total consideration charged for the claims includes the issuance of 150,000 common shares, in aggregate, over a three year period.

The property is subject to a 3% NSR.

- (ii) During 2007, the Company entered into an Option Agreement to earn a 100% interest in five mining claims in the Rowan Lake area of Red Lake, Ontario ("Golden Tree 2"). The claims are contiguous with the Mount Jamie Property. Total consideration charged and committed for these claims includes cash payments totaling \$70,000, the issuance of 200,000 common shares of the Company and carry out exploration work totaling \$140,000 over a four year period. To September 30, 2011, the Company has completed exploration work for approximately \$100,000. During 2012, the optionor agreed to accept 100,000 common shares of the Company as compensation for their shortfall in exploration work. The Company has satisfied the terms of this Option Agreement.

The property is subject to a 3% NSR.

##### (d) *Red Summit*

During 2008, the Company entered into an Option Agreement with Claude Resources Inc. to earn a 100% interest in two patented mineral claims in Todd Township, Ontario. Total consideration charged for the claims includes a cash payment of \$25,000 (paid) plus work commitments of \$100,000. The Company has completed its work commitments and the transfer of the claims is in progress.

The property is subject to a 3% NSR.

##### (e) *Rubicon*

During 2008, the Company entered into an Option Agreement with Rubicon Minerals Corporation ("Rubicon") to earn a 100% interest in four mining claims in Todd Township, Red Lake Mining District, Ontario ("Rubicon (1)"). The aggregate purchase price for the claims is as follows: Cash payments totaling \$50,000 and the issuance of 75,000 shares of the Company. The Company has satisfied the terms of this Option Agreement.

The property is subject to a 2% NSR.

On November 24, 2010, the Company signed an agreement with Rubicon Minerals Corporation whereby the Company has the option to acquire a 100% interest in the Rubicon Property ("Rubicon (2)") through the issuance of 100,000 shares of the Company (40,000 shares issued) and cash commitments of \$125,000 (\$30,000 paid). The remaining payments are outlined in Note 11. The Company grants to Rubicon a 2% net smelter return royalty (the "Royalty") on the Property. The Company shall have the right to purchase one half of the Royalty from Rubicon for sum of \$1,000,000.

# West Red Lake Gold Mines Inc.

## Notes to Condensed Interim Financial Statements Three Months Ended December 31, 2012 and 2011 (Expressed in Canadian Dollars) (Unaudited)

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### 6. Due to / from joint venture partner

As at December 31, 2012, the due to joint venture partner balance of \$236,690 (September 30, 2011 - \$259,568) represents cash advances from the joint venture partner in connection with exploration costs to be incurred on the Rowan Lake property. Cash advances of this nature are as a result of the joint venture partner funding anticipated exploration and evaluation costs up front based on forecasted expenditures. In the past, the company incurred the costs and was reimbursed by the joint venture partner.

### 7. Share capital

#### (a) Authorized

Unlimited number of common shares without par value.

#### (b) Issued

Shares issued during the three months ended December 31, 2011, were as follows:

- (i) On November 15, 2011, the Company closed a non-brokered flow-through private placement of 2,000,000 Units at \$0.25 per Unit for gross proceeds of \$500,000. Each Unit consists of one common share and one common share purchase warrant ("Warrant"). Each Warrant entitles the holder to purchase one additional common share at a price of \$0.35 for a period of 12 months from the date of closing and at a price of \$0.50 for the subsequent 12 month period (the "Warrant Term"). Cash costs of issue amounted to \$30,755.

The 2,000,000 warrants were assigned a fair value of \$300,000 using the Black-Scholes pricing model. The following weighted average assumptions were used: Risk free interest rate – 0.90%; expected volatility – 145%; Dividend yield - nil; expected life - 2 years. In connection with this financing, 26,000 broker compensation warrants were issued under the same terms and assumptions, resulting in a fair value of \$3,900. Subsequent to the three months ended December 31, 2011, an additional 110,000 broker compensation warrants were issued under the same terms and assumptions, resulting in a fair value of \$16,500. These warrants to be issued have been included in warrants reserve as of December 31, 2011.

- (ii) On December 20, 2011 the Company issued 40,000 common shares, with a fair value of \$7,200, to satisfy property acquisition commitments in connection with the Rubicon 2 property.

Shares issued during the three months ended December 31, 2012, were as follows:

- (iii) On December 7, 2012, the Company closed the first tranche of a flow-through private placement totaling 3,114,000 Units of the Company at \$0.15 per Unit for gross proceeds of \$467,100. Each Unit consists of one common share and one common share purchase warrant ("Warrant"). Each Warrant entitles the holder to purchase one additional common share at a price of \$0.20 for a period of 18 months from the date of closing. 2,004,000 of these units valued at \$300,600 were included as units to be issued at September 30, 2012. Cash costs of issue amounted to \$4,548.

The 3,114,000 warrants were assigned a fair value of \$236,016 using the Black-Scholes pricing model. The following weighted average assumptions were used: Risk free interest rate – 1.11%; expected volatility – 166%; Dividend yield - nil; expected life - 1.5 years. In connection with this financing, 207,920 broker compensation warrants were issued under the same terms and assumptions, resulting in a fair value of \$15,875.

Subsequent to the closing of the first tranche, the Units were re-priced from \$0.15 to \$0.12 per Unit. As a result, subscribers of Units at \$0.15 per Unit were issued a pro rata number of Units related to the re-pricing. A total of 778,500 Units valued at \$93,420 were issued on this basis subsequent to the three months ended December 31, 2012 and are included in units to be issued.

# West Red Lake Gold Mines Inc.

## Notes to Condensed Interim Financial Statements Three Months Ended December 31, 2012 and 2011 (Expressed in Canadian Dollars) (Unaudited)

### 7. Share capital (Continued)

#### (b) Issued (Continued)

Shares issued during the three months ending December 31, 2012, were as follows (Continued)):

- (iv) On December 31, 2012, the Company closed the second tranche of a flow-through private placement totaling 3,600,000 Units of the Company at \$0.12 per Unit for gross proceeds of \$432,000. Each Unit consists of one common share and one common share purchase warrant ("Warrant"). Each Warrant entitles the holder to purchase one additional common share at a price of \$0.20 for a period of 18 months from the date of closing. Cash costs of issue amounted to \$17,502.

The 3,600,000 warrants were assigned a fair value of \$309,600 using the Black-Scholes pricing model. The following weighted average assumptions were used: Risk free interest rate – 1.13%; expected volatility – 198%; Dividend yield - nil; expected life - 1.5 years. In connection with this financing, 260,000 broker compensation warrants were issued under the same terms and assumptions, resulting in a fair value of \$22,360.

### 8. Warrants

The following summarizes the warrant activity for the three months ended December 31, 2011 and December 31, 2012:

	Number of Warrants	Weighted Average Exercise Price(\$)
Balance, September 30, 2011	8,791,521	0.54
Issued(Note 7(b)(i))	2,026,000	0.43
<b>Balance, December 31, 2011</b>	<b>10,817,521</b>	<b>0.50</b>
Balance, September 30, 2012	10,927,521	0.59
Issued (Note 7(b)(iii) and (iv))	7,181,920	0.20
Expired	(5,866,521)	(0.82)
<b>Balance, December 31, 2012</b>	<b>12,242,920</b>	<b>0.28</b>

# West Red Lake Gold Mines Inc.

## Notes to Condensed Interim Financial Statements Three Months Ended December 31, 2012 and 2011 (Expressed in Canadian Dollars) (Unaudited)

### 8. Warrants (Continued)

As at December 31, 2012, the following warrants were outstanding:

Expiry Date	Number of Warrants	Exercise Price(\$)
August 18, 2013	225,000	0.30
August 19, 2013	2,700,000	0.30
November 15, 2013	2,136,000	0.50
April 4, 2014	2,150,720	0.20
June 6, 2014	1,171,200	0.20
June 27, 2014	3,860,000	0.20
	<b>12,242,920</b>	<b>0.28</b>

### 9. Stock options

The Company has a stock option plan (the "Plan") under which the directors of the Company may grant options to acquire common shares of the Company to directors and officers, employees, and consultants of the Company. Exercise prices cannot be less than the closing price of the Company's shares on the trading day preceding the date of grant and the maximum term of any option cannot exceed five years. The options vest immediately unless otherwise specified. The maximum aggregate number of common shares under options any time under the Plan cannot exceed 10% of the issued shares.

The following summarizes the stock option activity for the three months ended December 31, 2011 and December 31, 2012:

	Number of Stock Options	Weighted Average Exercise Price
<b>Balance, September 30, 2011 and December 31, 2011</b>	<b>3,525,000</b>	<b>\$ 0.36</b>
Balance, September 30, 2012	4,295,000	\$ 0.31
Expired	(500,000)	(1.00)
<b>Balance, December 31, 2012</b>	<b>3,795,000</b>	<b>\$ 0.22</b>

# West Red Lake Gold Mines Inc.

## Notes to Condensed Interim Financial Statements Three Months Ended December 31, 2012 and 2011 (Expressed in Canadian Dollars) (Unaudited)

### 9. Stock options (Continued)

The following table provides additional information about outstanding stock options as at December 31, 2012:

Expiry	Exercise Price (\$)	Weighted Average Exercise Price (\$)	Contractual Life (Years)	Weighted Average Contractual Life (Years)	Number of Options Outstanding
September 10, 2013	0.30	0.02	0.69	0.06	330,000
August 10, 2014	0.15	0.02	1.61	0.25	600,000
December 7, 2014	0.20	0.02	1.93	0.20	400,000
March 1, 2015	0.20	0.01	2.16	0.06	100,000
June 15, 2015	0.15	0.03	2.45	0.47	725,000
April 28, 2016	0.40	0.07	3.33	0.59	670,000
June 19, 2017	0.18	0.05	4.47	1.14	970,000
		<b>0.22</b>		<b>2.77</b>	<b>3,795,000</b>

### 10. Related party transactions

Officers, directors and companies controlled by officers and directors of the Company and individuals related to them charged management fees, consulting fees and shareholder information for the three months ended December 31, 2012, in the amount of \$95,832 (three months ended December 31, 2011 - \$88,912) to the Company, of which \$65,800 (three months ended December 31, 2011 - \$45,000) was deferred to exploration costs.

Remuneration of Directors and key management personnel of the Company was as follows:

	Three Months Ended December 31,	
	2012	2011
Salaries and benefits	\$ 95,832	\$ 88,912

Officers and directors of the Company were also reimbursed out of pocket expenses that occurred in the normal course of operations.

Accounts payable and accrued liabilities at December 31, 2012 includes \$21,076 (September 30, 2012 - \$19,221) owing to officers, directors and companies controlled by officers and directors.



# West Red Lake Gold Mines Inc.

## Notes to Condensed Interim Financial Statements Three Months Ended December 31, 2012 and 2011 (Expressed in Canadian Dollars) (Unaudited)

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### 11. Commitments

(a) Mineral properties and deferred exploration costs:

	2013	2014	2015	Total
<b>Rubicon (2)</b>				
Cash Payments	\$ 25,000	\$ 30,000	\$ 40,000	\$ 95,000
Common Shares	30,000	30,000	-	60,000

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(b) The Company is partly financed by the issuance of flow-through shares. However, there is no guarantee that the funds spent by the Company will qualify as Canadian exploration expenses, even if the Company has committed to take all the necessary measures for this purpose. The Company has an obligation to spend \$836,500 on Canadian exploration expenditures prior to December 31, 2013.

### 12. Subsequent events

(i) Subsequent to the three months ended December 31, 2012, the Company issued an additional 778,500 flow-through units ("FT Units") of the Company related to the re-pricing of the first tranche of the private placement of FT Units which closed on December 7, 2012 (See Note 7(b)(iii)).

(ii) Subsequent to the three months ended December 31, 2012, the Company paid \$25,000 in cash and issued 30,000 common shares to satisfy property acquisition commitments in connection with the Rubicon 2 property (See Note 11).