CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Third quarter ended September 30, 2012

In Canadian dollars

UNAUDITED

MAYA GOLD & SILVER INC.

Notice to Reader

The accompanying unaudited condensed interim consolidated financial statements of the Corporation have been prepared by and are the responsibility of the Corporation's management. The Corporation's independent auditor has not performed a review of these unaudited condensed interim consolidated financial statements.

Maya Gold & Silver Inc.
Condensed Interim Consolidated Statements of Financial Position
(in Canadian dollars)

	September 30, 2012	December 31, 2011
	$	$
ASSETS		
Current		
Cash and cash equivalents	**1,202,511**	1,905,421
Marketable securities (Note 5)	**1,718,679**	-
Sales taxes receivable	**138,753**	44,962
Advance to a related party (Note 13)	**193,149**	-
Prepaid expenses	**5,714**	32,231
	3,258,806	1,982,614
Non-current		
Restricted short-term investment	**20,240**	20,040
Property and equipment (Note 6)	**313,100**	378,452
Exploration and evaluation assets (Note 7)	**15,967,978**	9,347,043
TOTAL ASSETS	**19,560,124**	11,728,149
LIABILITIES		
Current		
Accounts payable and accrued liabilities	**254,451**	721,345
Balance of purchase price payable (Note 7)	**3,189,200**	593,500
	3,443,651	1,314,845
Non-current		
Debentures (Note 8)	**1,760,000**	700,000
Deferred income taxes	**132,000**	132,000
TOTAL LIABILITIES	**5,335,651**	2,146,845
EQUITY		
Share capital (Note 9)	**20,347,687**	14,391,012
Share purchase warrants (Note 9)	**3,034,468**	2,748,943
Share purchase options (Note 10)	**820,858**	529,563
Contributed surplus	**1,549,426**	252,098
Deficit	**(11,105,975)**	(8,340,312)
Cumulative translation adjustment (Note 4)	**(421,991)**	-
TOTAL EQUITY	**14,224,473**	9,581,304
TOTAL LIABILITIES AND EQUITY	**19,560,124**	11,728,149

Going concern (Note 3)

Commitments (Note 7)

Event after the reporting date (Note 14)

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

On behalf of the Board,

/s/ Guy Goulet — Guy Goulet, CEO and Director

/s/ Martin Wong — Martin Wong, Director

Maya Gold & Silver Inc.
Condensed Interim Consolidated Statements of Comprehensive Loss
(in Canadian dollars)

	Three-months ended September 30, 2012	2011	Nine-months ended September 30, 2012	2011
	$	$	**$**	$
Expenses and other items				
Management and administration (Note 11)	**402,702**	388,591	**1,546,956**	1,558,747
General exploration and evaluation expenses	**-**	5,760	**-**	231,629
Cost of re-pricing warrants (Note 9)	**-**	-	**721,257**	**-**
Change in fair value of marketable securities (Note 5)	**31,321**	-	**31,321**	**-**
Finance expense related to debentures	**26,751**	-	**47,984**	-
Net loss	**(460,774)**	(394,351)	**(2,347,518)**	(1,790,376)
Comprehensive income (loss)				
Foreign currency adjustment (Note 4)	**(125,116)**	-	**(421,991)**	-
Comprehensive loss	**(585,890)**	(394,351)	**(2,769,509)**	(1,790,376)
Basic and diluted loss per share	**(0.01)**	(0.01)	**(0.04)**	(0.04)
Weighted average number of shares - basic and diluted	**83,528,978**	49,236,640	**71,600,781**	46,123,671

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

Maya Gold & Silver Inc.
Condensed Interim Consolidated Statements of Changes in Equity
(in Canadian dollars)

	Number of issued and outstanding shares	Share Capital	Share purchase warrants	Share purchase options	Contributed surplus	Deficit	Cumulative translation adjustment	Total equity
		$	$	$	$	$	$	$
Balance as at December 31, 2011	60,546,967	14,391,012	2,748,943	529,563	252,098	(8,340,312)	-	9,581,304
Private placements (Note 9)	27,900,000	5,875,825	834,175	-	-	-	-	6,710,000
Share issue costs (Note 9)	385,000	80,850	27,421	-	-	(418,145)	-	(309,874)
Cost of re-pricing warrants (Note 9)	-	-	721,257	-	-	-	-	721,257
Expiry of warrants (Note 9)	-	-	(1,283,688)	-	1,283,688	-	-	-
Expiry of agent options (Note 9)	-	-	(13,640)	-	13,640	-	-	-
Share-based payments	-	-	-	291,295	-	-	-	291,295
Transactions with owners	28,285,000	5,956,675	285,525	291,295	1,297,328	(418,145)	-	7,412,678
Net loss for the period	-	-	-	-	-	(2,347,518)	-	(2,347,518)
Other comprehensive income								
Foreign currency translation adjustment (Note 4)	-	-	-	-	-	-	(421,991)	(421,991)
Balance as at September 30, 2012	**88,831,967**	**20,347,687**	**3,034,468**	**820,858**	**1,549,426**	**(11,105,975)**	**(421,991)**	**14,224,473**
Balance as at December 31, 2010	40,633,309	8,939,112	1,589,413	373,618	209,287	(4,998,390)	-	6,113,040
Private placements	6,985,978	2,397,808	745,883	-	-	-	-	3,143,691
Share issue costs	-	-	31,311	-	-	(231,039)	-	(199,728)
Shares issued for mining properties	2,055,555	797,222	-	-	-	-	-	797,222
Exercise of agent options	22,125	10,291	(1,441)	-	-	-	-	8,850
Exercise of warrants	50,000	23,000	(3,000)					20,000
Cancellation of warrants	-	-	(31,311)	-	31,311	-	-	-
Share-based payments	-	-	-	116,231	-	-	-	116,231
Transactions with owners	9,113,658	3,228,321	741,442	116,231	31,311	(231,039)	-	3,886,266
Net loss and comprehensive loss for the period	-	-	-	-	-	(1,790,376)	-	(1,790,376)
Balance as at September 30, 2011	49,746,967	12,167,433	2,330,855	489,849	240,598	(7,019,805)	-	8,208,930

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

Maya Gold & Silver Inc.
Condensed Interim Consolidated Statements of Cash Flows
(in Canadian dollars)

	Three-months ended September 30,		Nine-months ended September 30,	
	2012	**2011**	**2012**	**2011**
Cash flows provided by (used in)	**$**	**$**	**$**	**$**
OPERATING ACTIVITIES				
Net loss	**(460,774)**	(394,351)	**(2,347,518)**	(1,790,376)
Adjustments				
Share-based payments	**43,540**	24,613	**291,295**	116,231
Depreciation	**883**	1,388	**2,843**	4,164
Cost of re-pricing warrants	**-**	-	**721,257**	-
Change in fair value of marketable securities	**31,321**	-	**31,321**	-
Changes in working capital items (Note 12)	**(263,219)**	(91,063)	**(454,969)**	(47,878)
	(648,249)	(459,413)	**(1,755,771)**	(1,717,859)
INVESTING ACTIVITIES				
Restricted cash	**(200)**	(40)	**(200)**	(40)
Acquisition of property and equipment	**-**	-	**-**	(788)
Increase in exploration and evaluation assets	**(1,178,048)**	6,512	**(4,329,647)**	(1,469,522)
	(1,178,248)	6,472	**(4,329,847)**	(1,470,350)
FINANCING ACTIVITIES				
Issuance of shares and warrants, net of issue costs	**1,139,596**	-	**4,440,126**	2,948,763
Issuance of debentures	**-**	-	**1,000,000**	-
Exercise of warrants	**-**	20,000	**-**	20,000
Exercise of agent options	**-**	-	**-**	8,850
	1,139,596	20,000	**5,440,126**	2,977,613
Effect of exchange rate changes on cash held in foreign currencies	**(64,827)**	-	**(57,418)**	-
Net change in cash and cash equivalents	**(751,728)**	(432,941)	**(702,910)**	(210,596)
Cash and cash equivalents, beginning of period	**1,954,239**	572,913	**1,905,421**	350,568
Cash and cash equivalents, end of period	**1,202,511**	139,972	**1,202,511**	139,972

Supplemental cash flow information (Note 12)

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

1. GENERAL INFORMATION

Maya Gold & Silver Inc. (“Maya”) and its subsidiaries (together the “Corporation”) are at the exploration and evaluation stage and their operations include the acquisition, exploration, evaluation and development of mining properties. To date, the Corporation has not earned any revenue from mining operations. Maya’s common shares are listed on the TSX Venture Exchange (“TSXV”) under the symbol MYA.

All financial results in these consolidated financial statements are expressed in Canadian dollars unless otherwise indicated.

2. STATEMENT OF COMPLIANCE AND BASIS OF PRESENTATION

These condensed interim consolidated 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*. These condensed interim consolidated financial statements follow the same accounting policies as the Company’s most recent annual financial statements and are based on IFRS issued as of November 26, 2012, the date that the Company’s Board of Directors approved these condensed interim consolidated financial statements.

These condensed interim consolidated financial statements do not contain all of the information and disclosures required for annual financial statements, and should be read in conjunction with the Corporation’s annual audited consolidated financial statements for the years ended December 31, 2011 and 2010.

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates, and assumptions that affect the application of policies and reported amounts of assets and liabilities and disclosures of contingent assets and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates. Significant accounts that require estimates as the basis for determining the stated amounts include exploration and evaluation assets, share-based payments and the value of issued securities. Differences may be material.

3. GOING CONCERN

These condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events and conditions that may cast a significant doubt upon the Corporation's ability to continue as a going concern as described in the following paragraph, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. These condensed interim consolidated financial statements do not reflect the adjustment to the carrying values of assets and liabilities, expenses and financial position classifications that would be necessary if the going concern assumption was not appropriate. These adjustments could be material.

3. GOING CONCERN (continued)

For the nine months ended September 30, 2012, the Corporation reported a net loss of $2,347,518 and has an accumulated deficit of $11,105,975 at September 30, 2012. In addition to ongoing working capital requirements, the Corporation must secure sufficient funding to meet its existing commitments, including the balance of the purchase price of the Zgounder project and other related commitments described in Note 7, and pay for general and administration costs. As at September 30, 2012, the Corporation had a negative working capital of $184,845, including cash and cash equivalents of $1,202,511. Management estimates that these funds will not be sufficient to meet the Corporation's obligations and budgeted expenditures through the next 12 months. Any funding shortfall may be met in the future in a number of ways including but not limited to, the issuance of new equity, debt financing or other means. During the nine-month period ended September 30, 2012, the Corporation raised funds of $5,750,000 from private placements and non-convertible debentures to finance acquisition, exploration and evaluation programs and for general corporate purposes. Subsequent to September 30, 2012, the Corporation completed an additional private placement for gross proceeds of $4,702,000 (Note 14). While management has been successful in securing financing in the past, there can be no assurance that it will be able to do so in the future or that these sources of funding or initiatives will be available to the Corporation or that they will be available on terms which are acceptable to the Corporation. If management is unable to obtain new funding, the Corporation may be unable to continue its operations, and amounts realized for assets might be less than amounts reflected in these condensed interim consolidated financial statements.

4. CHANGE IN ACCOUNTING ESTIMATE

Functional currency

Until December 31, 2011, the functional currency of Compagnie Minière Maya-Maroc S.A.R.L. (" CMMM "), the Company's wholly-owned Moroccan subsidiary, was the Canadian dollar. On January 1, 2012, given the increased level of activity undertaken by the Company in Morocco and that amounts disbursed in Morocco are mostly denominated in the local currency, CMMM changed prospectively its functional currency from the Canadian dollar to the Moroccan dirham.

Effective January 1, 2012, assets, liabilities and transactions of CMMM are therefore translated into Canadian dollars on consolidation, whereby assets and liabilities are translated into Canadian dollars using the reporting date closing exchange rate. Income and expenses are translated into the Corporation's presentation currency at the average exchange rate over the reporting period. Exchange differences are presented as other comprehensive income and recognised in the currency translation adjustment reserve in equity.

5. MARKETABLE SECURITIES

Pursuant to the July 12, 2012 share exchange agreement with AIM-listed Praetorian Resources Limited ("Praetorian"), as fully described in note 9, the Corporation received 2,185,315 ordinary shares of Praetorian at a price of £0.50 per ordinary share, and 1,092,657 subscription shares of Praetorian. These units were valued at $1,750,000 on the date of the share exchange agreement, being the same value as the shares issued to Praetorian. Each subscription share of Praetorian entitles the Corporation to purchase one additional ordinary share of Praetorian at a price of £0.70 per share, payable in full on subscription. The expiry date for the exercise of the subscription shares is the last business day in July 2015. The Praetorian units received have been classified as a financial asset with variations in fair value charged to profit or loss. The fair value of the shares and warrants held at September 30, 2012 were established using the closing market price at that date.

September 30, 2012 (in Canadian dollars)

5. MARKETABLE SECURITIES (continued)

The changes in fair value of marketable securities held were as follows:

	$
Balance at December 31, 2011	-
Value of Praetorian units received in July 2012 (Note 9)	1,750,000
Change in fair value	(31,321)
Balance at September 30, 2012	**1,718,679**

6. PROPERTY AND EQUIPMENT

	Computers and other office equipment	Exploration and evaluation equipment	Vehicles	Total
	$	$	$	$
Cost				
Balance at December 31, 2011	70,286	466,877	82,390	619,553
Foreign exchange (Note 4)	(3,741)	(4,989)	(9,285)	(18,015)
Balance at September 30, 2012	**66,545**	**461,888**	**73,105**	**601,538**
Accumulated depreciation				
Balance at December 31, 2011	37,711	160,983	42,407	241,101
Depreciation	6,136	43,852	7,516	57,504
Foreign exchange (Note 4)	(1,368)	(5,473)	(3,326)	(10,167)
Balance at September 30, 2012	**42,479**	**199,362**	**46,597**	**288,438**
Carrying amounts				
At December 31, 2011	32,575	305,894	39,983	378,452
At September 30, 2012	**24,066**	**262,526**	**26,508**	**313,100**

A depreciation expense of $2,843 (2011 - $4,164) is included in the condensed interim consolidated statement of comprehensive loss and an amount of $54,661 (2011 - $100,815) was charged to deferred exploration and evaluation expenses.

Property and equipment are located as follows:

	Computers and other office equipment	Exploration and evaluation equipment	Vehicles	September 30, 2012 Total
	$	$	$	$
Canada – corporate office	**12,919**	**-**	**-**	**12,919**
Morocco	**11,147**	**262,526**	**26,508**	**300,181**
	24,066	**262,526**	**26,508**	**313,100**

September 30, 2012 (in Canadian dollars)

7. EXPLORATION AND EVALUATION ASSETS

Changes in exploration and evaluation assets were as follows:

	September 30, 2012	December 31, 2011
	$	$
Rights on mining properties		
Opening balance	**4,627,618**	1,300,050
Additions – for shares	**-**	797,223
Additions – for cash [1]	**2,382,450**	1,936,845
Additions – balance of purchase price payable	**3,264,800**	593,500
Foreign exchange (Note 4)	**(163,200)**	-
Ending balance	**10,111,668**	4,627,618
Advances for property acquisition and exploration and evaluation work		
Opening balance	**245,806**	646,074
Advances during the period [2]	**1,825,000**	2,210,000
Applied on acquisition of rights and mining properties[2]	**(595,500)**	(1,893,259)
Applied as deferred exploration and evaluation expenses	**(331,279)**	(717,009)
Foreign exchange (Note 4)	**(21,955)**	-
Ending balance	**1,122,072**	245,806
Deferred exploration and evaluation expenses		
Opening balance	**4,473,618**	3,620,368
Additions		
Salaries and benefits	**48,916**	178,880
Drilling and sampling	**-**	43,837
Geology and consulting	**149,217**	300,973
Supplies and others	**220,708**	34,323
Administrative	**43,135**	194,423
Depreciation	**54,661**	100,815
Foreign exchange (Note 4)	**(256,017)**	-
Ending balance	**4,734,238**	4,473,619
Balance, end of period	**15,967,978**	9,347,043

[1] In February 2012, the Corporation paid an amount of $2,382,450 (20,000,000 dirham) as a deposit towards the acquisition of the Zgounder Silver project in Morocco.

[2] In April 2012, the final payment in the amount of $595,500 (5,000,000 dirham), related to the acquisition of permit No. 183208 (Azegour), was made from the amount of advances available at September 30, 2012.

September 30, 2012 (in Canadian dollars)

7. EXPLORATION AND EVALUATION ASSETS (continued)

Exploration and evaluation assets at September 30, 2012 are as follows:

	Mexico	Morocco	Total
	$	$	$
Rights on mining properties	171,629	9,940,039	10,111,668
Advances for property acquisition and exploration and evaluation work	-	1,122,072	1,122,072
Deferred exploration and evaluation expenses	4,264	4,729,974	4,734,238
	175,893	15,792,085	15,967,978

Acquisition of the Zgounder Silver project

In January 2012, the Corporation and l'Office National des Hydrocarbures et des Mines ("ONHYM"), a Moroccan state institution, entered into an Assignment Agreement for the Zgounder Silver project. Under the terms of the Assignment Agreement, the Corporation acquired 85% of the Zgounder Silver project for total cash payments of $5,647,250 (48,000,000 dirham), including an amount of $2,382,450 (20,000,000 dirham) paid in February 2012, an amount of $1,594,600 (14,000,000 dirham) payable in January 2013 and a final amount of $1,594,600 (14,000,000 dirham) payable in July 2013. The transfer of the property will occur once a separate company has been established in Morocco for this purpose, to be 85% owned by the Corporation and 15% owned by l'ONHYM, and a letter of credit has been subscribed to by the Corporation to the benefit of l'OHNYM, in the amount of $318,920 (2,800,000 dirham), representing 10% of the balance of the purchase price of the project.

Under the terms of the Assignment Agreement, the Corporation also agreed to make an additional cash payment (the 'Additional Payment' to l'ONHYM, no later than the latter of 6 months following the completion of a feasibility study and the decision to bring the project into production, or 24 months following the transfer of the property to the Corporation. The Additional Payment is to total $1.5 million if the established mineral reserves are at least 10 million ounces of silver, $3.0 million if the established mineral reserves exceed 20 million ounces of silver and $4.0 million if the established mineral reserves exceed 30 million ounces of silver. The Corporation has also agreed to undertake a $5.0 million exploration program to be spent within 24 months of the approval of the Assignment Agreement and to spend an amount of $9.5 million in rehabilitation and development expenditures within 18 months of the approval of the Assignment Agreement. L'ONHYM will receive a 3% royalty on sales from the Zgounder project.

8. DEBENTURES

On February 13, 2012, April 5, 2012 and June 14, 2012 the Corporation completed financings of non-convertible debentures. The principal amount for each of the financing amounted to $200,000, $280,000 and $580,000 respectively. All debentures will mature on December 31, 2013. The Corporation agreed to reimburse the principal amount of the debentures by the delivery of silver ingots produced by the Corporation on the basis of one silver ingot of 10 kg for each tranche of $10,000 in capital. Should the Corporation not be in a position to deliver such silver ingots on the maturity date, the Corporation agreed to reimburse the principal amount of the debentures in cash, with interest at the rate of 5% per annum. As part of the April 5, 2012 financing, debentures of $60,000 were issued as settlement of a bonus payment due to a director and officer of the Corporation (Note 13).

September 30, 2012 (in Canadian dollars)

9. SHARE CAPITAL AND WARRANTS

Authorized

Unlimited number of common shares without par value.

Issuance of securities

The following table details private placements completed during the nine-month period ended September 30, 2012:

	Shares issued	Proceeds	Warrant exercise price (5) (6)	Expiry date of warrants
February 13, 2012 (1)	3,000,000	$700,000	$0.35	December 31, 2013
April 5, 2012 (1) (4)	4,200,000	$980,000	$0.35	December 31, 2013
June 14, 2012(1)	8,700,000	$2,030,000	$0.35	December 31, 2013
July 12, 2012 (2)	7,000,000	$1,750,000	-	-
September 13, 2012 (3)	5,000,000	$1,250,000	$0.35	September 12, 2014
Total	27,900,000	$6,710,000		

(1) A total of 53 units were issued On February 13, April 5 and June 14, 2012 at a price of $70,000 per unit, for total gross proceeds of $3,710,000. Each unit consists of 300,000 common shares and 150,000 common share purchase warrants. Each warrant entitles the holder thereof to purchase one common share of the Corporation at an exercise price of $0.35, exercisable at any time on or before December 31, 2013. The securities issued under the private placement are subject to a four-month hold period.

(2) On July 12, 2012, the Corporation entered into a share exchange agreement (the "Exchange Agreement") with Praetorian. Pursuant to the Exchange Agreement, the Corporation issued to Praetorian 7,000,000 common shares of its share capital at a deemed issue price of $0.25 per common share (for a total deemed value of $1,750,000) and will issue to Praetorian 3,500,000 share purchase warrants (subject to the receipt of shareholder and regulatory approvals), enabling Praetorian to purchase one additional common share of the Company for each share purchase warrant held. In exchange, the Company received 2,185,315 ordinary shares and 1,092,657 subscription shares of Praetorian, as fully described in Note 5. The common shares issued by the Corporation under the Exchange Agreement are subject to a four-month hold period, expiring in November 2012.

(3) On September 13, 2012, the Corporation issued 5,000,000 units in connection with a subscription agreement with Praetorian. The units were issued at a price of $0.25 per unit for a gross proceed of $1,250,000. Each unit consists of 1 common share and one half common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share of the Corporation at an exercise price of $0.35, exercisable at any time on or before September 12, 2014. The securities issued under the private placement are subject to a four-month hold period.

(4) As part of the April 5, 2012 private placement, three units for a total amount of $210,000 were issued as settlement of a bonus payment due to a director and officer of the Corporation.

(5) All warrants are subject to an accelerated expiry if, following the hold period of four months and one day from the closing date of the private placement, the weighted average trading price (as such term is defined in the TSXV Exchange Policies) of the common shares of the Corporation is equal to or greater than $0.50 for any 20 consecutive trading days (after taking into account the change in strike price from $1.00 to $0.50 related to the February 13 and April 5, 2012 private placements (see detail of change in *Share purchase warrants* section)). In that event, the holder will be given notice that the warrants will expire within 30 days following the date of such notice.

(6) The exercise price of the warrants originally issued between March 4, 2011 and April 5, 2012 was amended from $0.70 to $0.35 per common share on June 14, 2012 (see detail of change in *Share purchase warrants* section).

September 30, 2012 (in Canadian dollars)

9. SHARE CAPITAL AND WARRANTS (continued)

Issuance of securities (continued)

The fair value of the warrants issued was measured based on the Black-Scholes option pricing model. The following table details the fair value for each private placement of 2012 and the weighted average assumptions used:

	Fair value
February 13, 2012	$71,265
April 5, 2012	$92,050
June 14, 2012	$277,140
July 12, 2012	$229,411
September 13, 2012	$164,309
Total	$834,175

Weighted average assumptions:	
Volatility	88%
Risk-free interest rate	1.1%
Expected dividend yield	0%
Expected life	1.9 year

In connection with the private placements completed in 2012, the Corporation paid finders' fees totaling $171,100 to arm's length parties, issued 385,000 shares estimated at $80,850 and issued 60,000 broker warrants, at an exercise price of $0.35 per warrant, exercisable at any time on or before December 31, 2013. The fair value of the broker warrants, estimated at $27,421 was measured based on the Black-Scholes option pricing model using an expected volatility of 100%, a risk-free interest rate of 1.1%, an expected dividend yield of 0% and an expected life of 1.9 years. Other share issue costs totalled $138,774.

Share purchase warrants

At September 30, 2012, the outstanding number of warrants exercisable into common shares is as follows:

	Number of warrants Dec 31, 2011	Issued	Expired (1)	Number of Warrants September 30, 2012	Price per share	Expiry date
Private placement – June 2009	2,386,779	-	(2,386,779)	**-**	-	-
Private placement – January 2010	4,079,625	-	(4,079,625)	**-**	-	-
Private placement – July 2010	4,000,800	-	(4,000,800)	**-**	-	-
Private placement – Sept 2010	2,000,000	-	(2,000,000)	**-**	-	-
Private placement – November 2010	5,438,428	-	-	**5,438,428**	0.40	Dec 2012
Private placement – March 2011	6,985,978	-	-	**6,985,978**	0.35	March 2013
Private placement – November 2011	5,400,000	-	-	**5,400,000**	0.35	Dec 2013
Broker warrants – November 2011	210,000	-	-	**210,000**	0.35	Dec 2013
Private placement – February 2012	-	1,500,000	-	**1,500,000**	0.35	Dec 2013
Broker warrants – February 2012	-	60,000	-	**60,000**	0.35	Dec 2013
Private placement – April 2012	-	2,100,000	-	**2,100,000**	0.35	Dec 2013
Private placement – June 2012	-	4,350,000	-	**4,350,000**	0.35	Dec 2013
Private placement – September 2012	-	2,500,000		**2,500,000**	0.35	Sept 2014
	30,501,610	10,510,000	(12,467,204)	**28,544,406**	0.36	

(1) A total of 12,467,204 share purchase warrants granted in 2009 and 2010 expired unexercised in September 2012.

9. SHARE CAPITAL AND WARRANTS (continued)

Share purchase warrants (continued)

Re-pricing and change in acceleration clause of warrants

On June 14, 2012, the Corporation applied to the TSXV to reduce the exercise price of all its outstanding common share purchase warrants with an exercise price of $0.70 per share. These warrants, which total 15,985,978, were originally issued between March 4, 2011 and April 5, 2012 as part of non-brokered private placements of the securities of the Corporation. The Corporation was seeking reduction of the exercise price of these warrants from $0.70 to $0.35, in line with the terms and conditions of the warrants issued on June 14, 2012. With the exception of those warrants issued in March 2011, the Corporation was also seeking to adjust the weighted average trading price of the common shares that triggers the accelerated expiry provisions of these warrants from $1.00 to $0.50, again in line with the terms and conditions of the warrants issued on June 14, 2012. The Corporation received TSXV approval related to these changes on June 18, 2012. Pursuant to the policies of the TSXV, the accelerated expiry provisions of those warrants issued in March 2011, being 6,985,978 warrants, would rather be amended to provide that the exercise period of such warrants will be reduced to 30 days if, for any 10 consecutive trading days during the unexpired term of such warrants, the closing price of the Corporation's common shares on the TSXV exceeds $0.467. The 30 day period will begin 7 calendar days after such 10 consecutive trading day period.

Consequently, the resulting adjustment to the fair value of warrants in the amount of $721,257 was charged to comprehensive loss during the nine-month period ended September 30, 2012. The adjustment was measured based on the Black-Scholes option pricing model using a volatility of 100%, a risk-free interest rate of 1.1%, an expected dividend yield of 0% and an expected life of 1.5 years.

Agent options

The 67,500 outstanding agent options at December 31, 2011 expired unexercised in January 2012. There are no remaining outstanding agent options at September 30, 2012.

10. SHARE PURCHASE OPTIONS

On March 6, 2012, the Board of Directors approved, subject to shareholder approval, an increase in the number of common shares reserved for issuance under the Corporation’s fixed number stock option plan (the “Plan”) from 4,000,000 to 7,000,000.

On March 6, 2012, the Corporation granted to directors, officers, employee and consultants, 1,560,000 share purchase options with a five year term. The share purchase options are exercisable at $0.35 per share. A total of 390,000 of the share purchase options granted vested on the date of grant, 390,000 is scheduled to vest on September 6, 2012 and 780,000 will vest by March 6, 2013. The fair value of these share purchase options, estimated at $0.20 per share, was calculated using the Black-Scholes option pricing model using an expected volatility of 100%, a risk-free interest rate of 1.7%, an expected dividend yield of 0% and an expected life of 5.0 years.

September 30, 2012 (in Canadian dollars)

10. SHARE PURCHASE OPTIONS (continued)

The following table reflects the share purchase options issued and outstanding at September 30, 2012:

Issue date	Number of options	Exercise price	Remaining contractual life (years)	Number of options exercisable
	Number	$	Number	Number
April 2008	1,600,000	0.25	0.6	1,600,000
March 2009	50,000	0.40	0.3	50,000
July 2009	50,000	0.40	1.9	50,000
September 2009	200,000	0.40	1.9	200,000
October 2009	50,000	0.48	2.3	50,000
February 2010	150,000	0.40	2.3	150,000
July 2010	875,000	0.25	2.8	875,000
March 2011	250,000	0.45	3.5	250,000
March 2012	1,560,000	0.35	4.4	780,000
	4,785,000	0.31	2.5	4,005,000
Weighted average exercise price ($)				0.30

11. MANAGEMENT AND ADMINISTRATION EXPENSES

	Three-months ended September 30,		**Nine-months ended September 30,**	
	2012	**2011**	**2012**	**2011**
	$	**$**	**$**	**$**
Salaries and benefits	**100,860**	33,151	**171,572**	80,368
Bonuses	**-**	-	**-**	340,000
Consulting fees	**124,817**	76,145	**434,396**	308,169
Investor relations and travel	**148,361**	129,248	**439,245**	337,417
Share-based payments	**43,540**	24,613	**291,295**	116,231
Office	**35,740**	66,069	**156,103**	168,426
Professional fees	**9,765**	75,515	**92,207**	219,751
Regional office – Mexico	**1,551**	-	**5,097**	-
Reporting issuer costs	**12,691**	-	**29,704**	-
Depreciation	**883**	1,388	**2,843**	4,164
Loss on foreign exchange	**(75,506)**	(17,538)	**(75,506)**	(15,779)
	402,702	388,591	**1,546,956**	1,558,747

September 30, 2012 (in Canadian dollars)

12. SUPPLEMENTAL CASH FLOW INFORMATION

	Three-months ended September 30, 2012	Three-months ended September 30, 2011	Nine-months ended September 30, 2012	Nine-months ended September 30, 2011
	$	$	$	$
Changes in working capital items				
Sales taxes receivable	**(33,856)**	(846)	**(93,761)**	(17,033)
Advance to a shareholder	**(193,149)**	-	**(193,149)**	-
Prepaid expenses	**126,110**	(13,067)	**26,517**	27,565
Accounts payable and accrued liabilities	**(162,324)**	(77,150)	**(194,576)**	(58,410)
	(263,219)	(91,063)	**(454,969)**	(47,878)

Non-cash transactions				
Balance of purchase price of the Zgounder project (Note 7)	**-**	-	**3,189,200**	-
Share exchange agreement with Praetorian (Notes 5 and 9)	**1,750,000**	-	**1,750,000**	-
Exploration and evaluation assets included in payables and accruals	**-**	181,124	-	1,363,018
Share issue for the acquisition of exploration and evaluation assets	**-**	(25,000)	-	792,222
Share issue costs included in payables and accruals	**-**	-	-	4,800
Units issued in lieu of a bonus payment	**-**	-	**210,000**	-
Debentures issued in lieu of a bonus payment	**-**	-	**60,000**	-
Share issue expenses – shares, broker warrants and agent options	**80,850**	-	**108,271**	31,311
Depreciation included in exploration and evaluation assets	**17,361**	25,204	**54,661**	50,408
Interest received	**-**	272	**-**	321

13. RELATED PARTY TRANSACTIONS

In the normal course of operations, for the nine-month period ended September 30, 2012 and 2011:

a) A firm, of which a director of the Corporation is a partner, charged professional fees amounting to $72,462 recorded as professional fees and share issue expenses. ($9,821 in 2011 recorded as professional fees);

b) A company controlled by a director, who is also an officer of the Corporation, charged fees of $5,024 in 2012 ($19,000 in 2011 recorded as general exploration and evaluation expenses);

c) A company controlled by an officer, who is also a director of the Corporation, charged consulting fees of $150,000 ($171,667 in 2011);

d) A company controlled by an officer charged professional fees of $13,310 in 2012 recorded as professional fees ($23,141 in 2011 recorded as consulting fees);

September 30, 2012 (in Canadian dollars)

13. RELATED PARTY TRANSACTIONS (continued)

e) Glowat SARL ("Glowat"), a Moroccan private company owned by a party related to an officer who is also director of the Corporation, charged as part of a project management agreement, management and service fees of $48,420 which were capitalized to exploration and evaluation assets ($37,333 in 2011);

f) An officer who is also a director of the Corporation received in April 2012, in lieu of a bonus payment, 3 units at a price of $70,000 per unit as describe in note 9a) and debentures for a principal amount of $60,000 as describe in note 8 for a total of $270,000;

g) An officer of the Corporation charged consulting fees of $25,395 (nil in 2011).

As at September 30, 2012, the Corporation had advanced an amount of $193,149 to an officer who is also a director of the Corporation. This advance is non-interest bearing and repayable on demand. During the nine-month period ended September 30, 2012, the Corporation advanced $1,825,000 to Glowat for the acquisition of mining rights and exploration and evaluation work ($1,310,000 in 2011). As at September 30, 2012, the remaining advances to Glowat amounted to $1,122,072 ($245,806 as at December 31, 2011), which is included in exploration and evaluation assets. As at September 30, 2012, the balance due to the related parties amounted to $64,575 ($19,505 at December 31, 2011). This amount is subject to the same conditions as those of non related parties.

Remuneration of key management personnel of the Corporation

The remuneration of key management personnel, including all directors and officers, is as follows:

	Three-months ended September 30,		Nine-months ended September 30,	
	2012	**2011**	**2012**	**2011**
	$	**$**	**$**	**$**
Salaries and benefits, bonuses and management consulting fees	**107,899**	121,600	**325,395**	708,934
Share-based payment	**34,935**	16,246	**230,326**	68,086
	142,834	137,846	**555,721**	777,020

14. EVENT AFTER THE REPORTING DATE

On November 22, 2012, the Corporation closed a non-brokered private placement of 18,808,000 units for gross proceeds of $4,702,000. Each unit consists of 1 common share and one half common share purchase warrant. Each whole common share purchase warrant entitles the holder thereof to purchase one common share of the Corporation at an exercise price of $0.35, exercisable at any time on or before November 22, 2014. The securities issued under the private placement are subject to a four-month hold period. A director and officer of the Corporation subscribed for 500,000 units of the private placement. In connection with the private placement, the Corporation paid a finder's fee to an arm's length third party in the amount of $187,250 and issued 70,000 warrants.