

EAGLE PLAINS RESOURCES LTD.
(An Exploration Stage Corporation)
CONSOLIDATED FINANCIAL STATEMENTS

for the years ended
December 31, 2012 and 2011

**CHARTERED
ACCOUNTANTS**

MacKay LLP

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Independent Auditor's Report

**To the Shareholders of
Eagle Plains Resources Ltd.**

We have audited the accompanying consolidated financial statements of Eagle Plains Resources Ltd. and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2012 and December 31, 2011, and the consolidated statements of comprehensive income (loss), changes in equity and cash flows for the years ended December 31, 2012 and December 31, 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Eagle Plains Resources Ltd. and its subsidiaries as at December 31, 2012 and December 31, 2011 and its financial performance and its cash flows for the years ended December 31, 2012 and December 31, 2011 in accordance with International Financial Reporting Standards.

"MacKay LLP"

**Chartered Accountants
Vancouver, British Columbia
April 25, 2013**

EAGLE PLAINS RESOURCES LTD.
(An Exploration Stage Corporation)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

As at December 31	2012	2011
Assets		
Current		
Cash and cash equivalents	\$ 4,860,765	\$ 6,196,247
Accounts receivable (Notes 4 and 11)	814,042	927,229
Investments (Note 5)	2,216,232	2,149,250
Investments due to Yellowjacket Resources Ltd. (Note 19)	-	969,020
Mineral exploration tax credits recoverable	261,364	46,416
	<u>8,152,403</u>	<u>10,288,162</u>
Investment in and advances to related company (Note 11)	20,020	20,020
Long term investments (Note 5)	616,361	1,107,409
Property and equipment (Note 6)	1,505,407	1,526,007
Exploration and evaluation assets (Note 7 and Schedule 1)	2,565,066	2,727,743
	<u>\$ 12,859,257</u>	<u>\$ 15,669,341</u>
Liabilities and Shareholders' Equity		
Current		
Accounts payable and accrued liabilities	\$ 254,036	\$ 705,628
Due to Yellowjacket Resources Ltd. (Note 19)	-	1,719,542
	<u>254,036</u>	<u>2,425,170</u>
Mortgage payable (Note 8)	155,701	228,122
	<u>409,737</u>	<u>2,653,292</u>
Shareholders' equity		
Share capital (Note 9)	21,814,313	21,814,313
Contributed surplus (Note 9)	3,864,811	3,557,165
Accumulated other comprehensive loss (Note 5)	(1,878,958)	(827,541)
Deficit	(11,350,646)	(11,527,888)
	<u>12,449,520</u>	<u>13,016,049</u>
	<u>\$ 12,859,257</u>	<u>\$ 15,669,341</u>
Nature and Continuance of Operations (Note 1)		
Commitments and Contingencies (Note 12)		
Subsequent Events (Note 18)		

On behalf of the Board:

"Timothy J Termuende" Director
Mr. Timothy J. Termuende (Signed)

"Glen J Diduck" Director
Mr. Glen J. Diduck (Signed)

EAGLE PLAINS RESOURCES LTD.
(An Exploration Stage Corporation)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Expressed in Canadian dollars)

For the years ended December 31	2012	2011
Revenue		
Geological services (Note 11)	\$ 5,296,851	\$ 11,060,132
Cost and Expenses of Operations		
Geological expenses		
Services	3,178,275	7,885,382
Depreciation (Note 6)	105,338	74,779
Salaries and subcontractors	1,023,916	1,219,362
	(4,307,529)	(9,179,523)
Mining expenses		
Depreciation (Note 6)	-	(124,218)
Gross profit	989,322	1,756,391
Expenses		
Administration costs (Note 11)	1,008,919	1,210,288
Depreciation (Note 6)	36,014	36,229
Professional fees (Note 11)	190,012	386,073
Public company costs	53,574	65,564
Share-based payments (Note 9)	307,646	39,598
Trade shows, travel and promotion	72,124	120,117
Write down of mineral properties (Note 7 and Schedule 1)	24,568	386,411
	(1,692,857)	(2,244,280)
Loss before other items	(703,535)	(487,889)
Other items		
Option proceeds in excess of carrying value (Note 7 and Schedule 1)	318,867	1,834,419
Other income (Notes 7 and 11)	411,766	1,253,790
Investment income	36,846	34,053
Gain on disposal of equipment	-	419
Gain on sale of investments	113,298	980,491
	880,777	4,103,172
Net income before income tax	177,242	3,615,283
Deferred income tax (expense) (Note 15)	-	(274,968)
Net income for the year	177,242	3,340,315
Other comprehensive income (loss)		
Unrealized loss on investments	(938,119)	(1,771,823)
Reclassification on disposition of investments	(113,298)	(980,491)
	(1,051,417)	(2,752,314)
Comprehensive income (loss) for the year	\$ (874,175)	\$ 588,001
Net income (loss) per share – basic and diluted (Note 10)	\$0.00	\$0.04
Weighted average number of shares – basic and diluted (Note 10)	83,238,669	83,065,215

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

EAGLE PLAINS RESOURCES LTD.
(An Exploration Stage Corporation)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

For the years ended December 31	2012	2011
Cash flows from operating activities		
Income for the year	\$ 177,242	\$ 3,340,315
Adjustments for:		
Depreciation	141,352	235,226
Share-based payments	307,646	39,598
Gain on sale of investments	(113,298)	(980,491)
Shares received included in other income	(264,951)	-
Loss on disposal of equipment	-	(419)
Option proceeds in excess of carrying value	(318,867)	(1,834,419)
Write down of mineral properties	24,568	386,411
Deferred income tax expense (recovery)	-	274,968
	<u>(46,308)</u>	<u>1,461,189</u>
Changes in non-cash working capital items		
(Increase) decrease in accounts receivable	113,187	(291,190)
Decrease in accounts payable	(320,175)	(42,374)
	<u>(253,296)</u>	<u>1,127,625</u>
Cash flows from financing activities		
Cash payment to Yellowjacket Resources	(600,000)	-
Issue of shares for cash, net of issuance costs	-	256,786
Principal payments on mortgage	(72,421)	(68,246)
	<u>(672,421)</u>	<u>188,540</u>
Cash flows from investing activities		
Proceeds from sale of investments	452,552	1,973,417
Purchase of investments	(276,427)	(20,472)
Cash received for option payments	679,990	315,000
Exploration and evaluation	(1,145,128)	(692,159)
Proceeds from sale of equipment	-	3,000
Purchase of property and equipment	(120,752)	(332,105)
	<u>(409,765)</u>	<u>1,246,681</u>
Increase (decrease) in cash and cash equivalents	(1,335,482)	2,562,846
Cash and cash equivalents, beginning of year	<u>6,196,247</u>	<u>3,633,401</u>
Cash and cash equivalents, end of year	\$ 4,860,765	\$ 6,196,247
Cash and cash equivalents comprise:		
Bank deposits	\$ 2,804,371	\$ 5,195,798
Term deposits	2,056,394	1,000,449
	<u>\$ 4,860,765</u>	<u>\$ 6,196,247</u>

The Company made no cash payments for income taxes.

The Company made cash payments of \$10,123 (2011 - \$14,407) for interest and received interest of \$36,846 (2011 - \$34,053).

Statement of Cash Flow (Note 14)

EAGLE PLAINS RESOURCES LTD.
(An Exploration Stage Corporation)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian dollars)

	Share Capital		Contributed Surplus		Accumulated	Deficit	Total
	Shares	Amount	Share-based Reserve	Warrant Reserve	Other Comprehensive Income (Loss)		
Balance, January 1, 2011	82,243,382	\$25,808,081	\$3,644,868	\$ 31,789	\$ 1,924,773	\$(14,868,203)	\$16,541,308
Shares issued	995,287	256,786	-	-	-	-	256,786
Fair value of options exercised	-	127,301	(127,301)	-	-	-	-
Fair value of warrants exercised/expired	-	31,789	-	(31,789)	-	-	-
Share-based payments	-	-	39,598	-	-	-	39,598
Spin-out to Yellowjacket	-	(4,409,644)	-	-	-	-	(4,409,644)
Income for the year	-	-	-	-	-	3,340,315	3,340,315
Other comprehensive loss for the year	-	-	-	-	(2,752,314)	-	(2,752,314)
Balance, December 31, 2011	83,238,669	21,814,313	3,557,165	-	(827,541)	(11,527,888)	13,016,049
Share-based payments	-	-	307,646	-	-	-	307,646
Income for the year	-	-	-	-	-	177,242	177,242
Other comprehensive loss for the year	-	-	-	-	(1,051,417)	-	(1,051,417)
Balance, December 31, 2012	83,238,669	\$21,814,313	\$3,864,811	\$ -	\$ (1,878,958)	\$(11,350,646)	\$12,449,520

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

Eagle Plains Resources Ltd.
(An Exploration Stage Corporation)
Notes to Consolidated Financial Statements

December 31, 2012 and 2011

1. Nature and Continuance of Operations

Eagle Plains Resources Ltd. (the "Company" or "Eagle Plains" or "EPL") was incorporated on March 30, 1994, pursuant to the Alberta Business Corporation Act (Alberta), and is extra provincially registered in the Yukon, British Columbia, the Northwest Territories and Saskatchewan. The Company is a junior resource company holding properties located in British Columbia, Yukon, the Northwest Territories and Saskatchewan for the purpose of exploring for, and the development of mineral resources and it is considered to be in the exploration stage.

The Company also provides geological services on its properties optioned to others and properties owned by others through its subsidiary, Terralogic Exploration Inc. (incorporated pursuant to the British Columbia Corporation Act). The gross margin reported on the Statement of Comprehensive Income relates solely to geological services provided to third parties.

The Company's corporate office and principal place of business is Suite 200, 44-12th Avenue South, Cranbrook, British Columbia, Canada.

These statements have been prepared on the basis that the Company is a going concern which envisions the Company will be able to realize assets and discharge liabilities in the normal course of operations. Recoverability of the amounts shown for mineral exploration properties is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development, and attain profitable production or proceeds from the disposition of the properties in excess of the carrying amount. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

2. Basis of Preparation

(a) Statement of Compliance

The consolidated financial statements for the Company for the year-ending December 31, 2012 are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

These consolidated financial statements were authorized for issue by the Board of Directors on April 25, 2013.

(b) Basis of Measurement

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as FVTPL and available-for-sale which are stated at their fair value. These consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These consolidated financial statements are presented in Canadian dollars, which is also the Company's functional currency.

(c) Use of Estimates and Judgments

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Financial results as determined by actual events could differ from these estimates.

The estimates and underlying assumptions are continuously evaluated and reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

December 31, 2012 and 2011

2. Basis of Preparation - continued

Significant areas requiring the use of management estimates include impairment of exploration and evaluation assets; impairment of property and equipment; useful lives for depreciation of property and equipment; reclamation and environmental obligations; inputs used in accounting for share-based payments in profit or loss and determining the provision for deferred income taxes and contingencies reported in the notes to the financial statements.

Areas of significant judgment include the classification of financial instruments and the classification of exploration and evaluation expenditures, which requires judgment in determining whether it is likely that future economic benefits will flow to the Company as this would result in the properties being shown as mines under construction instead of exploration and evaluation assets.

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements. The accounting policies have been applied consistently by the Company and its wholly owned subsidiary.

The consolidated financial statements have, in management's opinion, been properly prepared using careful judgment with reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

(a) Principles of consolidation
Subsidiaries

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Terralogic Exploration Inc. ("TL"). All significant intercompany balances and transactions have been eliminated.

Jointly-controlled assets

The Company holds interests in a mining property through a joint operating agreement which constitute jointly-controlled assets.

A jointly-controlled asset involves joint control and offers joint ownership by the Company and other venturers of assets contributed to or acquired for the purpose of the joint venture, without the formation of a corporation, partnership or other entity. Where the Company's activities are conducted through jointly-controlled assets, the Company recognizes its share of the jointly-controlled assets, and liabilities it has incurred, its share of liabilities incurred jointly with other venturers, and exploration and evaluation costs in the financial statements.

(b) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank balances, term deposits and investments with maturities of three months or less from the date of purchase that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

(c) Financial instruments

Financial instruments recognized in the statement of financial position include cash and cash equivalents, accounts receivables, investments, investment in and advances to related company, accounts payables and accrued liabilities and mortgage payable.

Financial assets

Financial assets at fair value through profit or loss ("FVTPL")

Financial assets are classified as FVTPL when the financial asset is held for trading or it is designated as FVTPL. Financial assets classified as FVTPL are stated at fair value with any resultant gain or loss recognized in profit and loss. The Company has classified cash and cash equivalents as FVTPL.

Available-for-sale financial assets ("AFS")

Investments in marketable securities are classified as AFS financial assets. Investments are initially recognized at fair value and are subsequently carried at fair value with changes recognized in other comprehensive income or loss. Fair value is based on quoted closing bid prices for publicly traded shares without recognizing the possible effects of price fluctuations, quantities traded and similar items. Sales are accounted for at settlement

December 31, 2012 and 2011

3. Significant Accounting Policies - continued

date. Assets are designated at AFS when they are not included in the other financial instrument classifications.

Investments in entities in which the Company does not have control or significant influence are designated as available-for-sale. The fair value for investments designated as available-for-sale is recorded on the statement of financial position, with unrealized gains and losses, net of related income taxes, recorded in accumulated other comprehensive income ("AOCI"). The cost of securities sold is based on the specific identification method. Realized gains and losses, including any other-than-temporary decline in value, on these equity securities are removed from AOCI and recorded in income or loss.

Shares held in escrow have been valued at fair value, discounted by the put option for the length of the escrow period; which is calculated using the Black-Scholes option-pricing model.

Equity instruments for which there is no quoted market price in an active market are accounted for at the share price of the most recent share issuance prior to year end.

Loans and receivables

Accounts receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are initially recognized at fair value plus transaction costs and subsequently carried at amortized cost less impairment losses. The impairment loss of receivables is based on a review of all outstanding amounts at year end. Bad debts are written off during the year in which they are identified.

The Company has classified accounts receivable and investment in and advances to related company as loans and receivables.

Transaction costs associated with FVTPL and available-for-sale financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Impairment of financial assets

The Company assesses at each statement of financial position date whether there is objective evidence that a financial asset is impaired. Objective evidence of impairment could include the following:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It has become probable that the borrower will enter bankruptcy or financial reorganization.

Where impairment has occurred, the cumulative loss is recognized in the income statement.

Financial liabilities

Financial liabilities classified as other-financial-liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other-financial-liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable and accrued liabilities, due to Yellowjacket and mortgage payable are classified as other-financial-liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized through the statement of comprehensive income (loss). The Company has not classified any financial liabilities as FVTPL.

The Company holds various financial instruments. Unless otherwise indicated, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

December 31, 2012 and 2011

3. Significant Accounting Policies - continued

(d) Exploration and evaluation assets

Pre-exploration costs

Pre-exploration costs are expensed in the period in which they are incurred.

Exploration and evaluation expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures ("E&E") are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

The Company enters into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash or other consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess consideration accounted for as a gain on disposal.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of comprehensive loss/income.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as 'mines under construction'. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties. As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Mineral exploration and evaluation expenditures are classified as intangible assets.

(e) Mineral tax credit

The Federal and Provincial taxation authorities provide companies with tax incentives for undertaking mineral exploration programs in certain areas. The Company accrues these credits as a reduction of exploration and evaluation expenditures in the period that the related expenditures were incurred. These accrued credits are subject to review by the relevant authorities and adjustments, if any, resulting from such a review are recorded in the period that the tax filings are amended.

(f) Option agreements

Certain of the Company's exploration and development activities are conducted jointly with others. These consolidated financial statements reflect only the Company's proportionate interest in such activities.

(g) Property and equipment

Property and equipment are carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Where an item of equipment comprises major components with different useful lives, the components are accounted for as separate items. The depreciation method, useful life and residual values are assessed annually.

Eagle Plains Resources Ltd.
(An Exploration Stage Corporation)
Notes to Consolidated Financial Statements

December 31, 2012 and 2011

3. Significant Accounting Policies - continued

Property and equipment are carried at cost, less accumulated depreciation and accumulated impairment losses. Depreciation is determined using the declining balance method, using the rates below which approximate the estimated useful life of the asset:

Automotive	30% per annum
Building	4% per annum
Computer equipment	30%,45%,55% and 100% per annum
Computer software	100% per annum
Fence	10% per annum
Furniture and equipment	20% per annum
Ore processing equipment	20% and 30% per annum
Dewatering pipeline	6% per annum

An item is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the consolidated statement of comprehensive income (loss).

(h) Investment property

The Company's real estate holdings, which include the head office building, do not meet the definition of an investment property under IAS 40 and are therefore included in property, plant and equipment. Although a portion of the head office building is rented to a third party, under IAS 40, a portion of dual-use property is classified as investment property only if the portion could be sold or leased out separately under a finance lease. Otherwise, the entire property is classified as property, plant and equipment unless only an "insignificant" portion is held for own use. Rental income is recorded as other income.

(i) Impairment of non-financial assets

At the end of each reporting period the carrying amounts of the assets are reviewed to determine whether there is any indication that those assets are impaired. Impairment is recognized when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's fair value less costs to sell. 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. The impairment loss is recognized in the statement of income (loss) for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount had no impairment loss been recognized. A reversal of an impairment loss is recognized immediately in profit and loss.

(j) Rehabilitation obligations

The Company recognizes the fair value of a legal or constructive liability for a rehabilitation obligation in the year in which it is incurred and when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability. Changes in the liability for an asset retirement obligation due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in the statement of comprehensive income (loss). Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset. The Company does not have significant rehabilitation obligations.

(k) Revenue recognition

Revenue associated with the geological services provided by the Company is recognized when services are performed under an agreement with a customer, amount is known and collection of any resulting receivable is reasonably assured.

(l) Income taxes

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive income (loss).

December 31, 2012 and 2011

3. Significant Accounting Policies - continued

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

(m) Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share warrants, options and flow-through shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are recognized as a deduction from equity, net of tax.

Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded to contributed surplus.

Flow-through shares

Resource expenditure deductions for income tax purposes related to exploratory activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a other liability, and ii) share capital. Upon expenses being incurred, the Company derecognizes the other liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The portion of the proceeds received but not yet expended at the end of the Company's period is disclosed separately as flow-through share proceeds in Note 12, if any.

The Company may also be subject to Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until qualifying expenditures are incurred.

(n) Per share amounts

Basic income per common share is computed by dividing the net income for the year by the weighted average number of common shares outstanding for the period. Diluted per share amounts reflect the potential dilution

December 31, 2012 and 2011

3. Significant Accounting Policies - continued

that could occur if securities or other contracts to issue common shares were exercised or converted to common shares. The treasury stock method is used to determine the dilutive effect of stock options and other dilutive instruments. Under the treasury stock method, the weighted average number of shares outstanding used in the calculation of diluted loss per share assumes that the deemed proceeds received from the exercise of stock options, share purchase warrants and their equivalents would be used to repurchase common shares of the Company at the average market price during the period.

(o) Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive income (loss) over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss/income over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss/income, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

(p) New accounting pronouncements

Certain new accounting standards and interpretations have been published that are mandatory for the December 31, 2012 reporting period.

The following is a brief summary of the new standards adopted in the year:

IAS 12 – 'Income Taxes' – Amendments Regarding Deferred Tax: Recovery of Underlying Assets

These amendments are applicable to annual reporting periods beginning on or after January 1, 2012 and a practical approach for the measurement of deferred tax relating to investment properties measured at fair value, property, plant and equipment and intangible assets measured using the revaluation model. The measurement of deferred tax for these specified assets is based on the presumption that the carrying amount of the underlying asset will be recovered entirely through sale, unless the entity has clear evidence that economic benefits of the underlying asset will be consumed during its economic life. The adoption of this standard had no impact on the financial statements.

Certain new accounting standards and interpretations have been published that are not mandatory for the December 31, 2012 reporting period. Each of the new standards is effective for annual periods beginning on or

December 31, 2012 and 2011

3. Significant Accounting Policies - continued

after January 1, 2013 (or as noted) with early adoption permitted. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its financial statements or whether to early adopt any of the new requirements.

The following is a brief summary of the new standards not yet adopted:

IFRS 7 – Financial Instruments: Disclosures

IFRS 7 requires additional disclosure requirements in the reporting of transfer transactions and risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitization of financial assets. This standard is effective for years beginning on or after January 1, 2013.

IFRS 9 – Financial Instruments

IFRS 9 addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit and loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit and loss or at fair value through other comprehensive income. This standard is effective for years beginning on or after January 1, 2015.

IFRS 10 – Consolidation

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 Consolidation—Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements. This standard is effective for years beginning on or after January 1, 2013.

IFRS 11 - Joint Arrangements

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, Interests in Joint Ventures, and SIC-13, Jointly Controlled Entities—Non-monetary Contributions by Venturers. This standard is effective for years beginning on or after January 1, 2013.

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities. This standard is effective for years beginning on or after January 1, 2013.

IFRS 13 - Fair Value Measurement

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures. This standard is effective for years beginning on or after January 1, 2013.

IAS 1 – Presentation of Financial Statements

IAS1 requires entities to group items presented in OCI based on whether they are potentially reclassifiable to profit or loss subsequently, i.e. those that might be reclassified and those that will not be reclassified. It also requires tax associated with items presented before tax to be shown separately for each of the two groups of OCI items (without changing the option to present items of OCI either before tax or net of tax). This standard is effective for years beginning on or after July 1, 2012.

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December 31, 2012 and 2011

3. Significant Accounting Policies - continued

IAS 27 Separate Financial Statements

IAS 27 *Separate Financial Statements* (as amended in 2011) outlines the accounting and disclosure requirements for 'separate financial statements', which are financial statements prepared by a parent, or an investor in a joint venture or associate, where those investments are accounted for either at cost or in accordance with IAS 39 *Financial Instruments: Recognition and Measurement* or IFRS 9 *Financial Instruments*. The standard also outlines the accounting requirements for dividends and contains numerous disclosure requirements. IAS 27 was reissued in May 2011 and applies to annual periods beginning on or after 1 January 2013 and supersedes IAS 27 *Consolidated and Separate Financial Statements* from that date.

IAS 28 Investments in Associates and Joint Ventures

IAS 28 *Investments in Associates and Joint Ventures* (as amended in 2011) outlines how to apply, with certain limited exceptions, the equity method to investments in associates and joint ventures. The standard also defines an associate by reference to the concept of "significant influence", which requires power to participate in financial and operating policy decisions of an investee (but not joint control or control of those policies). IAS 28 was reissued in May 2011 and applies to annual periods beginning on or after 1 January 2013.

IAS 32 – Financial Instruments: Presentation

IAS 32 provides clarification on the application of offsetting rules. These amendments are effective for annual periods beginning on or after January 1, 2014.

4. Accounts Receivable

Accounts receivable are comprised of:

	Dec 31, 2012	Dec 31, 2011
Trade	\$769,607	\$842,480
HST	-	38,014
Other	6,442	13,158
Prepays	37,993	33,577
	<u>\$814,042</u>	<u>\$927,229</u>

5. Investments

The Company holds securities that have been designated as available-for-sale as follows:

	December 31, 2012		December 31, 2011	
	Market Value	Cost	Market Value	Cost
Current:				
Common shares in public companies	\$ 1,962,644	\$ 3,680,675	\$ 2,149,250	\$ 3,240,421
Term deposits	253,588	253,588	-	-
	<u>2,216,232</u>	<u>3,934,263</u>	<u>2,149,250</u>	<u>3,240,421</u>
Long-term:				
Common shares of public companies held in escrow	292,396	405,392	607,596	318,466
Common shares in public companies	95,500	86,000	87,000	112,500
Common shares in private companies	144,862	202,293	192,293	192,293
Term deposits	83,603	83,603	220,520	220,520
	<u>616,361</u>	<u>777,288</u>	<u>1,107,409</u>	<u>843,779</u>
	<u>\$ 2,832,593</u>	<u>\$ 4,711,551</u>	<u>\$ 3,256,659</u>	<u>\$ 4,084,200</u>

December 31, 2012 and 2011

5. Investments - continued

For securities traded in an active market, market value is based on the quoted closing bid prices of the securities at December 31, 2012. The fair value of these securities may differ from the quoted trading price due to the effect of market fluctuations and adjustment for quantities traded.

The Company holds public traded securities held in escrow to be released to the Company over a period from June 1, 2013 to October 24, 2014. Securities held in escrow have been recorded at fair value, discounted by the put option for the length of the escrow period; which is calculated using the Black-Scholes option-pricing model. The long-term investments in common shares of public companies are not free-trading at December 31, 2012. The investments in common shares of private companies are not traded in an active market and are valued based on recent share issuances. Current term deposits are cashable on demand, as long as credit cards are cancelled. Long-term term deposits are held for terms greater than 90 days.

Accumulated other comprehensive loss of \$1,878,958 (2011 – \$827,541) is the result of the change in fair value to December 31, 2012.

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6. Property and Equipment

Cost	Land	Building	Automotive	Computer Equipment & Software	Furniture and Equipment	Ore Processing Equipment	Dewatering Pipeline	Fence	Total
Balance at December 31, 2010	\$298,856	\$849,882	\$380,887	\$268,382	\$284,564	\$ 722,370	\$ 33,547	\$ -	\$2,838,488
Additions	-	160,837	17,960	22,352	117,596	-	-	13,360	332,105
Disposals	-	(29,633)	(181,045)	-	(109,051)	(722,370)	(33,547)	-	(1,075,646)
Balance at December 31, 2011	298,856	981,086	217,802	290,734	293,109	-	-	13,360	2,094,947
Additions	-	-	49,747	16,800	54,205	-	-	-	120,752
Balance at December 31, 2012	\$298,856	\$981,086	\$267,549	\$307,534	\$347,314	\$ -	\$ -	\$13,360	\$2,215,699

Accumulated Depreciation	Building	Automotive	Computer Equipment & Software	Furniture and Equipment	Ore Processing Equipment	Dewatering Pipeline	Fence	Total
Balance at December 31, 2010	\$48,667	\$138,999	\$223,611	\$122,564	\$ 99,061	\$ 776	\$ -	\$633,678
Depreciation	31,572	51,095	22,477	34,935	93,496	983	668	235,226
Disposals	(29,241)	(60,244)	-	(16,163)	(192,557)	(1,759)	-	(299,964)
Balance at December 31, 2011	50,998	129,850	246,088	141,336	-	-	668	568,940
Depreciation	37,204	33,847	33,258	35,774	-	-	1,269	141,352
Balance at December 31, 2012	\$88,202	\$163,697	\$279,346	\$177,110	\$ -	\$ -	\$ 1,937	\$710,292

Carrying Value	Land	Building	Automotive	Computer Equipment & Software	Furniture and Equipment	Ore Processing Equipment	Dewatering Pipeline	Fence	Total
At December 31, 2011	\$298,856	\$930,088	\$ 87,952	\$44,646	\$151,773	\$ -	\$ -	\$12,692	\$1,526,007
At December 31, 2012	\$298,856	\$892,884	\$103,852	\$28,188	\$170,204	\$ -	\$ -	\$11,423	\$1,505,407

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7. Exploration and Evaluation Assets

During the year ended December 31, 2012, the Company made acquisition and exploration expenditures of \$1,013,711 (2011 - \$767,101) and received grants, option and other payments, and mineral tax credits of \$1,470,687 (2011 - \$4,584,938). As a result of option payments received the Company recorded in income, option proceeds in excess of carrying value of \$318,867 (2011 - \$1,834,419). The Company wrote down properties of \$24,568 (2011 - \$386,411). As a result of the foregoing, exploration and evaluation assets totaled \$2,565,066 at December 31, 2012, down from \$2,727,743 at December 31, 2011. See Schedule 1 – Exploration and evaluation and Schedule 2 – Acquisition and exploration additions.

The Company's exploration and evaluation assets include a property (Iron Range) within a joint venture agreement (see (n) below).

The Company has interests in a number of optioned exploration projects. As at December 31, 2012, the Company has executed option agreements with third parties on the following projects:

Option Agreements - Third party earn in

- (a) **Acacia Project:** On June 14, 2011, the Company and Tasca Resources Ltd. ("Tasca") entered into an agreement whereby Tasca may earn a 60% interest in the Acacia Property, located 45 km north of Kamloops in central British Columbia. Under terms of the Agreement, Tasca has the option to earn its interest in the property by completing \$3,000,000 in exploration expenditures, making \$240,000 in cash payments and issuing 1,000,000 common shares to Eagle Plains. Payments are due as follows:

Cash Payments	Share Payments	Exploration Expenditures	<u>Due Date</u>
\$ 10,000	-	\$ -	June 14, 2011 (received)
10,000	150,000	-	December 29, 2011 (received)
40,000	200,000	200,000*	December 29, 2012(*completed) Cash and share payments due date amended to June 30, 2013 on November 28, 2012
80,000	200,000	300,000	December 29, 2013
100,000	200,000	600,000	December 29, 2014
-	250,000	800,000	December 29, 2015
-	-	1,100,000	December 29, 2016
<u>\$ 240,000</u>	<u>1,000,000</u>	<u>\$ 3,000,000</u>	

- (b) **Baska-Eldorado Project:** On July 24, 2009, the Company signed a Letter of Intent with Giyani Gold Corp. ("Giyani" - The company was formerly known as 99 Capital Corporation and changed its name to Giyani Gold Corp. in January 2011) whereby Giyani may purchase a 100% interest in the property, in north-central Saskatchewan, Canada, by issuing 2,000,000 common shares to Eagle Plains. The shares will be held in escrow and will be released from escrow, the first 200,000 shares on October 27, 2009, and 300,000 shares every six months thereafter. Eagle Plains has been granted a back-in option entitling it to purchase a 50% interest in the Baska-Eldorado property at any time between the second and fourth anniversaries of the closing date by paying Giyani the sum of \$250,000 plus an amount in cash equal to one-half of all amounts spent by Giyani on exploration of the Baska-Eldorado property and one-half of all other expenditures by Giyani in relation to the Baska-Eldorado property plus a premium of 150% applied to each expenditure grouping. If Eagle Plains does not exercise its back-in option it will be granted a 1% net smelter returns royalty on the Baska-Eldorado property to a maximum of \$2-million. In the event that Eagle Plains exercises its back-in option, the parties will be deemed to have formed a joint venture for the further exploration and development of the Baska-Eldorado property with Giyani holding an initial participating interest of 50% and Eagle Plains holding an initial participating interest of 50%. Shares to be released from escrow as follows:

<u>Share Installments</u>	<u>Due Date</u>
200,000	November 19, 2009 (received)
300,000	May 19, 2010 (received)
300,000	November 19, 2010 (received)

December 31, 2012 and 2011

7. Exploration and Evaluation Assets - continued

Option Agreements - Third party earn in – continued

Baska-Eldorado Project - continued

Share	
<u>Installments</u>	<u>Due Date</u>
300,000	May 19, 2011 (received)
300,000	November 19, 2011 (received)
300,000	May 19, 2012 (received)
<u>300,000</u>	November 19, 2012 (received)
<u>2,000,000</u>	

- (c) **Bohan Project:** On September 20, 2010, the Company executed a property purchase agreement with Active Growth Capital Inc. ("Active Growth") whereby Active Growth purchased a 100% right, title and interest in the Bohan property (the "Property") located near Creston in south-western British Columbia. As consideration for the acquisition, Active Growth agreed to issue 2,000,000 common shares to Eagle Plains, to be held in escrow pursuant to the Exchange policies. Of the total share consideration, 10% (or 200,000 shares) was released from escrow upon issuance of the Final Exchange Bulletin in respect of the Qualifying Transaction and the remainder will be released from escrow in increments of 300,000 shares every 6 months thereafter.

Pursuant to the Agreement, Eagle Plains has the right to re-purchase a 50% ownership interest in the Property from Active Growth at any time after the second anniversary of the Qualifying Transaction, and extending up to the fourth anniversary of the Qualifying Transaction, at Active Growth's aggregate acquisition cost plus a premium of 150%. The re-acquisition price, if applicable, would be payable in cash. In the event that Active Growth wishes to sell the Property, Eagle Plains will have the right of first refusal to acquire it. In the event that the Property is put into commercial production and Eagle Plains has not exercised its right to re-purchase an ownership interest in the Property as described above, then Eagle Plains will receive a 1% net smelter returns ("NSR") royalty. The 1% NSR royalty is only payable to Eagle Plains if Eagle Plains has no ownership interest in the Property. In the event that Eagle Plains wishes to sell the 1% NSR royalty, then Active Growth will have the right of first refusal to acquire it.

Shares to be released from escrow as follows:

Share	
<u>Installments</u>	<u>Due Date</u>
200,000	December 13, 2010 (received)
300,000	June 1, 2011 (received)
300,000	December 1, 2011 (received)
300,000	June 1, 2012 (received)
300,000	December 1, 2012 (received)
300,000	June 1, 2013
<u>300,000</u>	December 1, 2013
<u>2,000,000</u>	

- (d) **Boundary (Dode) Project:** On August 1, 2011, Eagle Plains entered into an agreement whereby MMG USA Exploration LLC ("MMG-US") may earn a 60% interest in the Boundary property in south-western British Columbia. Under terms of the Agreement, MMG-US has the option to earn its interest in the property by making a cash payment of \$43,895 to Eagle Plains (received) and by completing \$3,000,000 in exploration expenditures by August 1, 2016. The property is subject to a 1% NSR payable to a third party, which can be purchased by MMG-US at any time for USD \$1,000,000. MMG-US may earn an additional 15% interest (for a total of 75%) by delivering a bankable feasibility study by 2018.
- (e) **Coyote Creek Project:** On June 9, 2009 Eagle Plains announced that it had reached agreement with Heemskirk Canada Ltd. ("Heemskirk") whereby Heemskirk may earn a 100% interest in the property located in south-western British Columbia. In order to exercise the option and acquire a 100% interest in the property Heemskirk is required to make cash payments totaling \$240,000 plus a production royalty on material extracted. On March 6, 2012, the parties agreed to amend the agreement whereby the June 30, 2012 option payment of

December 31, 2012 and 2011

7. Exploration and Evaluation Assets - continued

Option Agreements - Third party earn in – continued

Coyote Creek Project - continued

\$200,000 is extended for a period of two years; in consideration, additional payments of \$10,000 per year will be made to Eagle Plains, payable 30 days from the anniversary date. Payments are due as follows:

<u>Cash Payments</u>	<u>Due Date</u>
\$ 20,000	June 26, 2009 (received)
20,000	120 days after "Initial Work" results (received)
10,000	July 26, 2012 (received)
10,000	July 26, 2013
200,000	June 30, 2014
<u>\$ 260,000</u>	

- (f) **Dragon Lake Project:** On June 20, 2011, the Company and Olympic Resources Ltd. ("Olympic") executed a formal option agreement (amended November 2011 changing the yearly terms but not the totals) whereby Olympic has the exclusive right to earn a 60% interest in the property. To exercise the option, Olympic must complete \$3,000,000 in exploration expenditures, issue 1,000,000 common shares and make cash payments of \$500,000 to Eagle Plains over 4 years. Payments are due as follows:

<u>Cash Payments</u>	<u>Share Payments</u>	<u>Exploration Expenditures</u>	<u>Due Date</u>
\$ 30,000	200,000	\$ -	June 20, 2011 (received)
-	100,000	400,000	December 31, 2011 (received)(completed)
70,000	200,000	100,000	December 31, 2012 (outstanding)
150,000	200,000	1,000,000	December 31, 2013
250,000	300,000	1,500,000	December 31, 2014
<u>\$ 500,000</u>	<u>1,000,000</u>	<u>\$ 3,000,000</u>	

- (g) **Eagle Lake Project:** On January 19, 2012 the Company completed an option agreement whereby Bulldog Explorations Ltd. ("Bulldog")(formerly Sinogas West Inc.) can earn a 60% interest in Eagle Plains' 100% owned mineral property, located in north-central Saskatchewan, by making exploration expenditures of \$3,000,000 and completing payments of 1,000,000 shares and \$300,000 cash over the four year period commencing on the date of Exchange Approval. Payments are due as follows:

<u>Cash Payments</u>	<u>Share Payments</u>	<u>Exploration Expenditures</u>	<u>Due Date</u>
\$ -	200,000	\$ -	April 24, 2012 (received)
25,000	200,000	350,000	April 24, 2013 (outstanding)
50,000	200,000	400,000	April 24, 2014
75,000	200,000	750,000	April 24, 2015
150,000	200,000	1,500,000	April 24, 2016
<u>\$ 300,000</u>	<u>1,000,000</u>	<u>\$ 3,000,000</u>	

- (h) **Elsiar Project:** The Company has an option agreement dated July 12, 2010 (subject to TSX-V approval) whereby Blackrock Resources Ltd. ("Blackrock") (a private BC company) can earn a 60% interest in Eagle Plains' 100% owned copper-moly-gold property, located in north-western British Columbia, by making exploration expenditures of \$3,000,000 and completing payments of 650,000 shares (originally 1,000,000) and \$250,000 cash by the fourth anniversary of the agreement. Blackrock completed a two old for one new share consolidation on May 14, 2012 which has the effect of reducing the total share commitment to 650,000 shares. A 1% NSR is reserved for a third party. Payments are due as follows:

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7. Exploration and Evaluation Assets - continued

Option Agreements - Third party earn in – continued

Elsiar Project - continued

Cash Payments	Share Payments	Exploration Expenditures	<u>Due Date</u>
\$ 25,000	100,000	\$ -	Date of agreement (received)
-	-	100,000	December 31, 2010 (completed)
50,000	200,000	-	July 12, 2011 (received)
-	-	200,000	December 31, 2011 (completed)
-	100,000	-	July 12, 2012 (received)
50,000	-	-	March 31, 2013 (outstanding)
50,000	100,000	-	July 12, 2013
-	-	2,700,000	December 31, 2013
75,000	150,000	-	July 12, 2014
<u>\$ 250,000</u>	<u>650,000</u>	<u>\$ 3,000,000</u>	

- (i) **Findlay Project:** On August 1, 2011, Eagle Plains entered into an agreement whereby MMG Canada Exploration Inc. ("MMG") may earn a 60% interest in Eagle Plains' 100% owned Findlay/Greenland Creek properties located 30 kilometers north of Kimberley, in south-eastern B.C. Under terms of the agreement, MMG may earn a 60% interest by making staged cash payments to Eagle Plains totaling \$500,000 and completing \$5,000,000 in exploration expenditures over 5 years, the amount of expenditure and timing to be determined by MMG. MMG may earn an additional 15% interest (for a total of 75%) by delivering a bankable feasibility study by 2021. Payments are due as follows:

Cash Payments	Exploration Expenditures	<u>Due Date</u>
\$ 25,000	\$ -	August 1, 2011 (received)
50,000	-	August 1, 2012 (received)
75,000	-	August 1, 2013
125,000	-	August 1, 2014
225,000	-	August 1, 2015
<u>\$ 500,000</u>	<u>\$ 5,000,000</u>	Exploration amounts and scheduling to be determined by MMG

- (j) **Goatfell Project:** On September 19, 2011, Eagle Plains Resources Ltd. entered into an agreement with Purcell Range Exploration Inc. (formerly 101191710 Saskatchewan Ltd.) ("Purcell"), a subsidiary of 49 North Resources Inc., whereby Purcell may earn an undivided 60% interest in Eagle Plains' Goatfell Property located 30km east of Creston, British Columbia (subject to Exchange approval). Under terms of the agreement, Purcell will complete exploration expenditures of \$3,000,000, make cash payments of \$250,000 and issue 1,000,000 common shares to Eagle Plains over a four year period. Payments are due as follows:

Cash Payments	Share Payments	Exploration Expenditures	<u>Due Date</u>
\$ 15,000	100,000	\$ -	On Exchange Approval
-	-	100,000	December 31, 2011 (completed)
25,000	100,000	-	1 year from date of exchange approval
-	-	200,000	December 31, 2012 (completed)
60,000	200,000	-	2 years from date of exchange approval
-	-	500,000	December 31, 2013
75,000	300,000	-	3 years from date of exchange approval
-	-	800,000	December 31, 2014
75,000	300,000	-	4 years from date of exchange approval
-	-	1,400,000	December 31, 2015
<u>\$ 250,000</u>	<u>1,000,000</u>	<u>\$ 3,000,000</u>	

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7. Exploration and Evaluation Assets - continued

Option Agreements - Third party earn in – continued

- (k) **Hall Lake Project:** On September 12, 2011, Eagle Plains entered into an agreement with Bethpage Capital Corp. ("Bethpage"), whereby Bethpage may earn an undivided 60% interest in Eagle Plains' Hall Lake Property located 40km west of Kimberley, British Columbia. Under terms of the agreement, Bethpage will complete exploration expenditures of \$3,000,000, make cash payments of \$260,000 and issue 1,000,000 common shares to EPL over a four year period. Payments are due as follows:

Cash Payments	Share Payments	Exploration Expenditures	Due Date
\$ -	-	\$ 100,000	December 31, 2011 (completed)
10,000	100,000	-	June 18, 2012 (received)
40,000	100,000	200,000	December 18, 2013
60,000	200,000	500,000	December 18, 2014
75,000	300,000	800,000	December 18, 2015
75,000	300,000	1,400,000	December 18, 2016
<u>\$ 260,000</u>	<u>1,000,000</u>	<u>\$ 3,000,000</u>	

- (l) **Hit Project:** On January 28, 2011, Eagle Plains entered into an Acquisition Agreement with Aben Resources Ltd. ("Aben"), whereby Aben will acquire a 100% interest in the Hit project, located in the eastern Yukon Territory in consideration for 1,500,000 common shares of Aben to Eagle Plains. On September 25, 2012, Eagle Plains completed a transaction with Gold Royalties Corp. ("GRO") whereby GRO issued (in escrow, to be released in 2 years) 625,000 common shares to Eagle Plains at a deemed price of \$0.80 per share for total consideration of \$500,000 to purchase EPL's interest in the underlying net smelter royalties relating to the Hit and Justin Projects. As the shares are held in escrow, the fair value of these shares was discounted to \$264,951 and recorded in other income.

- (m) **Ice River Project:** On September 25, 2008, Eagle Plains announced that it had reached agreement with Waterloo Resources Ltd. ("Waterloo") whereby Waterloo may earn a 60% interest in the Ice River Property (amended March 5, 2009), located in British Columbia. In order to exercise the option and acquire a 60% interest in the property, Waterloo is required to make cash payments totalling \$510,000 (originally \$500,000), issue 750,000 (originally 350,000) common shares and make exploration expenditures of \$3,000,000 (no change) over a period of five years. A 1% NSR is reserved for Eagle Plains. On March 19, 2012, the parties agreed to amend the agreement; the amendments will provide that (i) Waterloo will issue an additional 100,000 common shares to Eagle Plains before March 31, 2012; (ii) Waterloo will expend an additional \$85,000 in work commitments before December 31, 2012; and (iii) the remainder of the work commitment expenditures as provided for in the option agreement will be rescheduled to additional years. Payments are due as follows:

Cash Payments	Share Payments	Exploration Expenditures	Due Date
\$ 10,000	-	\$ -	On signing of formal agreement (received)
20,000	100,000	-	September 27, 2009 (received)
25,000	100,000	200,000	September 27, 2010 (received)(completed)
25,000	100,000	50,000	September 27, 2011 (received)(completed)
-	100,000	-	March 31, 2012 (received)
50,000	150,000	-	September 27, 2012 (received)
-	-	85,000	December 31, 2012 (completed)
120,000	100,000	500,000	September 27, 2013
260,000	200,000	1,000,000	September 27, 2014
-	-	1,250,000	September 27, 2015
<u>\$ 510,000</u>	<u>850,000</u>	<u>\$ 3,085,000</u>	

- (n) **Iron Range Project:** On April 21, 2010, the Company completed an option agreement with Providence Resources Corp ("Providence") whereby Providence may earn a 60% interest in the property, located in British Columbia, by making exploration expenditures of \$3,000,000 and completing payments of 1,000,000 shares and \$500,000 cash by the fourth anniversary.

December 31, 2012 and 2011

7. Exploration and Evaluation Assets - continued

Option Agreements - Third party earn in – continued

Iron Range Project - continued

On March 1, 2012, Providence exercised its option with Eagle Plains and earned a 60% undivided right, title and interest in and to the Iron Range Project. Providence completed its earn in by completing exploration expenditures of \$3,000,000, making a cash payment of \$425,000 and issuing a total of 800,000 common shares.

On March 8, 2012, the Company entered into a Joint Venture Agreement (“JVA”) with Providence whereby the two parties agree to participate in a Joint Operation for the purpose of exploring the property, and if deemed warranted, bringing the property or a portion thereof into commercial production by establishing and operating a mine. Under terms of the JVA, Providence has a 60% interest in the project and Eagle Plains has a 40% interest in the project based on initial contributions to the project. The parties shall bear all costs and all liabilities arising under the Joint Operation and shall own the property, the assets and any mine all in proportion to their respective interests. The Company’s share of costs to December 31, 2012 is \$506,302 which has been capitalized to exploration and evaluation assets.

- (o) **Justin (Sprogge) Project:** On January 28, 2011, Aben entered into an Acquisition Agreement whereby Aben will acquire a 100% interest in the Justin project, located in the eastern Yukon Territory, in consideration for 3,500,000 common shares of Aben to Eagle Plains. The project shall be subject to a three percent (3%) net smelter return royalty (“NSR”) in favour of Eagle Plains. On September 25, 2012, Eagle Plains completed a transaction with Gold Royalties Corp. (“GRO”) whereby GRO issued (in escrow, to be released in 2 years) 625,000 common shares to Eagle Plains at a deemed price of \$0.80 per share for total consideration of \$500,000 to purchase EPL’s interest in the underlying net smelter royalties relating to the Hit and Justin Projects. As the shares are held in escrow, the fair value of these shares was discounted to \$264,951 and recorded in other income.
- (p) **K-9 Project:** On May 9, 2011, Eagle Plains and Bluefire Mining Corp. (“Bluefire”) entered into an agreement whereby Bluefire may earn a 60% interest in the K-9 copper-gold property, located in south-eastern British Columbia. Under terms of the agreement, Bluefire has the option to earn a 60% interest in the property by completing \$5,000,000 in exploration expenditures, making \$500,000 in cash payments, and issuing 1,000,000 common shares to Eagle Plains over 5 years. Eagle Plains will maintain a 4% Gross Metal Royalty on the claims, which may be reduced to 2% upon payment of \$2,000,000. Payments are due as follows:

Cash Payments	Share Payments	Exploration Expenditures	Due Date
\$ 25,000	100,000	\$ 100,000	October 29, 2012 (completed and received)
-	-	200,000	October 29, 2013
25,000	100,000	-	October 29, 2014
75,000	100,000	500,000	October 29, 2015
125,000	200,000	1,200,000	October 29, 2016
250,000	500,000	3,000,000	October 29, 2017
<u>\$ 500,000</u>	<u>1,000,000</u>	<u>\$ 5,000,000</u>	

- (q) **Kalum Project:** On January 17, 2012, the Company completed an option agreement whereby Clemson Resources Corp. (“Clemson”) can earn a 60% interest in Eagle Plains’ 100% owned mineral property, located in north-central British Columbia, by making exploration expenditures of \$3,000,000 and completing payments of 1,100,000 shares and \$250,000 cash over the four year period commencing on the date of Exchange Approval. There is a 1% underlying NSR payable to a third party. Payments are due as follows:

Cash Payments	Share Payments	Exploration Expenditures	Due Date
\$ 15,000	-	\$ -	July 22, 2012 (received)
-	-	200,000	December 31, 2012 (completed)
-	200,000	-	January 17, 2013 (received subsequently)
25,000	100,000	-	July 17, 2013
-	-	500,000	December 31, 2013
60,000	200,000	-	July 17, 2014

December 31, 2012 and 2011

7. Exploration and Evaluation Assets - continued

Option Agreements - Third party earn in – continued

Kalum Project - continued

Cash Payments	Share Payments	Exploration Expenditures	Due Date
-	-	800,000	December 31, 2014
75,000	300,000	-	July 17, 2015
-	-	1,500,000	December 31, 2015
75,000	300,000	-	July 17, 2016
<u>\$ 250,000</u>	<u>1,100,000</u>	<u>\$ 3,000,000</u>	

- (r) **Karin Lake Project:** On June 15, 2010, Eagle Plains and Slater Mining Corporation (“Slater”) entered into an option agreement on the Karin Lake property located in north-central Saskatchewan. Under terms of the agreement, Slater may earn a 60% interest in the property by completing \$3,000,000 in exploration expenditures, making \$500,000 in cash payments, and issuing 1,000,000 common shares to Eagle Plains over four years. On February 27, 2012, the parties agreed to extend the 2011 exploration commitment of \$300,000 to the summer of 2012 and on May 27, 2012, agreed to defer the option payments due on June 15 until the end of 2012. Payments are due as follows:

Cash Payments	Share Payments	Exploration Expenditures	Due Date
\$ 10,000	-	\$ -	Date of agreement (received)
15,000	100,000	-	On exchange approval – Sept 16, 2010 (received)
-	-	200,000	December 31, 2010 (completed)
50,000	100,000	-	June 15, 2011 (received)
75,000	200,000	-	June 15, 2012 (deferred to December, outstanding)
-	-	300,000	August 31, 2012 (completed)
-	-	500,000	December 31, 2012 (outstanding)
100,000	300,000	-	June 15, 2013
-	-	750,000	December 31, 2013
250,000	300,000	-	June 15, 2014
-	-	1,250,000	December 31, 2014
<u>\$ 500,000</u>	<u>1,000,000</u>	<u>\$ 3,000,000</u>	

- (s) **Rohan Project:** On February 21, 2011, Eagle Plains Resources Ltd. and Rosedale Resources Ltd. (“Rosedale”) (a private B.C. company) entered into an agreement whereby Rosedale may earn an interest in the Rohan copper-gold property, located in north-western British Columbia. Under terms of the agreement, Rosedale has the option to earn a 60% interest in the property by completing \$5,000,000 in exploration expenditures, making \$500,000 in cash payments and issuing 1,000,000 common shares to Eagle Plains over 5 years. Eagle Plains will maintain a 4% Gross Metal Royalty on the claims, which may be reduced to 2% upon payment of \$2,000,000. Payments are due as follows:

Cash Payments	Share Payments	Exploration Expenditures	Due Date
\$ 25,000	100,000	\$ 100,000*	On exchange approval (*completed)
-	-	200,000	1 st anniversary of approval date
25,000	100,000	-	2 nd anniversary of approval date
75,000	100,000	500,000	3 rd anniversary of approval date
125,000	200,000	1,200,000	4 th anniversary of approval date
250,000	500,000	3,000,000	5 th anniversary of approval date
<u>\$ 500,000</u>	<u>1,000,000</u>	<u>\$ 5,000,000</u>	

December 31, 2012 and 2011

7. Exploration and Evaluation Assets - continued

Option Agreements - Third party earn in – continued

- (t) **Rusty Springs Project:** On February 25, 2011, Eagle Plains Resources Ltd. and Aben Resources Ltd. (“Aben”) entered into an Agreement whereby Aben may earn a 100% interest in the Rusty Springs Property, located north of Dawson City, Yukon. Under terms of the agreement, Aben has the option to earn a 100% interest in the property by making \$500,000 in cash payments and issuing 1,500,000 common shares to Eagle Plains over 5 years. The property shall be subject to a three percent (3%) net smelter return royalty (“NSR”) in favour of Eagle Plains. Aben has been granted a right to purchase a 2% NSR at any time prior to commencement of commercial production for the consideration of \$2,000,000 (the “Buy Down Option”). Aben agrees to pay Eagle Plains a yearly minimum advanced royalty of \$25,000 commencing January 1, 2015. On February 15, 2013, the Company received notice from Aben they were terminating the option agreement.

Cash Payments	Share Payments	<u>Due Date</u>
\$ 25,000	250,000	On exchange approval - March 15, 2011 (received)
25,000	250,000	December 31, 2011 (received)
75,000	250,000	December 31, 2012 (option terminated, no payment)
100,000	250,000	December 31, 2013
125,000	250,000	December 31, 2014
150,000	250,000	December 31, 2015
<u>\$ 500,000</u>	<u>1,500,000</u>	

- (u) **Sphinx Project:** On July 16, 2009, the Company executed a property purchase agreement with Touchdown Capital Inc. (“TCI”) whereby TCI may purchase a 100% interest in the Sphinx copper-gold-molybdenum project, located 50km west of Kimberley, British Columbia, by allotting and issuing to Eagle Plains 2,000,000 common shares of TCI within five business days following the date of Exchange Approval. The shares will be held in escrow and will be released from escrow as to 200,000 shares on the closing date and as to 300,000 shares every six months thereafter. The Company has received shares according to the schedule below. The property is subject to a 2.5% NSR to a third party and a 1% NSR to Eagle Plains, to a maximum of \$2,000,000. Shares to be released from escrow as follows:

<u>Share Installments</u>	<u>Due Date</u>
200,000	October 15, 2009 (released)
300,000	April 15, 2010 (released)
300,000	October 15, 2010 (released)
300,000	April 15, 2011 (released)
300,000	October 15, 2011 (released)
300,000	April 15, 2012 (released)
300,000	October 15, 2012 (released)
<u>2,000,000</u>	

- (v) **Titan Project:** On December 9, 2010, Eagle Plains Resources Ltd. and Blue Gold Mining Inc. (“True Gold”, since renamed True Gold Mining Inc.) entered into an agreement whereby True Gold may earn an interest in the Titan property, located in north-western British Columbia. Under terms of the agreement, True Gold had the option to earn a 60% interest in the property by completing \$3,000,000 in exploration expenditures, making \$500,000 in cash payments and issuing 1,000,000 common shares to Eagle Plains over 4 years. The property is subject to a 1.5% NSR to a third party, of which 2/3rds may be purchased for \$1,000,000.

On August 13, 2012, Eagle Plains received formal notice from True Gold terminating the Option. During the term of the option agreement, Eagle Plains received 200,000 shares and cash payments of \$75,000, and \$200,000 of exploration was completed on the project.

- (w) **Vulcan Project:** On October 24, 2011, Eagle Plains entered into an agreement with Navy Resources Corp. (“Navy”) whereby Navy may earn an undivided 60% interest in Eagle Plains’ Vulcan Property located in south eastern British Columbia. Under terms of the agreement, Navy will complete exploration expenditures of \$3,000,000, make cash payments of \$250,000 and issue 1,000,000 common shares to EPL over a four year

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7. Exploration and Evaluation Assets - continued

Option Agreements - Third party earn in – continued

Vulcan Project - continued

period. Payments are due as follows:

Cash Payments	Share Payments	Exploration Expenditures	<u>Due Date</u>
\$ 15,000	100,000	\$ -	October 19, 2012 (received)
-	-	100,000	December 31, 2011 (completed)
25,000	-	-	October 19, 2013
-	100,000	200,000	April 19, 2014
60,000	-	-	October 19, 2014
-	200,000	500,000	April 19, 2015
75,000	-	-	October 19, 2015
-	300,000	800,000	April 19, 2016
75,000	-	-	October 19, 2016
-	300,000	1,400,000	April 19, 2017
<u>\$ 250,000</u>	<u>1,000,000</u>	<u>\$ 3,000,000</u>	

- (x) **Wildhorse Project:** On September 1, 2011, Eagle Plains Resources Ltd. and Turnberry Resources Ltd. ("Turnberry") entered into an option agreement on Eagle Plains' 100% owned Wildhorse project located 40km north of Cranbrook, B.C. Under the terms of the Agreement, Turnberry may earn a 60% interest in the property by completing \$4,900,000 in exploration expenditures, making \$495,000 in cash payments and issuing 950,000 shares to EPL over 5 years. Turnberry is entitled to earn a further 15% interest, for an aggregate 75% interest, by making all expenditures required to deliver a bankable Feasibility Study no later than the eighth anniversary of the date of regulatory approval of the Qualifying Transaction. The property shall be subject to a four percent (4%) net smelter return royalty ("NSR") in favour of Eagle Plains, which may be reduced to 2% upon payment of \$2,000,000. Payments are due as follows:

Cash Payments	Share Payments	Exploration Expenditures	<u>Due Date</u>
\$ 20,000	50,000	\$ -	April 6, 2012 (received)
-	-	200,000	April 6, 2013 (completed)
25,000	100,000	-	April 6, 2014
75,000	100,000	500,000	April 6, 2015
125,000	200,000	1,200,000	April 6, 2016
250,000	500,000	3,000,000	April 6, 2017
<u>\$ 495,000</u>	<u>950,000</u>	<u>\$ 4,900,000</u>	

8. Mortgage payable

	<u>Dec 31 2012</u>	<u>Dec 31 2011</u>
Mortgage, secured by land and building, repayable in monthly payments of \$1,888 including interest at 5.75%, maturing March 2015	<u>\$ 155,701</u>	<u>\$ 228,122</u>

Lump sum payments of \$60,000 were made on April 1, 2011 and 2012, the anniversary dates of the mortgage.

During the year ended December 31, 2012 the Company paid \$10,123 (2011 - \$14,407) in interest.

December 31, 2012 and 2011

9. Equity Instruments

(a) Authorized

Unlimited number of common shares without nominal or par value.

Unlimited number of first and second preference shares without nominal or par value, with the rights, privileges and conditions thereof determined by the directors of the Company at the time of issuance.

(b) Issued and outstanding

At December 31, 2012, there were 83,238,669 (2011 – 83,238,669) shares outstanding.

2012 share issuance

There were no shares issued in 2012.

2011 share issuance

In the first quarter, the Company issued 457,787 shares on the exercise of purchase warrants with exercise prices of \$0.30 resulting in proceeds to the Company of \$133,336.

In the first quarter, the Company issued 130,000 shares on the exercise of employee options with exercise prices of \$0.25 to \$0.40 resulting in proceeds to the Company of \$36,250.

In the second quarter, the Company issued 266,250 shares on the exercise of purchase warrants with exercise prices of \$0.20 and \$0.30 resulting in proceeds to the Company of \$57,250.

In the second quarter, the Company issued 145,000 shares on the exercise of employee options with exercise prices of \$0.40 and \$0.25 resulting in proceeds to the Company of \$27,700.

In the third quarter, the Company issued 11,250 shares on the exercise of purchase warrants with exercise prices of \$0.20 resulting in proceeds to the Company of \$2,250.

In the fourth quarter, 15,000 shares were cancelled as the original share certificate was lost.

The weighted average market price on the date of exercise of all options exercised during 2011 is \$0.40.

(c) Stock Option Plan

The Company has a stock option plan for employees, directors, officers and consultants. Stock options can be issued up to a maximum number of common shares equal to 10% of the issued and outstanding common shares of the Company. The exercise price and vesting period of options granted is not less than the market price of the common shares traded less the available discount under TSX Venture Exchange Inc. policies, and is determined by the Board of Directors. Options granted can have a term of up to 10 years.

As at **December 31, 2012**, the Company has the following stock options outstanding:

	Number of Options	Option Price per Share Range	Weighted Average Exercise Price
Total issued and outstanding			
Balance, December 31, 2010	7,822,500	\$0.25 - \$1.00	\$0.48
Options exercised	(275,000)	\$0.25 - \$0.40	\$0.32
Options expired	(500,000)	\$0.40	\$0.40
Options cancelled	(395,000)	\$0.25 - \$1.00	\$0.43
Balance, December 31, 2011	6,652,500	\$0.25 - \$1.00*	\$0.50
Options issued	1,710,000	\$0.40	\$0.40
Options expired	(285,000)	\$0.40	\$0.40
Options cancelled	(85,000)	\$0.40 - \$1.00	\$0.47
Balance, December 31, 2012	7,992,500	\$0.25 - \$0.40	\$0.34

*On January 6, 2012, the Company re-priced 1,795,000 options with exercise prices of \$1.00 and expiring December 10, 2015, setting a new exercise price of \$0.40. The vesting provisions and expiry dates of the re-priced options remain unchanged.

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December 31, 2012 and 2011

9. Equity Instruments - continued

At December 31, 2012, the following table summarizes information about stock options outstanding:

Options outstanding Dec 31, 2012	Exercise Price	Expiry Date	Number of Options Currently Exercisable	Weighted Average Exercise Price of Options Currently Exercisable
925,000	\$0.40	Jun 20, 2013	925,000	\$0.40
560,000	\$0.40	May 22, 2014	560,000	\$0.40
1,977,500	\$0.25	Apr 30, 2015	1,977,500	\$0.25
1,075,000	\$0.25	Oct 19, 2015	1,075,000	\$0.25
1,795,000	\$0.40	Dec 10, 2015	1,795,000	\$0.40
1,350,000	\$0.40	Jan 6, 2017	1,342,500	\$0.40
310,000	\$0.40	May 11, 2017	310,000	\$0.40
7,992,500	\$0.25 - \$0.40		7,985,000	\$0.34

At December 31, 2011, the following table summarizes information about stock options outstanding:

Options Outstanding Dec 31, 2011	Exercise Price	Expiry Date	Number of Options Currently Exercisable	Weighted Average Exercise Price of Options Currently Exercisable
175,000	\$0.40	Jan 26, 2012	175,000	\$0.40
110,000	\$0.40	Mar 30, 2012	110,000	\$0.40
950,000	\$0.40	Jun 20, 2013	950,000	\$0.40
560,000	\$0.40	May 22, 2014	560,000	\$0.40
1,977,500	\$0.25	Apr 30, 2015	1,977,500	\$0.25
1,075,000	\$0.25	Oct 19, 2015	1,075,000	\$0.25
1,805,000	\$1.00	Dec 10, 2015	1,805,000	\$1.00
6,652,500	\$0.25 - \$1.00		6,652,500	\$0.50

(d) Share-based payments for share options

As at December 31, 2012, \$254,689 (2011 – \$39,598) was recorded as share-based payments related to the options issued and vested during the year and \$52,957 (2011 – \$nil) relating to options re-priced during the year. Compensation expense has been determined based on the estimated fair value of the options at the grant dates and amortized over the vesting period. The Company valued the options issued using the Black-Scholes model with the following weighted average assumptions:

	2012	2011
Expected annual volatility	111.96%	na
Expected risk free rate	1.89%	na
Expected term	4.49 years	na
Expected dividends	Nil	na
Fair value: exercise price exceeds market price on grant date	\$0.16	na

Expected annual volatility is estimated using the historical stock price of the Company.

(e) Warrants outstanding

At December 31, 2012, the Company had no share purchase warrants outstanding.

At December 31, 2011, the Company had the following share purchase warrants outstanding:

	Number	Price
Balance, December 31, 2010	5,938,628	\$0.20 - \$0.30
Exercised	(735,287)	(\$0.20 - \$0.30)
Expired	(5,203,341)	(\$0.30)
Balance, December 31, 2011	-	-

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9. Equity Instruments - continued

(f) Shareholder rights protection plan

The shareholders have approved a plan which the directors intend to implement at their discretion to provide adequate time for the shareholders and the directors to seek alternatives to, and to assess the merits of, bids for the shares of the Company. This plan attaches special rights to the issued shares of the Company. These special rights are void to a bidder who seeks to acquire more than 20% of the voting shares of the Company.

10. Per Share Amounts

The calculation of per share amounts have been calculated based on the weighted average number of shares outstanding during the year ended December 31, 2012 of 83,238,669 shares (2011 – 83,065,215). The net effect of applying the treasury-stock method to the weighted average number of shares outstanding had an anti-dilutive effect for the years ended December 31, 2012 and 2011.

11. Related Party Transactions

The Company was involved in the following related party transactions during the year:

- (a) The Company is related to Apex Diamond Drilling Ltd. ("Apex") through ownership of 10% of the shares of Apex. At December 31, 2012 Eagle Plains' interest in Apex is as follows:

	2012	2011
Shareholder loan, interest free, no specific terms of repayment	\$ 20,000	\$ 20,000
Shares in Apex	20	20
	\$ 20,020	\$ 20,020

During the year the Company had the following transactions with the related company:

	2012	2011
Drilling services provided by Apex	\$ -	\$ 453,911
Share of income, included in 'other income'	94,000	94,000

At December 31, 2012, \$105,280 (2011- \$105,280) is included in accounts receivable.

- (b) The Company is related to Omineca Mining and Metals Ltd. ("OMM") through common directors. During the year the Company had the following transactions with the related company:

	2012	2011
Administrative services provided by EPL	\$ 86,358	\$ 113,257
Geological services provided by EPL	41,381	281,048
Expenses paid by OMM	(239)	-

At December 31, 2012, \$10,346 (2011 - \$12,930) is included in accounts receivable.

- (c) The Company is related to Yellowjacket Resources Ltd. ("YJK") through common directors. During the year the Company had the following transactions with the related company:

	2012	2011
Administrative services provided by EPL	\$ 101,025	\$ -
Geological services provided by EPL	172,005	-
Consultation services provided by YJK	(16,791)	-

At December 31, 2012, \$6,888 (2011 - \$44,761) is included in accounts receivable.

December 31, 2012 and 2011

11. Related Party Transactions - continued

- (d) Included in professional fees is \$57,507 (2011 - \$201,079) paid for legal fees to a law firm of which one of the directors, Darren Fach, is a partner.

Compensation to key management

Compensation to key management personnel in the year:

	<u>2012</u>	<u>2011</u>
Professional fees	\$ 44,750	\$ 35,500
Consulting fees	137,500	100,000
Directors fees	29,081	30,000
Share-based payments	205,800	19,222
	<u>\$ 417,131</u>	<u>\$ 184,722</u>

- (a) Included in professional fees is \$44,750 (2011 - \$35,500) paid for accounting services to a director and officer of the Company. At December 31, 2012, \$3,920 (2011 - \$4,820) is included in accounts payable.
- (b) Included in administration expenses is \$110,000 (2011 - \$100,000) paid for management services to a company owned by a director and officer of the Company. At December 31, 2012, nil (2011 - \$2,400) is included in accounts payable.
- (c) Included in administration expenses is \$27,500 (2011 - nil) paid for consulting fees to a director and officer of the Company. At December 31, 2012, \$1,500 (2011 - nil) is included in accounts payable.
- (d) Included in administration expenses are directors fees of \$29,081 (2011 - \$30,000) paid in the year.
- (e) The Company issued 900,000 options, with exercise prices of \$0.40 and expiry dates of January 6, 2017, to directors of the Company and recorded share-based payments of \$140,900.
- (f) The Company issued 200,000 options, with exercise prices of \$0.40 and expiry dates of May 11, 2017, to a director of the Company and recorded share-based payments of \$23,600.
- (g) The Company re-priced 1,400,000 options in the year to directors and recorded share-based payments of \$41,300 (2011 - nil).

All related party transactions in the normal course of business have been measured at the agreed upon exchange amounts, which is the amount of consideration established and agreed to by the related parties. Amounts due to/from the related parties are non-interest bearing, unsecured and have no fixed terms of repayment.

12. Commitments and Contingencies

The Company has a mortgage on its office building repayable in monthly payments of \$1,888 including interest at 5.75% which matures in March 2015.

The Company has two truck leases payable, one of \$1,040 per month expiring October 24, 2013 and one of \$750 per month expiring September 24, 2014. Total lease payments in the year were \$21,480 (2011 - \$11,560). Lease payments for 2013 will be \$19,400 and 2014 will be \$6,750, which is when the final lease will expire.

The Company has been audited by Canada Revenue Agency with respect to flow-through and BC mining tax credit filings going back through 2005. The Company has disputed some items and the potential reassessment, if any, cannot be reasonably estimated. The total disputed amount is \$107,398.

The Company has agreed to indemnify directors and officers under the bylaws of the Company to the extent permitted by law. The nature of the indemnifications prevent the Company from making a reasonable estimate of the maximum potential amount it could be required to pay to beneficiary of such indemnification agreement. The Company has purchased various insurance policies to reduce the risks association with such indemnification.

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13. Financial Instruments

IFRS 7 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy.

December 31, 2012	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	\$ 4,860,765	\$ -	\$ -	\$ 4,860,765
Investments	2,395,335	437,258	-	2,832,593
<hr/>				
December 31, 2011	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	\$ 6,196,247	\$ -	\$ -	\$ 6,196,247
Investments	2,456,770	607,596	192,293	3,256,659

The Company transferred the value of private company shares from level 3 to level 2 as value is based on the share price of the most recent share issuance prior to year end.

As disclosed in Note 3(c), the Company holds various forms of financial instruments. The nature of these instruments and the Company's operations expose the Company to concentration risk, credit risk, currency risk, price risk and commodity price risk. The Company manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent practical.

(a) Concentration risk

At December 31, 2012 and 2011, substantially all of the Company's cash was held at two recognized Canadian National financial institutions. As a result, the Company was exposed to all of the risks associated with those institutions. Concentration risk also exists in marketable securities (investments) because the Company's investments are primarily in shares of junior resource companies involved in gold exploration.

(b) Credit risk

The Company is exposed to credit risk, which is the risk that a customer or counterparty will fail to perform an obligation or settle a liability, resulting in financial loss to the Company. The Company manages exposure to credit risk by adopting credit risk guidelines that limit transactions according to counterparty credit worthiness. The maximum credit exposure associated with accounts receivable is the carrying value.

(c) Currency risk

Currency risk is the risk to the Company's operations that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. At December 31, 2012, the Company had cash of \$22,881 (2011 - \$20,796) in US\$.

(d) Price risk

The Company's investments designated as available-for-sale are traded on the TSX Venture and TSE and one private company. A 1% change in the cumulative quoted share price would change the fair value of the investments by approximately \$25,000 (2011 - \$37,000). The change would be recorded in Accumulated Other Comprehensive Income (Loss).

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13. Financial Instruments - continued

(e) Commodity price risk

The value of the Company's mineral resource properties is related to the price of various commodities and the outlook for them. Commodity prices have historically fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, industrial retail demand, central bank lending, forward sales by producers and speculators, level of worldwide production and short-term changes in supply and demand.

14. Statement of Cash Flow

Non-cash investing activities:

- (a) Pursuant to certain mineral property option agreements, the Company received 2,675,000 (2011 – 8,380,000) shares with an attributed value of \$840,700 (2011 - \$1,637,000).
- (b) In 2011, pursuant to the Plan of Arrangement (see Note 18) the Company transferred assets of \$4,409,644 to Yellowjacket Resources Ltd.

At December 31, 2012, the Company held cashable term deposits bearing interest rates of 1.25% to 1.30% (2011 – 1.20%) with maturity terms of January 3, 2013 to February 5, 2013 (2011– January 16, 2012 to January 30, 2012). All of these investments are cashable before maturity and have been treated as cash equivalents.

15. Income Taxes

As of December 31, 2012, the effective tax rate of income tax varies from the statutory rate as follows:

	2012	2011
Statutory tax rates	25.00%	26.50%
Expected income tax expense at statutory rates	\$ 44,310	\$ 975,410
Share-based payments	76,912	10,493
Loss (gain) on sale of long-term investments	(14,162)	(129,971)
Rate change	-	(50,005)
Tax benefits recognized	(131,428)	(96,975)
(Un)Recognized deferred tax assets	22,948	(435,989)
Other permanent differences	1,420	2,005
	\$ -	\$ 274,968

The components of the Company's deferred income tax asset (liability) are a result of the origination and reversal of temporary differences and are comprised of the following:

Nature of temporary differences	2012	2011
Property and equipment	\$ 198,469	\$ 294,868
Investments	234,870	103,443
Cumulative eligible capital	2,347	2,524
Share issue costs	11,119	23,023
Deferred income tax	446,805	423,858
Unrecognized deferred tax assets	(446,805)	(423,858)
Deferred income tax liability	\$ -	\$ -

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15. Income Taxes - continued

As of December 31, 2012, subject to confirmation by income tax authorities, the Company has approximately the following available tax pools, deductible from future income at rates prescribed by the Canadian Income Tax Act:

	<u>2012</u>	<u>2011</u>
Undepreciated capital cost	\$ 1,390,821	\$ 1,326,814
Cumulative eligible capital	9,385	10,091
Cumulative Canadian exploration and development expenses	3,187,196	3,807,552
Undeducted share issue costs carried forward	<u>44,475</u>	<u>92,090</u>
	<u>\$ 4,631,877</u>	<u>\$ 5,236,547</u>

At December 31, 2012 the non-capital tax losses of \$nil (2011 - \$nil) available for carry-forward to reduce future years' taxable income.

16. Accumulated Other Comprehensive Income

No future income tax asset has been recorded as a result of the accumulated other comprehensive loss. The balance of accumulated other comprehensive loss is entirely comprised of unrealized gains and losses on available for sale investments.

17. Capital Management

The Company includes cash and cash equivalents and equity, comprising of issued common shares, accumulated other comprehensive income, contributed surplus and deficit, in the definition of capital. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended December 31, 2012. The Company is not subject to externally imposed capital requirements.

18. Subsequent Events

On January 18, 2013, the Company received 200,000 shares of Clemson Resources Corp pursuant to an option agreement on the Kalum property recorded at an attributed value of \$58,000.

On February 15, 2013, the Company received notice from Aben Resources Ltd. that they were terminating the option agreement on the Rusty Springs project.

On April 4, 2013, Eagle Plains Resources Ltd., through its wholly-owned subsidiary TerraLogic Exploration Inc.,

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December 31, 2012 and 2011

18. Subsequent Events - continued

received conditional TSX-V approval to purchase from Northern Freegold Resources Ltd. ("NFR") 8,333,333 units at \$.06 per unit (a unit consisting of a common share and one-half warrant) for a total consideration of CDN\$500,000. The investment by Eagle Plains/TerraLogic represents approximately 6% of the total issued and outstanding shares of Northern Freegold and is conditional on a number of commitments by both NFR and TerraLogic. Eagle Plains and Northern Freegold have certain directors and/or executive officers in common, who have abstained from voting on the transaction.

19. Plan of Arrangement – Yellowjacket

The Arrangement was proposed to facilitate the separation of Eagle Plains' Yellowjacket Project located in British Columbia from its other base and precious metals exploration properties in Canada. This separation will enable Yellowjacket Resources Ltd. ("Yellowjacket") to focus on the development of the Yellowjacket Project and allow Eagle Plains to concentrate on separately financing and exploring the other exploration properties currently held by Eagle Plains.

In fiscal 2011, each Eagle Plains Shareholder, other than a Dissenting Shareholder, received one new common share in the capital of Eagle Plains ("Eagle Plains New Share") and one-third of a common share in the capital of Yellowjacket ("Yellowjacket Share") for each Eagle Plains common share ("Eagle Plains Share") held immediately prior to the Arrangement, where the Eagle Plains New Shares will be identical in every respect to the present Eagle Plains Shares. Eagle Plains owns fifteen percent (15%) of the issued and outstanding Yellowjacket Shares upon completion of the Arrangement. Details of the Arrangement are filed on SEDAR.

Every three options of the Company that were outstanding at the effective date of the plan of arrangement are convertible into 1 common share of Yellowjacket. At December 31, 2012, the number of these options outstanding are 6,332,500 (2011 – 6,652,500). The Company will give Yellowjacket a portion of the proceeds for the exercised options based on the initial spin out proportion.

Pursuant to the Arrangement, Yellowjacket acquired the following assets from the Company. The transaction was recorded based on the carrying value of the assets at the date of transfer:

Yellowjacket Project	\$2,517,001
Cash	600,000
Investments	969,020
Property and equipment	773,101
Reclamation bond	150,522
	<u>\$5,009,644</u>

The Company recorded a reduction of share capital of \$4,409,644 and an investment in Yellowjacket of \$600,000, which is included in investments.

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Exploration and Evaluation Assets

December 31, 2012 and 2011

Schedule 1 - Exploration and evaluation

	January 1, 2012	Acquisition and Exploration	Grants, Option Payments & Mineral Tax Credits	Option Proceeds in Excess of Carrying Value	Write Down of Mineral Properties	December 31, 2012
British Columbia	\$2,586,406	\$ 775,194	\$(1,454,687)	\$303,567	\$(24,770)	\$2,185,710
NW Territories	14,382	7,978	-	-	-	\$22,360
Saskatchewan	126,955	201,033	(7,000)	6,549	-	\$327,537
Yukon Territory	-	29,506	(9,000)	8,751	202	\$29,459
	\$2,727,743	\$1,013,711	\$(1,470,687)	\$318,867	\$(24,568)	\$2,565,066

	January 1, 2011	Acquisition and Exploration	Grants, Transfers, Option Payments & Mineral Tax Credits	Option Proceeds in Excess of Carrying Value	Write Down of Mineral Properties	December 31, 2011
British Columbia	\$2,379,810	\$353,442	\$ (463,937)	\$ 466,602	\$ (149,511)	\$2,586,406
Atlin - Yellowjacket	2,287,798	229,203	(2,517,001)	-	-	-
NW Territories	124,621	58,015	-	-	(168,254)	14,382
Saskatchewan	54,214	73,064	(90,000)	89,740	(63)	126,955
Yukon Territory	251,129	53,377	(1,514,000)	1,278,077	(68,583)	-
	\$5,097,572	\$767,101	\$(4,584,938)	\$1,834,419	\$(386,411)	\$2,727,743

Eagle Plains Resources Ltd.
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Exploration and Evaluation Assets

December 31, 2012 and 2011

Schedule 2 – Acquisition and exploration additions

2012	British Columbia	NW Territories	Saskatchewan	Yukon Territory	Total
Analytical	\$ 22,672	\$ 208	\$ 6,275	\$ 2,135	\$ 31,290
Environmental	12,172	-	-	-	12,172
Drilling	228,093	-	-	-	228,093
Geological and Geochemical	79,041	15	5,139	398	84,593
Wages	204,167	2,878	45,354	7,208	259,607
Travel	24,851	-	19,341	1,654	45,846
Transportation	136,171	3,606	29,583	9,332	178,692
Equipment rentals	33,344	-	19,487	1,922	54,753
Tenure and Acquisitions	34,683	1,271	75,854	6,857	118,665
	<u>\$775,194</u>	<u>\$7,978</u>	<u>\$201,033</u>	<u>\$29,506</u>	<u>\$1,013,711</u>

2011	British Columbia	Atlin - Yellowjacket	NW Territories	Saskatchewan	Yukon Territory	Total
Analytical	\$ 14,646	\$ -	\$86,730	\$ 2,683	\$ -	\$104,059
Environmental	46	25,921	-	-	-	25,967
Geophysical Geological and Geochemical	91,369	-	-	-	3,814	95,183
	1,421	22,648	5,129	1,026	1,598	31,822
Wages	20,928	-	11,203	26,508	15,435	74,074
Travel	148	-	7,532	13,368	1,180	22,228
Transportation	1,911	9,091	27,920	20,518	-	59,440
Equipment rentals	2,108	-	11,661	8,499	33	22,301
Tenure and Acquisitions	53,724	171,543	(92,160)	462	31,317	164,886
BCMETS reassessment	167,141	-	-	-	-	167,141
	<u>\$353,442</u>	<u>\$229,203</u>	<u>\$58,015</u>	<u>\$73,064</u>	<u>\$53,377</u>	<u>\$767,101</u>