(A Development Stage Enterprise)

Condensed Consolidated Interim Financial Statements

For the three months ended June 30, 2012

(Stated in Canadian Dollars)

Responsibility for Financial Statements

The accompanying financial statements for Rare Earth Metals Inc. have been prepared by management in accordance with International Financial Reporting Standards ("IFRS) consistently applied. Only changes in accounting policies have been disclosed in these unaudited condensed consolidated interim financial statements. Recognizing that the Company is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these financial statements have been fairly presented. In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company disclosed that its auditors have not reviewed the unaudited condensed consolidated interim financial statements for the period ended June 30, 2012.

RARE EARTH METALS INC.
(A Development Stage Enterprise)

June 30, 2012

RARE EARTH METALS INC.
(A Development Stage Enterprise)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Prepared by Management - Unaudited)
(Stated in Canadian Dollars)

As at	**June 30, 2012 $**	March 31, 2012 $
ASSETS		
Current		
Cash	**37,646**	71,860
Short-term investments (Note 3)	**2,010,027**	2,169,517
Interest and other receivables	**26,883**	264,235
Prepaid expenses and deposits	**15,921**	28,722
	2,090,477	2,534,334
Exploration and evaluation assets (Note 4)	**3,089,370**	2,980,656
Property and equipment (Note 5)	**123,900**	132,825
Total assets	**5,303,747**	5,647,815
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 7)	**113,149**	163,102
SHAREHOLDERS' EQUITY		
Share capital (Note 6)	**12,744,144**	12,696,144
Reserves (Note 6)	**6,037,122**	5,941,673
Deficit	**(13,590,668)**	(13,153,104)
Total shareholders' equity	**5,190,598**	5,484,713
Total liabilities and shareholders' equity	**5,303,747**	5,647,815

These condensed consolidated interim financial statements are authorized for issue by the Board of Directors on August 27, 2012. They are signed on the Company's behalf by:

"Michael Stares " Director

"*Stephen Stares"* Director

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

RARE EARTH METALS INC.
(A Development Stage Enterprise)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Prepared by Management - Unaudited)
(Stated in Canadian Dollars)

	Three Months Ended June 30, 2012 $	Three Months Ended June 30, 2011 $
Exploration costs (Note 4)	175,618	678,138
Expenses		
Depreciation	8,925	11,446
Consulting fees (Note 7)	9,475	17,288
Advertising and promotion	6,270	135,743
Listing, filing and transfer agent	16,334	21,263
Office and general	16,259	24,176
Professional fees	14,625	20,950
Rent	12,796	11,666
Share-based payments	95,449	243,343
Travel and accommodations	2,954	23,451
Wages and benefits	86,876	91,787
	269,963	601,113
Loss before the following:	(445,581)	(1,279,251)
Interest and investment income	(8,583)	30,163
Adjustment to fair value for fair value through profit and loss investments	16,600	(10,150)
Premium received for flow through shares	-	163,580
Loss and comprehensive loss for the period	(437,564)	(1,095,658)
Loss per share - basic and diluted	0.01	0.01
Weighted Average Shares Outstanding - basic and diluted	83,166,273	81,447,638

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

RARE EARTH METALS INC.
(A Development Stage Enterprise)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Prepared by Management - Unaudited)
For the three months ended June 30, 2012 and 2011
(Stated in Canadian Dollars)

	Share capital		Reserves			
	Number of shares	Share capital	Warrants	Equity settled benefits	Deficit	Total
	#	$	$	$	$	$
Balance at April 1, 2011	81,373,082	12,069,710	3,624,743	1,627,134	(7,580,749)	9,740,838
Shares issued on property acquisitions	530,000	104,900	-	-	-	104,900
Share-based payments	-	-	-	243,343	-	243,343
Comprehensive loss for the year	-	-	-	-	(1,095,658)	(1,095,658)
Balance at June 30, 2011	**81,903,082**	**12,174,610**	**3,624,743**	**1,870,477**	**(8,676,407)**	**8,993,423**
Balance at April 1, 2012	85,862,141	12,696,144	148,061	5,793,612	(13,153,104)	5,484,713
Shares issued on property acquisitions	800,000	48,000	-	-	-	48,000
Share-based payments	-	-	-	95,449	-	95,449
Comprehensive loss for the period	-	-	-	-	(437,564)	(437,564)
Balance at June 30, 2012	**86,662,141**	**12,744,144**	**148,061**	**5,889,061**	**(13,590,668)**	**5,190,598**

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

RARE EARTH METALS INC.
(A Development Stage Enterprise)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Prepared by Management - Unaudited)
(Stated in Canadian Dollars)

	Three Months Ended June 30, 2012 $	Three Months Ended June 30, 2011 $
CASH FLOWS FROM (USED IN):		
OPERATING ACTIVITIES		
Loss for the period	(437,564)	(1,095,658)
Depreciation	8,925	11,446
Share-based payments	95,449	243,343
Adjustment to fair value for fair value through profit & loss investments	(16,600)	10,150
Decrease in interest and other receivables	237,352	193,354
Increase in prepaid expenses	12,801	(171,107)
Increase in refundable security deposits	-	(66,011)
Decrease in accounts payable and accrued liabilities	(49,953)	(64,858)
Recognized premium on flow-through shares	-	(163,580)
Cash flows used in operating activities	(149,590)	(1,102,921)
INVESTING ACTIVITIES		
Acquisition of exploration and evaluation assets	(60,714)	(228,939)
Acquisition of property and equipment	-	(21,380)
Net redemption of short-term investments	176,090	1,376,460
Cash flows from investing activities	115,376	1,126,141
Decrease in cash	(34,214)	23,220
Cash, beginning of period	71,860	167,467
Cash, end of period	37,646	190,687

Supplemental information (see note 8)

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

1. Nature and Continuance of Operations

Rare Earth Metals Inc. ("Rare Earth" or "the Company", formerly East Energy Corp., "East Energy") is a development stage public company in the business of the acquisition and exploration of mineral property interests and has not yet determined whether or not its properties contain ore reserves that are economically recoverable. The ability of the Company to meet its commitments as they become payable, including the completion of acquisitions, exploration and development of mineral properties and projects, is dependent on the ability of the Company to obtain necessary financing.

The accompanying financial statements have been prepared on the basis applicable to a going concern. The appropriateness of using the going concern basis is dependent upon, among other things, future profitable operations, and the ability of the Company to raise additional capital. Specifically, the recovery of the Company's investment in exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to develop its properties and establish future profitable production from the properties, or from the proceeds of their disposition. At June 30, 2012 the Company has working capital in the amount of $1,977,328 (March 31, 2012: $2,371,232) and has a deficit in the amount of $13,590,668 (March 31, 2012: $13,153,104). The Company has not earned any revenues to date and is considered to be in the exploration stage.

2. Significant Accounting Policies

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS") as issued by the IASB (International Accounting Standards Board") applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34 – Interim Financial Reporting. The accounting policies followed in these condensed consolidated interim financial statements are the same as those applied in the Company's audited annual consolidated financial statements for the year ended March 31, 2012.

The policies applied in these financial statements are based on IFRS issued and outstanding as of August 27, 2012, the date the Audit Committee approved the statements. Any subsequent changes to IFRS after this date could result in changes to the financial statements for the period ended June 30, 2012.

The condensed consolidated interim financial statements do not contain all disclosures required under IFRS and should be read in conjunction with the Company's audited annual financial statements and the notes thereto for the year ended March 31, 2012.

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of policies and reported amounts of assets and liabilities and disclosures of contingent assets and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period.

Actual results could differ from those estimates. Significant accounts that require estimates as the basis for determining the stated amounts include exploration and evaluation assets, share-based payments, allocation of financing proceeds, and income taxes. Differences may be material.

3. Short-term Investments

As at June 30, 2012 the Company had $2,010,027 (March 31, 2012: $2,169,517) in short-term investments consisting of money market funds. The yields on these investments range from 1.50% to 1.80% per year.

These investments are fully liquid and available at the request of the Company, and accordingly they have been classified as a current asset in these condensed consolidated interim financial statements.

4. Exploration and evaluation assets

The Company has capitalized the following acquisition costs of its mineral property interests during the year ended March 31, 2012 and three months ended June 30, 2012:

Mineral Interests	Hinton Coal $	Clay-Howells $	Springer $	Coldwell Complex $	Red Wine Complex $	Manitouwadge Graphite $	Other $	Total $
Balance, March 31, 2011	1,020,000	424,043	-	122,002	758,494	-	11,044	2,335,583
Acquisition costs for the year	-	2,706	444,990	-	289,051	12,800	60,404	809,951
Write-downs	-	-	-	-	(164,878)	-	-	(164,878)
Balance, March 31, 2012	1,020,000	426,749	444,990	122,002	882,667	12,800	71,448	2,980,656
Acquisition costs for the period	-	-	88,000	-	-	20,714	-	108,714
Write-downs	-	-	-	-	-	-	-	-
Balance, June 30, 2012	1,020,000	426,749	532,990	122,002	882,667	33,514	71,448	3,089,370

During the three month period ended June 30, 2012, the Company incurred the following exploration expenditures that were expensed as incurred:

Exploration Expenditures	Clay-Howells $	Springer $	Coldwell Complex $	Red Wine Complex $	Manitouwadge Graphite $	Other $	Total $
Prospecting	-	-	1,625	-	5,249	10,544	17,418
Geology	1,585	56,235	-	11,288	5,741	1,526	76,375
Geophysical	-	-	1,463	-	10,737	-	12,200
Line cutting	-	-	-	-	18,900	-	18,900
Trenching	-	-	-	-	9,992	-	9,992
Diamond drilling	24	9,522	-	24,887	-	-	34,433
Other	-	-	-	-	1,500	4,800	6,300
Exploration Expenditures for the period	1,609	65,757	3,088	36,175	52,119	16,870	175,618

During the three month period ended June 30, 2011, the Company incurred the following exploration expenditures that were expensed as incurred:

Exploration Expenditures	Clay-Howells $	Springer $	Coldwell Complex $	Red Wine Complex $	Other $	Total $
Prospecting	815	6,066	6,086	106,024	178	119,169
Geology	2,116	26,038	1,824	10,946	18	40,942
Geophysical	2,625	500	61,963	1,950	-	67,038
Trenching	-	-	-	3,465	-	3,465
Diamond drilling	233,244	24,040	-	188,618	-	445,902
Other	-	-	-	-	1,622	1,622
Exploration Expenditures for the period	238,800	56,644	69,873	311,003	1,818	678,138

Hinton Coal Property

On June 25, 2008, the Company acquired 100% ownership in the Hinton Coal Property (the “Hinton Property”) located in the Foothills Region of central Alberta for $1 million and a 5% net profits royalty on any sale of coal from the property. The $1 million purchase price was recorded as a mineral interest in accordance with the Company’s accounting policy.

On July 16, 2008, the Company issued 50,000 common shares at a value of $20,000 as a finder’s fee in conjunction with the above transaction.

The Company continues to own a 100% interest in the Hinton Coal property.

Clay-Howells Property

The Clay-Howells property consists of 45 patented claims (mining and surface) and is located 30 kilometres north-northeast of Kapuskasing, Ontario. During fiscal 2010, the Company entered into an agreement to acquire a 100% interest in the Clay-Howells property. Pursuant to the agreement, the Company exercised the option by paying the optionor an aggregate of $350,000. The optionor retains a 2-per-cent net smelter returns royalty (“NSR”) and the Company has the right to purchase, at any time, one-half of the NSR in consideration for the payment of $1 million.

Coldwell Complex

During fiscal 2011, the Company completed the staking of 740 claim units located in the Coldwell Alkaline Complex in Northern Ontario.

Red Wine Complex

The Company has acquired, by an option agreement and staking, three properties: Mann #1 (37 claim units), Two Tom Lake (34 claim units) and Red Wine #2 (167 claim units acquired by staking) in Labrador. The properties are located in three separate claim groups located over a 30 kilometre length of the Red Wine Complex.

Mann #1, Two Tom Lake

Pursuant to an option agreement dated September 29, 2009 as amended November 3, 2009 between the Company and Roland Quinlan, Marilyn Quinlan, Andrew Quinlan and Eddie Quinlan (the “Mann Optionors”), the Company may acquire a 100% interest in the Mann # 1 and Two Tom Lake properties (the “Optioned Properties”). Pursuant to the agreement, in order to exercise the option and earn a 100% interest in the Optioned.

Properties, the Company must make the following payments and share issuances to the Mann Optionors: (a) within 60 days of the date of the agreement, pay $25,000 (paid) and issue 60,000 shares (issued); (b) pay $35,000 (paid) and issue 135,000 shares (issued) on or before September 29, 2010; (c) pay $45,000 (paid) and issue 135,000 shares (issued) on or before September 29, 2011; and (d) pay $70,000 and issue 170,000 shares on or before September 29, 2012.

Upon the Company exercising the option, the Mann Optionors will retain a 2% NSR in the Optioned Properties and beginning on September 29, 2014, the Company will issue 20,000 shares per annum to the Mann Optionors as advance royalty payments, all of which will be credited against royalty payments payable once commercial production commences. The Company may at any time purchase one-half (1%) of the NSR from the Mann Optionors for $1,000,000.

Red Wine Property - Zimtu

Pursuant to an option agreement dated August 31, 2010 between the Company, Zimtu Capital Corp., Gary Lewis, Aubrey Budgell and Neh Pinsent, the Company may acquire a 100% interest in 500 claim units located in the Red Wine/Letitia Lake area of west central Labrador, Canada and known as the Zimtu Property. The Company must make the following cash payments and share issuances to the optionors: (a) payment of $50,000 on signing (paid) and issuance of 1,000,000 shares (issued) on TSX-V approval of the formal agreement; (b) payment of $50,000 (paid) and issuance of 500,000 shares (issued) prior to September 30, 2011; (c) payment of $50,000 and issuance of 500,000 shares prior to September 30, 2012. The optionors will maintain a 2% NSR on the Property; one-half of which the Company has the right to purchase for $1,000,000 at any time.

<u>Springer</u>

Lavergne prospect

On June 7, 2011, the Company completed agreements to acquire the Lavergne rare earth prospect in Springer Township, located immediately north of the town of Sturgeon Falls and 80 km east of Sudbury, Ontario.

Terms of the initial agreement to option the Mineral Rights to the 320 acre patent (the "Patent"), covering the prospect, include staged payments of $217,000 over three years, including (a) $36,000 on signing (paid), (b) $36,000 on or before April 13, 2012 (paid), (c) $45,000 on or before April 13, 2013, and (d) $100,000 on or before April 13, 2014. The Company must also make the following payments commencing January 12, 2012: (a) $4,000 (paid), (b) $4,000 on or before May 16, 2012 (paid), (c) $5,000 on or before May 16, 2013, and (d) $11,111 on or before May 16, 2014. The owners will retain a 1% NSR and the Company will have the right to purchase one-half of this for $1,000,000.

A second agreement was also completed to purchase the Surface Rights to the eastern half of the Patent (153 acres) for a total of $150,000, in two payments which include (a) $50,000 on signing (paid), and (b) $100,000 on or before October 16, 2011 (paid).

Springer – Zimtu

A separate third agreement was negotiated with Zimtu Capital Corp. and two private prospectors (the "Optionors") to option a total of 40 unpatented claim units totaling 647 hectares adjacent to the above-described Patent. Terms of the Zimtu option agreement include total payments of $200,000 and 2,000,000 shares over four years, including initial payments of $50,000 (paid) and 500,000 shares (issued).

On January 13, 2012, terms of the agreement were amended to: (a) a $50,000 initial cash payment (paid) and initial issuance of 500,000 shares (issued), (b) issuance of 500,000 shares prior to December 7, 2011 (issued), (c) issuance of 500,000 shares prior to June 7, 2012, and (d) issuance of 500,000 shares prior to June 7, 2013.

On June 8, 2012, the Company's directors approved an amendment to the June 7, 2011 property option agreement with Zimtu Capital Corp. and two private prospectors where the Company issued 800,000 shares pursuant to this option agreement on June 19, 2012, completing the option and acquiring the above claim units.

The Optionors will retain a 2% NSR on the 40 unpatented claim unit property with the Company having the right to purchase half of this for $1,000,000.

Springer-Field-Pedley

During fiscal 2012, the Company completed the staking of 153 claim units located in the Springer Township and the adjacent townships of Field to the north and Pedley to the east.

Manitouwadge Graphite Property

During fiscal 2012, the Company completed the staking of this property which comprises128 claim units totaling 2,072 hectares located approximately 30 kilometres north of the town of Manitouwadge in northwestern Ontario. The property encompasses the Thomas Lake Road Graphite Occurrence.

Other

Included in Other are the following: Lackner Property, Armstrong Dyno Property, James Bay Property and miscellaneous properties.

5. Property and Equipment

	June 30, 2012			March 31, 2012		
	Cost $	Accumulated Depreciation $	Net $	Cost $	Accumulated Depreciation $	Net $
Computer equipment	12,456	5,530	6,926	12,456	4,968	7,488
Computer software	9,182	9,182	-	9,182	9,182	-
Office equipment & furniture	12,142	4,632	7,510	12,142	4,237	7,905
General equipment	46,854	17,282	29,572	46,854	15,725	31,129
Field equipment	133,336	60,182	73,154	133,336	54,251	79,085
Signs	3,915	1,594	2,321	3,915	1,472	2,443
Vehicles	8,025	3,608	4,417	8,025	3,250	4,775
Total	225,910	102,010	123,900	225,910	93,085	132,825

6. Capital and Reserves

(a) Share Capital

Authorized: Unlimited common shares without par value.

(b) Share Purchase Warrants

Details of share purchase warrant transactions for the period are as follows:

	# of Warrants	Weighted Average Exercise Price $	Expiry
Outstanding at March 31, 2010	11,952,000	0.33	
Exercised during the period	(2,410,000)	0.27	
Issued during the period to investors	2,007,724	0.60	November 2012
Outstanding at March 31, 2011	11,549,724	0.39	
Expired during the period	(9,542,000)	0.35	
Issued during the period	1,412,030	0.22	December 2012
Outstanding at March 31 and June 30, 2012	3,419,754	0.44	

For all warrants issued during the year ended March 31, 2011, the fair values have been estimated using the Black-Scholes Option Pricing Model and the following assumptions: dividend yield of 0%, expected volatility of 90.1% to 90.2%, a risk-free interest rate of 1.50 to 1.51% and an expected life of 1 year. The value of the warrants reduced the proceeds attributed to share capital and are recognized under shareholders' equity as part of reserves.

For all warrants issued during the year ended March 31, 2012, the fair values have been estimated using the Black-Scholes Option Pricing Model and the following assumptions: dividend yield of 0%, expected volatility of 85.25%, a risk-free interest rate of 0.95% and an expected life of 1 year. The value of the warrants reduced the proceeds attributed to share capital and are recognized under shareholders' equity as part of reserves.

As at June 30, 2012, the following share purchase warrants were outstanding:

Number of common shares issuable	Exercise price $	Date of expiry
2,007,724	0.60	November 10, 2012
1,412,030	0.22	December 6, 2012
3,419,754		

(c) Stock Options

The Company may grant options to the Company's directors, officers, employees and service providers under the Company's stock option plan. The maximum number of common shares reserved for issuance under the plan is 16,480,616. The Company recognizes stock-based compensation in connection with stock options granted over their respective vesting periods, with stock options typically vesting in various increments and having a maximum term of five years.

Stock option transactions for the three month period ended June 30, 2012 and the year March 31, 2012 are as follows:

	Number	Weighted Average Exercise Price $
Options outstanding at March 31, 2011	5,840,000	0.45
Granted	3,100,000	0.19
Expired	(200,000)	0.55
Options outstanding at March 31 and June 30, 2012	8,740,000	0.35

The weighted-average fair value of options granted during the year ended March 31, 2012 was $0.19. Each option entitles the holder to purchase one common share.

Options Outstanding				Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life (yr)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$0.17 - $0.60	8,740,000	3.15	$ 0.35	7,726,090	$0.37

The following table summarizes information about the options outstanding at June 30, 2012 and March 31, 2012:

Expiry Dates	Exercise Price $	June 30, 2012 # of options	March 31, 2012 # of options
August 2012	0.35	50,000	50,000
February 2013	0.38	200,000	200,000
July 2013	0.37	100,000	100,000
January 2015	0.60	65,000	65,000
January 2015	0.55	2,150,000	2,150,000
April 2015	0.35	450,000	450,000
August 2015	0.35	100,000	100,000
January 2016	0.37	2,625,000	2,625,000
July 2016	0.37	75,000	75,000
September 2016	0.37	100,000	100,000
January 2017	0.17	2,825,000	2,825,000
		8,740,000	8,740,000

The Company applies the fair value method of accounting for share-based payments using an option pricing model.

Stock options granted to directors, officers and employees vested during the three month period ended June 30, 2012 as follows:

Grant Date	# of Option Vested	Exercise Price $	Expiry Date	Fair Value Of Option $	Dividend Yield	Volatility	Risk-free Interest Rate	Expected Life
January 14, 2011	109,175	0.37	January 14, 2016	0.30	0%	124%	2.60%	5 yrs
July 5, 2011	7,691	0.37	July 5, 2016	0.17	0%	118%	2.32%	5 yrs
September 1, 2011	10,323	0.37	September 1, 2016	0.24	0%	117%	1.58%	5 yrs
January 18, 2012	574,123	0.17	January 18, 2017	0.09	0%	87%	1.30%	5 yrs
	701,312							

The Company has calculated $89,008 recorded as compensation expense and credited under capital stock as reserves for the 701,312 options vesting to directors, officers and employees during the period.

Stock options granted to non-employees vested during the three month period ended June 30, 2012 as follows:

Grant Date	# of Option Vested	Exercise Price $	Expiry Date	Fair Value Of Option $	Dividend Yield	Volatility	Risk-free Interest Rate	Expected Life
July 27, 2011	10,301	0.37	July 27, 2013	0.03	0%	86%	1.02%	1.5 yrs
January 18, 2012	68,213	0.17	January 18, 2017	0.09	0%	87%	1.30%	5 yrs
	78,514							

The Company has calculated $6,441 recorded as compensation expense and credited under capital stock as reserves for the 78,514 options vesting to non-employees during the period.

Option pricing models require highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.

(d) Shares subject to escrow or hold periods

As of June 30, 2012, 855,000 of the Company's issued and outstanding common shares are subject to an escrow agreement under which the shares will be released on December 14, 2012.

7. Related Party Transactions

The Company paid or accrued the following amounts to related parties during the three month periods ended June 30, 2012 and June 30, 2011:

Payee	Description of Relationship	Nature of Transaction	June 30, 2012 Amount $	June 30, 2011 Amount $
Stares Contracting Corp.	Company controlled by Michael Stares, Director and Officer and Stephen Stares, Director	Payments for equipment rentals, supply of labour and reimbursement of exploration expenditures, and premises rental	27,711	38,547
Gordon J. Fretwell Law Corporation	Company controlled by Gordon Fretwell, Secretary	Legal fees charged/accrued during the period	10,000	10,000
Eastrock Exploration Inc.	Company controlled by Wayne Reid, Director	Payments for geological consulting services and reimbursement of exploration expenditures	6,675	13,200
Felix Geo-Consultants	Company controlled by Reg Felix, VP Exploration	Payments for geological consulting services and reimbursement of exploration expenditures	37,200	35,000
Benton Resources Corp.	Company where Stephen Stares is President and Director; Clinton Barr is VP Exploration and Director; Evan Asselstine is Chief Financial Officer, and; Michael Stares, Gordon Fretwell and William Harper are Directors	Payments for shared office costs and advertising and promotion	1,942	1,001

The purchases from and fees charged by the related parties are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Included in accounts payable and accrued liabilities is $10,000 (2011 - $10,000) to Gordon J. Fretwell Law Corporation, $1,441 (2011 - $3,842) to Eastrock Exploration Inc., $4,186 (2011 - $10,951) to Stares Contracting Corp., $4,068 (2011 - $5,650) to Felix Geo-Consultants and $2,162 to Benton Resources Corp. (2011 - $1,094). The payment terms are similar to the payment terms of non-related party trade payables.

During the three month period ended June 30, 2012, the Company accrued fees to one of its directors totaling $2,500 (2011 - $2,500) for services rendered as Chair of the Company's Audit Committee.

Key management personnel remuneration during the period included $95,884 (June 30, 2011 - $101,002) in salaries and benefits and $38,496 (June 30, 2011 - $170,837) in share-based payments.

8. Supplemental Cash Flow Information

The following transactions did not result in cash flows and have been excluded from operating, financing and investing activities in the cash flow statements:

	June 30, 2012	June 30, 2011
	$	$
Non-cash financing activities		
Common shares issued pursuant to property agreements	48,000	104,900
Non-cash investing activities		
Common shares issued pursuant to property agreements	(48,000)	(104,900)

9. Commitments

The Company has commitments as described in Note 4 with respect to certain agreements on its mineral property interests; however, such future payments remain entirely at the Company's option and only if it intends to maintain its interest in a particular property.

During 2010, the Company entered into lease agreements for the use of two automobiles for 36 month periods, expiring January 12, 2013 and January 26, 2013. The Company entered into a lease agreement for the use of a photocopier for 48 months, expiring January 2, 2014.

During the fiscal year ended March 31, 2012, the Company terminated one of the lease agreements for the use of an automobile.

The Company's minimum annual lease payments required are payable as follows:

	$
2013	6,220
2014	1,190
	7,410