

**WPC RESOURCES INC.**  
**(An Exploration Stage Company)**

**Consolidated Financial Statements**  
**November 30, 2010 and 2009**

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of WPC Resources Inc. have been prepared by management in accordance with Canadian generally accepted accounting principles. The financial information contained elsewhere in this report has been reviewed to ensure consistency with the financial statements.

Management maintains systems of internal control designed to provide reasonable assurance that the assets are safeguarded, all transactions are authorized and duly recorded and financial records are properly maintained to facilitate the preparation of financial statements in a timely manner. The Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee.

The Audit Committee of the Board of Directors has reviewed the consolidated financial statements with management and the external auditors. Smythe Ratcliffe LLP, an independent firm of chartered accountants, appointed as external auditors by the shareholders, have audited the consolidated financial statements and their report is included herein.

*"W.K.C. Clarke"*

*"Al Fabbro"*

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W.K.C. Clarke

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Al Fabbro

Vancouver, British Columbia  
February 18, 2011

**AUDITORS' REPORT**

**TO THE SHAREHOLDERS OF WPC RESOURCES INC.  
(An Exploration Stage Company)**

We have audited the consolidated balance sheets of WPC Resources Inc. (an exploration stage company) as at November 30, 2010 and 2009 and the consolidated statements of operations and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2010 and 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

*Smythe Ratcliffe LLP*

Chartered Accountants

Vancouver, British Columbia  
February 18, 2011

**WPC RESOURCES INC.**  
**(An Exploration Stage Company)**  
**Consolidated Balance Sheets**  
**November 30**

	2010	2009
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 61,140	\$ 302,440
HST receivable	20,250	1,224
Prepaid expenses	2,375	-
Deferred costs (note 5)	-	43,908
Loan receivable (note 9)	618,164	-
	701,929	347,572
<b>Resource Property Interests</b> (note 6)	833,136	221,302
	\$ 1,535,065	\$ 568,874
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 77,825	\$ 18,510
<b>Shareholders' Equity</b>		
<b>Capital Stock</b> (note 7)	1,780,532	635,006
<b>Obligation to Issue Shares</b> (note 7)	-	80,000
<b>Contributed Surplus</b> (note 7(f))	343,170	-
<b>Deficit</b>	(666,462)	(164,642)
	1,457,240	550,364
	\$ 1,535,065	\$ 568,874

Nature of Operations and Going Concern (note 1)  
Subsequent Events (note 11)

Approved on behalf of the Board:

"W.K.C. Clarke"  
..... Director  
W.K.C. Clarke

"Al Fabbro"  
..... Director  
Al Fabbro

**WPC RESOURCES INC.**  
**(An Exploration Stage Company)**  
**Consolidated Statements of Operations and Deficit**  
**Years Ended November 30**

	<b>2010</b>	<b>2009</b>
<b>Expenses</b> (note 9)		
Stock-based compensation	\$ 244,862	\$ -
Professional fees	48,500	22,700
Consulting fees	44,621	-
Management fees	40,000	15,000
Regulatory and filing fees	30,684	-
Travel and entertainment	28,809	5,721
Directors' fees	20,000	10,000
Investor relations	18,748	-
Legal	16,530	50,160
Office	15,230	17,300
Rent	12,000	12,000
<b>Loss Before Other Item</b>	<b>(519,984)</b>	<b>(132,881)</b>
<b>Other Item</b>		
Interest income	18,164	-
<b>Net Loss and Comprehensive Loss for Year</b>	<b>(501,820)</b>	<b>(132,881)</b>
<b>Deficit, Beginning of Year</b>	<b>(164,642)</b>	<b>(31,761)</b>
<b>Deficit, End of Year</b>	<b>\$ (666,462)</b>	<b>\$ (164,642)</b>
<b>Basic and Diluted Loss Per Share</b>	<b>\$ 0.04</b>	<b>\$ 0.04</b>
<b>Weighted Average Number of Common Shares Outstanding</b>	<b>12,759,127</b>	<b>3,319,872</b>

**WPC RESOURCES INC.**  
**(An Exploration Stage Company)**  
**Consolidated Statements of Cash Flows**  
**Years Ended November 30**

	<b>2010</b>	<b>2009</b>
<b>Operating Activities</b>		
Net loss for year	\$ (501,820)	\$ (132,881)
Items not involving cash		
Stock-based compensation	244,862	-
Interest accrued on loan receivable	(18,164)	-
Changes in non-cash working capital		
HST receivable	(19,026)	4,016
Prepaid expenses	(2,375)	-
Deferred costs	-	(43,908)
Accounts payable and accrued liabilities	153	(1,488)
<b>Cash Used in Operating Activities</b>	<b>(296,370)</b>	<b>(174,261)</b>
<b>Investing Activities</b>		
Loan advanced to related party	(600,000)	(200,000)
Repayment of loan by related party	-	200,000
Expenditures on resource property interest	(552,672)	(1,097)
<b>Cash Used in Investing Activities</b>	<b>(1,152,672)</b>	<b>(1,097)</b>
<b>Financing Activities</b>		
Loan advanced by director	-	500,000
Repayment of loan to director	-	(500,000)
Shares issued for cash, net of share issue costs	1,207,742	(30,000)
<b>Cash Provided by (Used in) Financing Activities</b>	<b>1,207,742</b>	<b>(30,000)</b>
<b>Outflow of Cash</b>	<b>(241,300)</b>	<b>(205,358)</b>
<b>Cash, Beginning of Year</b>	<b>302,440</b>	<b>507,798</b>
<b>Cash, End of Year</b>	<b>\$ 61,140</b>	<b>\$ 302,440</b>
<b>Supplemental Cash Flow Information</b>		
Interest paid	\$ -	\$ 5,000
Agent warrants recognized as share issue costs	\$ 98,308	\$ -
Deferred costs recognized as share issue costs	\$ 43,908	\$ -
Resource property interest expenditures included in accounts payable and accrued liabilities	\$ 59,162	\$ -
Shares to settle obligation	\$ (80,000)	\$ -

See notes to consolidated financial statements.

**WPC RESOURCES INC.**  
**(An Exploration Stage Company)**  
**Notes to Consolidated Financial Statements**  
**Years Ended November 30, 2010 and 2009**

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**1. NATURE OF OPERATIONS AND GOING CONCERN**

WPC Resources Inc. (the "Company") was incorporated under the laws of British Columbia on April 13, 2007. The Company's principal business is the acquisition, exploration and development of resource property interests. The Company trades on the TSX Venture Exchange ("TSX-V") under the symbol "WPQ".

These consolidated financial statements have been prepared on a going concern basis meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company's ability to continue as a going concern is dependent on the Company being able to satisfy its liabilities as they become due and to obtain the necessary financing to complete the exploration for and development of its resource property interests, the attainment of profitable mining operations or the receipt of proceeds from the disposition of its resource property interests.

The Company reported a net loss of \$501,820 for the year ended November 30, 2010 (2009 - \$132,881) and has an accumulated deficit of \$666,462 as at November 30, 2010 (2009 - \$164,642). As at November 30, 2010, the Company had \$61,140 in cash available to meet its liabilities as they become due and continue exploring its resource property interests in the next year. The Company relies on financing through the issuance of additional shares of its common stock until such time as it achieves sustained profitability through profitable mining operations, or the receipt of proceeds from the disposition of its resource property interests. There are no assurances that the Company will be able to raise sufficient funds to continue exploration of its resource property interests. On December 31, 2010, the Company closed a private placement for gross proceeds of \$465,000 (note 11(a)).

These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

**2. SIGNIFICANT ACCOUNTING POLICIES**

(a) Basis of presentation

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and are stated in Canadian dollars, which is the Company's functional currency. The consolidated financial statements include the accounts of the Company and its integrated wholly-owned subsidiary, WPC Resources (USA) Inc., a Nevada, USA, corporation. All significant intercompany transactions and balances have been eliminated.

(b) Interest income

Interest income derived from cash, short-term investments and loan receivable is recognized on an accrual basis as earned at the stated rate of interest.

**WPC RESOURCES INC.**  
**(An Exploration Stage Company)**  
**Notes to Consolidated Financial Statements**  
**Years Ended November 30, 2010 and 2009**

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**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(c) Income taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis, and losses carried forward. Future tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in operations in the period in which the change is enacted or substantively enacted. The amount of future income tax assets is limited to the amount of the benefit that is more likely than not to be realized.

(d) Resource property interests

The Company defers all costs related to investments in resource property interests on a property-by-property basis. Such costs include resource property acquisition costs and exploration expenditures, net of any recoveries. Costs are deferred until such time as the extent of mineralization has been determined and resource property interests are either developed, the property is sold or the Company's mineral rights are allowed to lapse.

All deferred resource property expenditures are reviewed, on a property-by-property basis, to consider whether there are any conditions that may indicate impairment. When the carrying value of a property exceeds its net recoverable amount that may be estimated by quantifiable evidence of an economic geological resource or reserve, joint venture expenditure commitments or the Company's assessment of its ability to sell the property interest for an amount greater than the deferred costs, a provision is made for the impairment in value.

From time to time, the Company may acquire or dispose of a resource property interest pursuant to the terms of an option agreement. As options are exercisable entirely at the discretion of the optionee, option payments are recorded as property costs or recoveries when the payments are made or received.

(e) Use of estimates

The preparation of consolidated financial statements in conformity with Canadian GAAP 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. Significant areas requiring the use of estimates include the determination of environmental obligations, asset retirement obligations ("ARO"), accrued liabilities, the recoverability of resource property interests, the variables used in the calculation of stock based compensation, the fair value of agents warrants, and the determination of the valuation allowance for future income tax assets. Management believes the estimates are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows.

**WPC RESOURCES INC.**  
**(An Exploration Stage Company)**  
**Notes to Consolidated Financial Statements**  
**Years Ended November 30, 2010 and 2009**

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**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(f) Asset retirement obligations

The Company recognizes an estimate of the liability associated with an ARO in the financial statements at the time the liability is incurred. The estimated fair value of the ARO is recorded as a long-term liability, with a corresponding increase in the carrying amount of the related asset. The liability amount is increased each reporting period due to the passage of time and the amount of accretion is charged to operations in the period. The ARO can also increase or decrease due to changes in the estimates of timing of cash flows or changes in the original estimated undiscounted cost. Actual costs incurred upon settlement of the ARO are charged against the ARO to the extent of the liability recorded. The Company has determined that it has no material AROs as at November 30, 2010 and 2009.

(g) Basic and diluted loss per share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the year. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the year. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

(h) Stock-based compensation

The Company accounts for stock-based compensation using a fair value based method with respect to all stock-based payments, to directors, employees and non-employees. For directors and employees, the fair value of the options is measured at the date of grant. For non-employees, the fair value of the options is measured on the earlier of the date at which the counterparty performance is completed or the date the performance commitment is reached or the date at which the equity instruments are granted if they are fully vested and non-forfeitable. For directors, employees and non-employees, the fair value of the options is accrued and charged to either operations or resource property interests, with the offset credit to contributed surplus. For directors and employees the options are recognized over the vesting period, and for non-employees the options are recognized over the related service period. If and when the stock options are ultimately exercised, the applicable amounts of contributed surplus are transferred to capital stock. The Company does not incorporate an estimated forfeiture rate for options that will not vest but rather accounts for actual forfeitures as they occur.

(i) Warrants

Proceeds received on the issuance of units, consisting of common shares and warrants, are allocated entirely to common shares. Agent warrants issued in relation to private placements were valued using a fair value method.

**WPC RESOURCES INC.**  
**(An Exploration Stage Company)**  
**Notes to Consolidated Financial Statements**  
**Years Ended November 30, 2010 and 2009**

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**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(j) Financial instruments

All financial instruments are classified as one of the following: held-to-maturity, loans and receivables, held-for-trading, available-for-sale or other financial liabilities. Financial assets and liabilities held-for-trading are measured at fair value with gains and losses recognized in net income. Financial assets held-to-maturity, loans and receivables, and other financial liabilities are measured at amortized cost using the effective interest method. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) and reported in shareholders' equity. Any financial instrument may be designated as held-for-trading upon initial recognition.

Transaction costs that are directly attributable to the acquisition or issue of financial instruments that are classified as other than held-for-trading, which are expensed as incurred, are included in the initial carrying value of such instruments.

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

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).

(k) Future accounting changes

(i) International Financial Reporting Standards ("IFRS")

In 2008, the Canadian Accounting Standards Board confirmed that the transition to IFRS from Canadian GAAP will be effective for fiscal years beginning on or after January 1, 2011 for publicly accountable enterprises. The Company will therefore be required to present IFRS consolidated financial statements for its February 28, 2012 interim consolidated financial statements. The effective date will require the restatement for comparative purposes of amounts reported by the Company for the interim periods and for the year ended November 30, 2011. The Company is currently evaluating the impact of the conversion on the Company's consolidated financial statements and is considering accounting policy choices available under IFRS.

**WPC RESOURCES INC.**  
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**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(k) Future accounting changes (Continued)

(ii) Business Combinations

In January 2009, the Canadian Institute of Chartered Accountants issued Section 1582, "Business Combinations", Section 1601, "Consolidated Financial Statements", and Section 1602, "Non-Controlling Interests". These sections replace the former Section 1581, "Business Combinations", and Section 1600, "Consolidated Financial Statements", and establish a new section for accounting for a non-controlling interest in a subsidiary.

Sections 1582 and 1602 will require net assets, non-controlling interests and goodwill acquired in a business combination to be recorded at fair value and non-controlling interests will be reported as a component of equity. In addition, the definition of a business is expanded and is described as an integrated set of activities and assets that are capable of being managed to provide a return to investors or economic benefits to owners. Acquisition costs are not part of the consideration and are to be expensed when incurred. Section 1601 establishes standards for the preparation of consolidated financial statements.

These new sections apply to the Company's interim and annual consolidated financial statements relating to fiscal years beginning on or after December 1, 2011. Earlier adoption of these sections is permitted as of the beginning of a fiscal year. All three sections must be adopted concurrently. The Company is currently evaluating the impact of the adoption of these sections.

**3. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS**

The Company classifies its cash as held-for-trading; loan receivable as loans and receivables; and accounts payable and accrued liabilities as other financial liabilities.

(a) Fair value

The carrying values of cash; loan receivable, and accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these financial instruments.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

**WPC RESOURCES INC.**  
**(An Exploration Stage Company)**  
**Notes to Consolidated Financial Statements**  
**Years Ended November 30, 2010 and 2009**

**3. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)**

(b) Credit risk (Continued)

Concentration of credit risk exists with respect to the Company's cash, as all amounts are held at a single major Canadian financial institution. The Company is exposed to credit risk with respect to its loan receivable. However, this amount is due from a related party and was repaid subsequent to year-end. The maximum exposure is as follows:

	2010	2009
Cash	\$ 61,140	\$ 302,440
Loan receivable	618,164	-
	\$ 679,304	\$ 302,440

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate, foreign currency and other price risk.

(i) Interest rate risk

The Company is not exposed to significant interest rate risk, as the interest rate on its loan receivable is fixed to maturity. A hypothetical 1% change in the interest rate would not have a material impact on the Company's losses.

(ii) Foreign currency risk

The Company is exposed to currency risk to the extent that expenditures incurred or funds received and balances maintained by the Company are denominated in US dollars. The Company does not manage currency risk through hedging or other currency management tools. As at November 30, 2010 and 2009, the Company's net exposure to foreign currency risk is \$nil.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to significant other price risk.

**WPC RESOURCES INC.**  
**(An Exploration Stage Company)**  
**Notes to Consolidated Financial Statements**  
**Years Ended November 30, 2010 and 2009**

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**3. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)**

(d) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company manages its liquidity risk by forecasting cash flows required for operations and anticipated investing and financing activities. The Company's cash at November 30, 2010 totalled \$61,140 (2009 - \$302,440). At November 30, 2010, the Company had accounts payable (excluding accrued liabilities) of \$57,825 (2009 - \$3,510) that have contractual maturities of 30 days or less and are subject to normal trade terms. At November 30, 2010, the Company's current assets are insufficient to meet the business requirements for the coming year. Therefore, the Company will be required to raise additional capital to fund its operations in 2011.

**4. CAPITAL MANAGEMENT**

The Company defines its capital as shareholders' equity. Capital requirements are driven by the Company's exploration activities on its resource properties. To effectively manage the Company's capital requirements, the Company has a planning and budgeting process in place to ensure that adequate funds are available to meet its strategic goals. The Company monitors actual expenses to budget on all exploration projects and overhead in order to manage costs, commitments and exploration activities.

The Company's primary source of funds comes from the issuance of capital stock. Although the Company has been successful at raising funds in the past through the issuance of capital stock, it is uncertain whether it will continue this financing due to uncertain economic conditions. The Company does not usually use other sources of financing that require fixed payments of interest and principal due to lack of cash flow from current operations. The Company is not subject to any externally imposed capital requirements.

There have been no changes to the Company's approach to capital management during the year ended November 30, 2010.

**5. DEFERRED COSTS**

Deferred costs relate directly to the Company's preparation of its initial public offering. Upon completion of the initial public offering, these costs were charged against capital stock.

**WPC RESOURCES INC.**  
**(An Exploration Stage Company)**  
**Notes to Consolidated Financial Statements**  
**Years Ended November 30, 2010 and 2009**

**6. RESOURCE PROPERTY INTERESTS**

	Quest Lake	Nevada	Total
Balance, November 30, 2008	\$ 220,205	\$ -	\$ 220,205
Exploration costs			
Consulting	560	-	560
Staking and recording	537	-	537
Total additions during year	1,097	-	1,097
Balance, November 30, 2009	221,302	-	221,302
Acquisition	-	59,805	59,805
Exploration costs			
Claim maintenance	-	194,048	194,048
Drilling	88,894	-	88,894
Camp and supplies	61,747	-	61,747
Site personnel	56,485	-	56,485
Fixed wing aircraft	48,286	-	48,286
Helicopter	33,876	-	33,876
Geological	31,053	-	31,053
Expediting	10,690	-	10,690
Filing fees	-	7,806	7,806
Travel	7,501	-	7,501
Geophysical	750	5,904	6,654
Assaying	4,989	-	4,989
Total additions during year	344,271	267,563	611,834
Balance, November 30, 2010	\$ 565,573	\$ 267,563	\$ 833,136

The Quest Lake Property ("Quest Lake") consists of 16 contiguous mineral claims and is located in the Northwest Territories.

On October 15, 2009, the Company entered into a purchase agreement to acquire a 100% interest in Quest Lake in exchange for 800,000 common shares of the Company valued at \$80,000. The value is based on a price of \$0.10 per share, which was the price of shares issued by the Company around that time and also approximates the carrying value of Quest Lake. The vendors retain a 2% net smelter returns royalty ("NSR"), of which the Company may purchase 1% for \$1,000,000.

At November 30, 2009, the 800,000 common shares had not been issued and were reflected as "obligation to issue shares" in the Company's consolidated financial statements. These were issued in the year ended November 30, 2010 in conjunction with the finalization of the initial public offering. One of the vendors of Quest Lake is a director of the Company.

**WPC RESOURCES INC.**  
**(An Exploration Stage Company)**  
**Notes to Consolidated Financial Statements**  
**Years Ended November 30, 2010 and 2009**

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**6. RESOURCE PROPERTY INTERESTS (Continued)**

During the year ended November 30, 2010, the Company entered into an acquisition agreement to acquire a 100% interest in 350 mineral claims located in Lander County and Eureka County, Nevada (Wenban Springs), when the Company has:

- (i) Paid \$50,000 upon signing of the agreement (paid); and
- (ii) Paid staking registration fees to the Nevada state office of the Bureau of Land Management and the Lander and Eureka County Recorders on or before June 29, 2010 (paid).

*Realization of assets*

The investment in and expenditures on its resource property interests comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal.

Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore.

The amounts shown for acquisition costs and deferred exploration expenditures represent costs incurred to date and do not necessarily reflect present or future values. These costs will be depleted over the useful life of the property upon commencement of commercial production or written off if the property is abandoned or the claims allowed to lapse.

*Title to resource property interest*

Although the Company has taken steps to verify the title to the resource properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

*Environmental*

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the resource properties, the potential for production on the properties may be diminished or negated.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its property. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to its current properties that may result in material liability to the Company.

**WPC RESOURCES INC.**  
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**Years Ended November 30, 2010 and 2009**

**7. CAPITAL STOCK**

- (a) Authorized  
100,000,000 common shares without par value
- (b) Issued

	Shares	Amount
Balance, November 30, 2008	2	\$ 2
Shares issued for subscriptions previously received	10,650,240	635,004
Balance, November 30, 2009	10,650,242	635,006
Shares cancelled	(1,498,000)	(14,980)
Shares issued	299,600	14,980
Initial public offering, net of financing costs	7,000,000	1,065,526
Shares issued for property payment	800,000	80,000
Balance, November 30, 2010	17,251,842	\$ 1,780,532

During the year ended November 30, 2010:

- (i) On January 25, 2010, the Company cancelled 1,498,000 shares originally valued at \$0.01 per share for a total of \$14,980 and replaced those shares with 299,600 shares valued at \$0.05 for a total of \$14,980. The 299,600 shares were issued to the same parties who held the 1,498,000 shares in proportion to their shareholdings of the 1,498,000 cancelled shares.
- (ii) On April 16, 2010, the Company closed its initial public offering. The offering consisted of 7,000,000 units at a price of \$0.20 per unit for gross proceeds of \$1,400,000. Each unit is comprised of one common share of the Company and one share purchase warrant. Each share purchase warrant entitles the holder to purchase an additional common share at a price of \$0.35 until April 16, 2011. The Company paid finder's fees and share issue costs of \$236,166 in connection with the private placement including \$43,908 reclassified from deferred costs (note 5). The Company also issued 700,000 non-transferable agent warrants to acquire shares in the Company. The fair value of the agent warrants of \$98,308 was recorded as share issue costs (note 7(e)). Each warrant, entitling the holder to purchase one common share, is exercisable at \$0.20 up to April 19, 2011.
- (iii) The Company issued 800,000 shares for acquisition of the Quest Lake property in conjunction with their initial public offering valued at \$80,000.

During the year ended November 30, 2009:

- (iv) The Company refunded share subscriptions for 300,000 common shares previously received for a total of \$30,000.
- (v) The Company issued 10,650,240 shares for share subscriptions previously received. A reclassification of \$635,004 was made from obligation to issue shares to capital stock.

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**7. CAPITAL STOCK** (Continued)

(c) Stock options

During the year ended November 30, 2010, the Company approved a stock option plan under which the aggregate number of common shares to be reserved for exercise of all options granted under the plan and any other share compensation arrangement shall not exceed 10% of the issued shares of the corporation at the time of granting of options. The stock option plan provides for the granting of stock options to regular employees and persons providing investor relation or consulting services up to a limit of 5% and 2%, respectively, of the Company's total number of issued and outstanding shares per year. Options granted to consultants providing investor relations services shall vest at a minimum over a period of 12 months with no more than one-quarter of such options vesting in any three-month period; options, other than options granted to consultants providing investor relations services, shall vest immediately.

Details of the status of the Company's stock options as at November 30, 2010 and 2009 and changes during the years then ended are as follows:

Exercise Price	Expiry Date	2010		2009	
		Outstanding	Exercisable	Outstanding	Exercisable
\$ 0.20	February 12, 2015	1,400,000	1,400,000	-	-
\$ 0.20	September 1, 2015	50,000	-	-	-
		1,450,000	1,400,000	-	-

  

	Number of Options	Weighted Average Exercise Price
Outstanding, November 30, 2009 and 2008	-	\$ 0.00
Granted	1,450,000	\$ 0.20
Outstanding, November 30, 2010	1,450,000	\$ 0.20

The Company applies the fair value method using the Black-Scholes option pricing model in accounting for stock options. During the year ended November 30, 2010, 1,450,000 (2009 - nil) stock options were granted with a grant date fair value of \$249,878 (2009 - \$nil). Of the options granted, 1,400,000 vested immediately while the remaining 50,000 will vest in tranches of 12,500 options every three months from the grant date. Stock-based compensation of \$244,862 (2009 - \$nil) was recognized in the year ended November 30, 2010 and \$5,016 of stock-based compensation will be recognized in future periods.

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**7. CAPITAL STOCK (Continued)**

(c) Stock options (Continued)

The fair value of each option granted during the year is calculated using the following weighted average assumptions:

	<b>2010</b>	<b>2009</b>
Expected life (years)	5	N/A
Interest rate	2.51%	N/A
Volatility	134.13%	N/A
Dividend yield	0.00%	N/A

The weighted average grant date fair value of the 1,450,000 stock options granted during the year ended November 30, 2010 is \$0.17 (2009 - \$nil). The weighted average remaining contractual life of stock options outstanding at November 30, 2010 is 4.22 years.

(d) Share purchase warrants

Details of the status of the Company's warrants as at November 30, 2010 and 2009 and changes during the years ended November 30, 2009 and 2008 are as follows:

	<b>2010</b>		<b>2009</b>	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance, beginning of year	-	\$ 0.00	-	\$ 0.00
Issued	7,000,000	\$ 0.35	-	\$ 0.00
Balance, end of year	7,000,000	\$ 0.35	-	\$ 0.00

As at November 30, 2010 and 2009, the following share purchase warrants were outstanding:

Expiry Date	Exercise Price	Number of Warrants	
		<b>2010</b>	<b>2009</b>
April 16, 2011	\$ 0.35	7,000,000	-

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**7. CAPITAL STOCK (Continued)**

(e) Agent warrants

The following summarizes the agent warrants granted during the years ended November 30, 2010 and 2009:

	2010		2009	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of year	-	-	-	-
Granted	700,000	\$ 0.20	-	-
Outstanding and exercisable, end of year	700,000	\$ 0.20	-	-

The Company applies the fair value method using the Black-Scholes option pricing model in accounting for its agent warrants granted. Accordingly, share issue costs of \$98,308 (2009 - \$nil) were recognized during the year ended November 30, 2010.

The fair value of each agent warrant granted was calculated using the following weighted average assumptions:

	2010	2009
Expected life (years)	1.00	N/A
Interest rate	1.77%	N/A
Volatility	207%	N/A
Dividend yield	0%	N/A
Weighted average grant date fair value	\$0.14	N/A

(f) Contributed surplus

	2010	2009
Balance, beginning of year	\$ -	\$ -
Stock-based compensation	244,862	-
Fair value of agent warrants	98,308	-
Balance, end of year	\$ 343,170	\$ -

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**8. INCOME TAXES**

The reconciliation of income tax provision computed at the statutory tax rate of 28.63% (2009 - 30.04%) to the reported income tax provision is as follows:

	<b>2010</b>	<b>2009</b>
Income tax liability computed at Canadian statutory rates		
Loss before income tax	\$ 143,646	\$ 39,920
Stock-based compensation and other permanent differences	(59,358)	-
Other temporary differences	81,661	-
Effect of change in tax rate	(10,674)	(7,017)
Increase in valuation allowance	(155,275)	(32,903)
Income tax expense	\$ -	\$ -

The Company has non-capital losses of \$459,000 available for carry-forward to reduce future years' income for income tax purposes. These losses expire as follows:

2027	\$ 11,000
2028	21,000
2029	133,000
2030	294,000
	\$ 459,000

The components of the future income tax assets are as follows:

	<b>2010</b>	<b>2009</b>
Non-capital loss carry-forwards	\$ 114,774	\$ 41,161
Non-refundable mining tax credit	46,138	11,711
Tax value of share issue costs	47,233	-
	208,145	52,872
Valuation allowance for future income tax assets	(208,145)	(52,872)
Future income tax asset	\$ -	\$ -

The valuation allowance reflects the Company's estimate that the tax assets more likely than not will not be realized.

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**9. RELATED PARTY TRANSACTIONS**

The aggregate amount of expenditures paid to a company related by common directors and management of the Company includes:

- (a) Accounting fees of \$12,000 (2009 - \$12,000);
- (b) Office expenses of \$12,000 (2009 - \$12,000);
- (c) Rent of \$12,000 (2009 - \$12,000); and
- (d) Consulting fees of \$44,621 (2009 - \$nil).

These transactions 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.

The Company shares office space with a company related by common directors and management and, as of March 2008, pays \$3,000 on a month-to-month basis for shared office and administrative costs. The monthly fee is split evenly between accounting fees, office expenses and rent, as noted above.

In a prior year, the Company acquired an interest in a resource property partially owned by a director of the company (note 6).

On April 26, 2010, the Company entered into a loan agreement with a Company related by common officers and directors to advance funds in the amount of \$600,000 pledged against the borrowers' British Columbia mining tax credits. The loan bears interest at a rate of 5% per annum. The full amount of the loan and any accrued interest was repaid on January 20, 2011.

**10. SEGMENTED DISCLOSURE**

The Company operates in one business segment, the acquisition and development of resource properties.

	<b>2010</b>		
	Canada	United States	Total
Cash	\$ 61,140	\$ -	\$ 61,140
Prepaid expenses	2,375	-	2,375
Resource property interests	565,573	267,563	833,136
Other assets	638,414	-	638,414
<b>Total assets</b>	<b>\$ 1,267,502</b>	<b>\$ 267,563</b>	<b>\$ 1,535,065</b>

  

	<b>2009</b>		
	Canada	United States	Total
Cash	\$ 302,440	\$ -	\$ 302,440
Prepaid expenses	43,908	-	43,908
Resource property interests	221,302	-	221,302
Other assets	1,224	-	1,224
<b>Total assets</b>	<b>\$ 568,874</b>	<b>\$ -</b>	<b>\$ 568,874</b>

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**11. SUBSEQUENT EVENTS**

- (a) On December 31, 2010, the Company completed a private placement of 3,000,000 flow-through units at a price of \$0.155 per unit for gross proceeds of \$465,000. Each unit consists of one flow-through common share and one share purchase warrant. One warrant entitles the holder to purchase one non-flow-through common share at a price of \$0.25 until December 31, 2011 and \$0.30 until December 31, 2012. A finder's fee of \$23,250 and a due diligence fee of \$13,950 were incurred on the private placement.
- (b) The \$600,000 loan receivable (and all accrued interest) was repaid on January 20, 2011.
- (c) On January 25, 2011, the Company entered into an option agreement with Genesis Gold Corp. ("GGC") to grant an exclusive option to the Company to acquire a 100% undivided interest in 119 mineral claims known as the Toiyabe claims located in Ladner County, Nevada. The claims are subject to a 3% NSR upon commencement of commercial production. In order to fulfill the terms of the option agreement, the Company is required to make payments, issue shares and incur exploration expenditures as follows (all amounts in US dollars):
- Cash payment to the vendors of \$80,000 on final acceptance of the option agreement by the TSX-V (approval received January 31, 2011);
  - Issue 300,000 shares after January 31, 2011 (issued);
  - Issue 250,000 shares on or before January 31, 2012;
  - Issue 250,000 shares on or before January 31, 2013; and
  - Incur exploration expenditures of \$1,500,000 on or before January 25, 2015.
- (d) On January 25, 2011, the Company entered into an option agreement with GGC to grant an exclusive option to the Company to acquire a 100% undivided interest in 96 mineral claims known as the ZPG claims located in Ladner County, Nevada. The claims are subject to a 3% NSR upon commencement of commercial production. In order to fulfill the terms of the option Agreement, the Company is required to make payments, issue shares and incur exploration expenditures as follows (all amounts in US dollars):
- Cash payment to the vendors of \$160,000 on final acceptance of the Agreement by the TSX-V (approval received January 31, 2011);
  - Issue 600,000 shares after January 31, 2011 (issued);
  - Issue 500,000 shares on or before January 31, 2012;
  - Issue 500,000 shares on or before January 31, 2013; and
  - Incur exploration expenditures of \$1,500,000 on or before January 25, 2015.