

WCB RESOURCES LTD.
(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2012 and MAY 31, 2011
(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

**TO THE SHAREHOLDERS OF WCB RESOURCES LTD.
(An Exploration Stage Company)**

We have audited the accompanying consolidated financial statements of WCB Resources Ltd., which comprise the consolidated statements of financial position as at June 30, 2012, May 31, 2011 and June 1, 2010, and the consolidated statements of operations and comprehensive loss, changes in shareholders' equity and cash flows for the thirteen-month period ended June 30, 2012 and twelve-month period ended May 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.

Auditors' 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 audit 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 auditors' 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 WCB Resources Ltd. as at June 30, 2012, May 31, 2011 and June 1, 2010, and its financial performance and its cash flows for the thirteen-month period ended June 30, 2012 and twelve-month period ended May 31, 2011, in accordance with International Financial Reporting Standards.

Smythe Ratcliffe LLP

Chartered Accountants

Vancouver, British Columbia
October 22, 2012

WCB RESOURCES LTD.
(An Exploration Stage Company)

Consolidated Statements of Financial Position
Expressed in Canadian Dollars

	June 30, 2012	May 31, 2011 (Note 17)	June 1, 2010 (Note 17)
ASSETS			
Current Assets			
Cash	\$ 2,050,629	\$ 326,905	\$ 632,787
Reclamation bond (Note 5)	5,000	5,000	5,000
Prepays	30,373	5,014	3,534
Other receivables (Note 6)	39,147	2,813	313
Total current assets	2,125,149	339,732	641,634
Non-Current Assets			
Property and equipment (Note 7)	49,677	-	-
Exploration and evaluation assets (Note 8)	1,075,798	254,742	40,000
	\$ 3,250,624	\$ 594,474	\$ 681,634
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Accounts payable and accrued liabilities (Notes 9 and 11)	\$ 234,290	\$ 14,283	\$ 31,484
Shareholders' Equity			
Capital stock (Note 10)	3,389,073	712,199	637,497
Reserves	1,015,494	301,637	323,299
Deficit	(1,388,233)	(433,645)	(310,646)
	3,016,334	580,191	650,150
	\$ 3,250,624	\$ 594,474	\$ 681,634

On behalf of the Board:

signed "Shaun Maskerine"
Shaun Maskerine, Director

signed "Duncan Cornish"
Duncan Cornish, Director

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

WCB RESOURCES LTD.
(An Exploration Stage Company)

Consolidated Statements of Operations and Comprehensive Loss
Expressed in Canadian Dollars

	Thirteen-month period ended June 30, 2012	Twelve-month period ended May 31, 2011 (Note 17)
INTEREST INCOME		
Interest received	\$ (21,345)	\$ (98)
EXPENSES		
Professional fees	67,210	20,568
Administration	72,992	16,389
Operating	118,252	5,575
Consulting fees (Note 11)	260,162	63,302
Transfer agent and filing fees	24,268	15,424
Share-based payments (Note 10)	255,065	3,040
Foreign exchange loss (gain)	21,334	(1,201)
Write-off of exploration and evaluation assets (Note 8)	156,650	-
Total expenses	975,933	123,097
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	\$ 954,588	\$ 122,999
Loss per common share - basic and diluted	\$ 0.044	\$ 0.008
Weighted average number of common shares outstanding	21,312,857	15,028,630

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

WCB RESOURCES LTD.
(An Exploration Stage Company)

Consolidated Statements of Changes in Shareholders' Equity
Expressed in Canadian Dollars

	Capital Stock		Reserves			Deficit	Total
	Number	\$	Share-based payments	Warrants	Total		
Balance at June 1, 2010	14,850,000	637,497	103,622	219,677	323,299	(310,646)	650,150
Loss for the period	-	-	-	-	-	(122,999)	(122,999)
Share-based payments	-	-	3,040	-	3,040	-	3,040
Options exercised	100,000	26,202	(16,202)	-	(16,202)	-	10,000
Warrants exercised	400,000	48,500	-	(8,500)	(8,500)	-	40,000
Balance at May 31, 2011 (Note 17)	15,350,000	712,199	90,460	211,177	301,637	(433,645)	580,191
Loss for the period	-	-	-	-	-	(954,588)	(954,588)
Capital stock issued	7,760,161	2,588,394	-	481,727	481,727	-	3,070,121
Share-based payments	-	-	255,065	-	255,065	-	255,065
Options exercised	710,000	138,050	(64,045)	-	(64,045)	-	74,005
Warrants exercised	525,000	148,616	-	(14,866)	(14,866)	-	133,750
Share issue costs	-	(198,186)	-	55,976	55,976	-	(142,210)
Balance at June 30, 2012	24,345,161	3,389,073	281,480	734,014	1,015,494	(1,388,233)	3,016,334

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

WCB RESOURCES LTD.
(An Exploration Stage Company)

Consolidated Statements of Cash Flows
Expressed in Canadian Dollars

	Thirteen-month period ended June 30, 2012	Twelve-month period ended May 31, 2011 (Note 17)
OPERATING ACTIVITIES		
Loss for the period	\$ (954,588)	\$ (122,999)
Adjustments to reconcile loss to net cash used in operating activities		
Amortization	534	-
Share-based payments	255,065	3,040
Write-off of exploration and evaluation assets	156,650	-
Unrealized foreign exchange loss (gain)	(100)	(6,781)
Changes in non-cash working capital items		
Prepays	(25,359)	(1,480)
Other receivables	(36,334)	(2,500)
Accounts payable and accrued liabilities	133,035	(11,201)
Total cash used in operating activities	(471,097)	(141,921)
INVESTING ACTIVITIES		
Purchase of property and equipment	(50,922)	-
Expenditures on exploration and evaluation assets	(890,023)	(220,742)
Total cash used in investing activities	(940,945)	(220,742)
FINANCING ACTIVITIES		
Cash received on issuance of shares	3,277,876	50,000
Share issuance costs	(142,210)	-
Total cash provided by financing activities	3,135,666	50,000
Foreign exchange effect on cash	100	6,781
Total increase (decrease) in cash during the period	1,723,724	(305,882)
Cash, beginning of period	326,905	632,787
Cash, end of period	\$ 2,050,629	\$ 326,905
Supplemental Cash Flow Information		
Exploration and evaluation asset expenditures included in accounts payable and accrued liabilities	\$ 86,972	\$ -
Amortization included in exploration and evaluation assets	\$711	\$ -

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

WCB RESOURCES LTD.
(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

Expressed in Canadian Dollars

For the Thirteen-Month Period Ended June 30, 2012 and Twelve-Month Period Ended May 31, 2011

1. NATURE OF BUSINESS AND CONTINUANCE OF OPERATIONS

The Company is currently focused on exploring the Red Hill copper gold project in central New South Wales, Australia, and the Misima gold copper project on Misima Island, Papua New Guinea. The Company has not earned revenues and is considered to be in the exploration stage.

These consolidated financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realization of assets and discharge of liabilities in the normal course of business. The Company has not generated revenues from operations. As such, the Company's ability to continue as a going concern depends on its ability to successfully raise additional financing. If additional capital is not raised, the going concern basis may not be appropriate with the result that the Company may have to realize its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts different from those stated in the financial information. No adjustments for such circumstances have been made in the financial information.

The head office of the Company is located at Level 5, 10 Market Street, Brisbane, 4000, Australia, and the registered and records office of the Company is located at 2080 - 777 Hornby Street, Vancouver, British Columbia, Canada V6Z 1S4.

2. BASIS OF PREPARATION

(a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), and IFRS 1 *First-time Adoption of International Financial Reporting Standards* has been applied.

The significant accounting policies applied in these consolidated financial statements are presented in note 3 and are based on IFRS effective June 30, 2012. These consolidated financial statements have been prepared on a historical cost basis using the accrual basis of accounting, except cash flow information.

An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Company is provided in note 17. This note includes reconciliations of deficiency, net loss and comprehensive loss reported under previous Canadian generally accepted accounting principles ("GAAP") to those reported under IFRS for the twelve-month period ended May 31, 2011 and as at the date of transition, June 1, 2010.

(b) Approval of the Consolidated Financial Statements

These consolidated financial statements were approved and authorized for issue by the Board of Directors of the Company on October 22, 2012.

(c) Functional and Presentation Currency

The consolidated financial statements are presented in Canadian dollars, which is also the Company's functional currency, and all values are rounded to the nearest dollar, unless otherwise indicated. Areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3(m).

WCB RESOURCES LTD.
(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

Expressed in Canadian Dollars

For the Thirteen-Month Period Ended June 30, 2012 and Twelve-Month Period Ended May 31, 2011

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been adopted for the thirteen-month period ended June 30, 2012 and have been applied consistently to all comparative periods presented in these consolidated financial statements and in preparing the opening IFRS consolidated statement of financial position at June 1, 2010 for the purposes of the transition to IFRS, unless otherwise indicated.

(a) Basis of Consolidation

These consolidated financial statements include the assets, liabilities, revenues and expenses of the Company and its 100% owned subsidiaries, WCB Australia Pty Ltd. in Australia, WCB Pacific Pty Ltd. in Australia and WCB PNG Ltd. in Papua New Guinea. All inter-company transactions and balances have been eliminated on consolidation.

(b) Foreign Currency Transactions

Foreign currency accounts are translated into Canadian dollars as follows:

At the transaction date, each asset, liability, income and expense denominated in a foreign currency is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the statement of financial position date, unsettled monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at that date and the related translation differences are recognized in net loss. Exchange gains and losses arising on the retranslation of monetary available-for-sale financial assets are treated as a separate component of the change in fair value and recognized in net loss. Exchange gains and losses on non-monetary available-for-sale financial assets form part of the overall gain or loss recognized in respect of that financial instrument.

Non-monetary assets and liabilities that are measured at historical cost are translated into Canadian dollars by using the exchange rate in effect at the date of the initial transaction and are not subsequently restated. Non-monetary assets and liabilities that are measured at fair value or a revalued amount are translated into Canadian dollars by using the exchange rate in effect at the date the value is determined and the related translation differences are recognized in net loss/income or other comprehensive loss/income consistent with where the gain or loss on the underlying non-monetary asset or liability has been recognized.

(c) Reclamation Deposits

Cash that is subject to contractual restrictions on use is classified separately as reclamation deposits.

(d) Mineral Exploration and Evaluation Expenditures

Pre-exploration Costs

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

Exploration and Evaluation Assets

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures 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 property 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.

WCB RESOURCES LTD.
(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

Expressed in Canadian Dollars

For the Thirteen-Month Period Ended June 30, 2012 and Twelve-Month Period Ended May 31, 2011

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Mineral Exploration and Evaluation Expenditures (Continued)

Exploration and Evaluation Assets (Continued)

The Company may occasionally enter 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 consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

Conversely, the Company may occasionally enter into farm-in agreements, whereby the Company will obtain part of a mineral interest and, as consideration, must meet certain exploration and evaluation expenditures, which would have otherwise been undertaken by the transferor. All expenditures made by the Company are capitalized to exploration and evaluation assets as incurred.

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.

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.

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) Property and Equipment

Property and equipment are recorded at cost less accumulated amortization. Amortization is provided, using the straight-line method, over the following periods:

Computer equipment	3 years
Motor vehicle	3 years

Additions during the period are amortized at one-half the annual rates.

(f) Impairment of Non-financial Assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial period-end. Other non-financial assets, including exploration and evaluation assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

WCB RESOURCES LTD.
(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

Expressed in Canadian Dollars

For the Thirteen-Month Period Ended June 30, 2012 and Twelve-Month Period Ended May 31, 2011

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Impairment of Non-financial Assets (Continued)

An impairment loss is charged to profit or loss, except to the extent they reverse gains previously recognized in comprehensive loss.

(g) Capital Stock

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 purchase warrants and stock options are classified as equity instruments.

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

The Company has adopted a relative fair value method with respect to the measurement of shares and warrants issued as private placement units. Proceeds received on the issuance of units, consisting of common shares and warrants, are allocated to the warrants and common shares issued based on the relative fair values of the components.

(h) 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 consolidated statement of operations and comprehensive 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, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the consolidated statement of operations and comprehensive loss over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in the consolidated statement of operations and comprehensive loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

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

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 share-based payments reserve, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in share-based payments reserve is credited to capital stock along with any consideration paid.

WCB RESOURCES LTD.
(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

Expressed in Canadian Dollars

For the Thirteen-Month Period Ended June 30, 2012 and Twelve-Month Period Ended May 31, 2011

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Share-based Payments (Continued)

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.

(i) Loss per Share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period. 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 earnings per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercises would be used to repurchase common shares at the average market price during the period. 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.

(j) Financial Instruments

(i) Financial Assets

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Financial Assets at Fair Value through Profit or Loss

An instrument is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss. *Held-to-maturity ("HTM") financial assets*

HTM investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs using the effective interest rate method. The Company does not have any assets classified as HTM investments.

Available-for sale ("AFS") financial assets

AFS financial assets are non-derivatives that are either designated as AFS or not classified in any of the other financial asset categories and are subsequently measured at fair value. Changes in the fair value of AFS financial assets are recognized as other comprehensive income and classified as a component of equity.

Management assesses the carrying value of AFS financial assets at every reporting period and any impairment charges are also recognized in income or loss. When financial assets classified as AFS are sold, the accumulated fair value adjustments are derecognized from comprehensive income and recognized in profit or loss.

WCB RESOURCES LTD.
(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

Expressed in Canadian Dollars

For the Thirteen-Month Period Ended June 30, 2012 and Twelve-Month Period Ended May 31, 2011

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Financial Instruments (Continued)

(i) Financial Assets (Continued)

Loans and Receivables

These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees and transaction costs. Gains and losses are recognized in the profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Impairment of Financial Assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

(ii) Financial Liabilities

Financial Liabilities at Fair Value through Profit or Loss

This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the consolidated statement of financial position at fair value with changes in fair value recognized in profit or loss. The Company does not have any liabilities classified as fair value through profit or loss.

Other Financial Liabilities

Financial liabilities are classified as other financial liabilities, initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method, which ensures that any interest expense over the period of repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derivative Financial Instruments

The Company is not engaged in any derivative contracts.

WCB RESOURCES LTD.
(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

Expressed in Canadian Dollars

For the Thirteen-Month Period Ended June 30, 2012 and Twelve-Month Period Ended May 31, 2011

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Provisions

Rehabilitation Provision

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records management's best estimate of the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of rehabilitation activities includes restoration, reclamation and revegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Subsequent to the initial measurement, the obligation is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognized as finance costs whereas increases/decreases due to changes in the estimated future cash flows are capitalized. Actual costs incurred upon settlement of the decommissioning obligations are charged against the provision.

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur.

Other Provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

(l) Income Taxes

Income tax expense comprises 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 loss/income.

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

WCB RESOURCES LTD.
(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

Expressed in Canadian Dollars

For the Thirteen-Month Period Ended June 30, 2012 and Twelve-Month Period Ended May 31, 2011

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Critical Accounting Estimates and Judgments

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the next financial period are discussed below.

(i) Rehabilitation Provisions

Management's best estimates regarding the rehabilitation provisions have been created based on the Company's internal estimates. Assumptions, based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from period to period. Actual rehabilitation costs will ultimately depend on future market prices for the rehabilitation costs, which will reflect the market condition at the time the rehabilitation costs are actually incurred. Based on management's best estimate, the Company does not have a rehabilitation obligation as at June 30, 2012 (May 31, 2011 - \$nil).

(ii) Exploration and Evaluation Expenditures

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written-off to profit or loss in the period the new information becomes available.

(iii) Title to Mineral Property Interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

(iv) Share-based Payment Transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 10.

WCB RESOURCES LTD.
(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

Expressed in Canadian Dollars

For the Thirteen-Month Period Ended June 30, 2012 and Twelve-Month Period Ended May 31, 2011

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Mining and Exploration Tax Recoveries

The Company recognizes mining and exploration tax recoveries in the period in which the related qualifying resource expenditures are incurred. The amount recoverable is subject to review and approval by the taxation authorities and is adjusted in the period when such approval is confirmed.

4. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Company has not early-adopted these revised standards and is currently assessing the impact these standards will have on the consolidated financial statements.

(a) New Accounting Standards Impacting on or After July 1, 2012

IAS 1 Presentation of Financial Statements (Amendment)

The amendments to IAS 1 require companies preparing financial statements in accordance with IFRS to group together items within other comprehensive income ("OCI") that may be reclassified to the profit or loss section of the income statement. The amendments retain the "one or two statement" approach at the option of the entity and only revise the way OCI is presented: requiring separate subtotals for those elements that may be "recycled" (e.g., cash flow hedging, foreign currency translation) and those elements that will not (e.g., fair value through OCI items under IFRS 9 *Financial Instruments*). In addition, the 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).

(b) New Accounting Standards Impacting on or After February 1, 2013

IFRS 7 Financial Instruments: Disclosures in Respect of Offsetting (Amendment)

At its meeting December 13, to 15, 2011, the IASB approved amendments to IFRS 7 *Financial Instruments: Disclosures* with respect to offsetting financial assets and financial liabilities. The common disclosure requirements issued by the IASB and the Financial Accounting Standards Board in December 2012 are intended to help investors and other users to better assess the effect or potential effect of offsetting arrangements on a company's financial position.

IFRS 10 Consolidated Financial Statements

IFRS 10 replaces the portion of IAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for financial statements and SIC12 *Consolidation - Special Purpose Entities*. IFRS 10 establishes principles for the presentation and preparation of financial statements when an entity controls one or more entities. This standard (i) requires a parent entity (an entity that controls one or more other entities) to present financial statements; (ii) defines the principle of control and establishes control as a basis for consolidation; (iii) sets out how to apply the principle of control whether an investor controls an investee and therefore must consolidate the investee; and (iv) sets out the accounting requirements for the preparation of financial statements.

IFRS 10 may be adopted to an earlier accounting period, but in doing so, an entity must disclose the fact that it has early-adopted the standard and apply IFRS 11 *Joint Arrangements*, IFRS 12 *Disclosure of Interests in Other Entities*, IAS 27 *Separate Financial Statements* (as amended in 2012) and IAS 28 *Investments in Associates and Joint Ventures* (as amended in 2012).

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 combines the disclosure requirements for an entity's interest in subsidiaries, joint arrangements, associates and structured entities into one comprehensive disclosure standard. This standard requires the disclosure of information that enable users of financial statements to evaluate the nature of, and risks associated with, its interest in other entities and the effects of those interests on its financial position, financial performance and cash flows.

WCB RESOURCES LTD.
(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

Expressed in Canadian Dollars

For the Thirteen-Month Period Ended June 30, 2012 and Twelve-Month Period Ended May 31, 2011

4. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE (Continued)

(b) New Accounting Standards Impacting on or After February 1, 2013 (Continued)

IFRS 13 Fair Value Measurement

IFRS 13 provides guidance on how to measure fair value, but does not change when fair value is required or permitted under IFRS. IFRS 13 defines fair value, sets out a single IFRS framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except for: share-based payment transactions within the scope of IFRS 2 *Share-based Payment*; leasing transactions with the scope of IAS 17 *Leases*; measurements that have some similarities to fair value that are not fair value, such as net realizable value in IAS 2 *Inventories*; or value in use IAS 36 *Impairment of Assets*.

IAS 27 Separate Financial Statements

IAS 27 has the objective of setting standards to be applied in accounting for investments in subsidiaries, jointly controlled entities and associates when an entity elects, or is required by local regulations, to present separate (non-consolidated) financial statements.

IAS 28 Investments in Associates and Joint Ventures

IAS 28 prescribes the accounting for investments in associates and to set the requirements for the application of the equity method when accounting for investments in associates and joint ventures. This standard is effective for annual periods beginning on or after February 1, 2013, with early adoption permitted.

(c) New Accounting Standards Impacting on or After February 1, 2014

IAS 32 Financial Instruments - Presentation in Respect of Offsetting (Amendment)

At its meeting December 13, to 15, 2011 the IASB approved amendments to IFRS 7 *Financial Instruments: Disclosures* with respect to offsetting financial assets and financial liabilities. As part of this project, the IASB also clarified aspects of IAS 32 *Financial Instruments: Presentation*. The amendments to IAS 32 address inconsistencies in current practice when applying the requirements. The amendments are effective for annual periods beginning on or after February 1, 2014 and are required to be applied retrospectively.

(d) New Accounting Standards Impacting on or After February 1, 2015

IFRS 9 Financial Instruments (2009)

IFRS 9 introduces new requirements for classifying and measuring financial assets, as follows:

- Debt instruments meeting both a “business model” test and a “cash flow characteristics” test are measured at amortized cost (the use of fair value is optional in some limited circumstances)
- Investments in equity instruments can be designated as “fair value through OCI” with only dividends being recognized in profit or loss
- All other instruments (including all derivatives) are measured at fair value with changes recognized in the profit or loss
- The concept of “embedded derivatives” does not apply to financial assets within the scope of the standard and the entire instrument must be classified and measured in accordance with the above guidelines.

This standard is only applicable if it is optionally adopted for annual periods beginning before February 1, 2015. For annual periods beginning on or after February 1, 2015, the Company must adopt IFRS 9 (2011).

WCB RESOURCES LTD.
(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

Expressed in Canadian Dollars

For the Thirteen-Month Period Ended June 30, 2012 and Twelve-Month Period Ended May 31, 2011

4. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE (Continued)

(d) New Accounting Standards Impacting on or After February 1, 2015 (Continued)

IFRS 9 Financial Instruments (2011)

This is a revised version incorporating revised requirements for the classification and measurement of financial liabilities, and carrying over the existing de-recognition requirements from IAS 39 *Financial Instruments: Recognition and Measurement*.

The revised financial liability provisions maintain the existing amortized cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss; in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in OCI rather than within profit or loss.

This standard applies to annual periods beginning on or after February 1, 2015 and supersedes IFRS 9 (2009). However, for annual reporting periods beginning before February 1, 2015, the Company may early-adopt IFRS 9 (2009) instead of applying this standard.

5. RECLAMATION BOND

The Company has purchased a \$5,000 guaranteed investment certificate ("GIC") required for a reclamation bond with the Ministry of Energy, Mines & Petroleum Resources Division in the Province of British Columbia. This is a variable interest rate GIC that matures on May 17, 2013. The effective interest rate at the time of reinvestment was 0.95%.

6. OTHER RECEIVABLES

	June 30, 2012	May 31, 2011	June 1, 2010
HST receivable	\$ 28,260	\$ 2,813	\$ 313
Other	10,887	-	-
	\$ 39,147	\$ 2,813	\$ 313

7. PROPERTY AND EQUIPMENT

	Computer equipment	Motor vehicle	Total
Cost			
Balance at June 1, 2010 and May 31, 2011	\$ -	\$ -	\$ -
Additions	3,594	47,328	50,922
Balance at June 30, 2012	\$ 3,594	\$ 47,328	\$ 50,922
Accumulated Amortization			
Balance at June 1, 2010 and May 31, 2011	\$ -	\$ -	\$ -
Amortization	534	711	1,245
Balance at June 30, 2012	\$ 534	\$ 711	\$ 1,245
Carrying amounts			
Balance at June 1, 2010 and May 31, 2011	\$ -	\$ -	\$ -
Balance at June 30, 2012	\$ 3,060	\$ 46,617	\$ 49,677

WCB RESOURCES LTD.
(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

Expressed in Canadian Dollars

For the Thirteen-Month Period Ended June 30, 2012 and Twelve-Month Period Ended May 31, 2011

8. EXPLORATION AND EVALUATION ASSETS

	Maroon Property \$	Red Hill Project \$	EL1747 Misima \$	Total \$
Acquisition costs				
Balance: June 1, 2010 and May 31, 2011	40,000	-	-	40,000
Write-off acquisition costs	(40,000)	-	-	(40,000)
Balance: June 30, 2012	-	-	-	-
Exploration costs				
Balance: June 1, 2010	-	-	-	-
Assays	3,177	19,910	-	23,087
Consulting and administration	18,500	29,683	-	48,183
Drilling	52,052	-	-	52,052
Field and miscellaneous	56,236	-	-	56,236
Geological and geophysical	39,815	1,369	-	41,184
BC Mining Tax Credit	(6,000)	-	-	(6,000)
Balance: May 31, 2011	163,780	50,962	-	214,742
Assays	-	2,191	84,035	86,226
Consulting and administration	-	106,314	577,908	684,222
Drilling	-	132,144	-	132,144
Field and miscellaneous	-	-	33,370	33,370
Geological and geophysical	-	26,200	62,674	88,874
BC Mining Tax Credit	(47,130)	-	-	(47,130)
Write-off exploration costs	(116,650)	-	-	(116,650)
	(163,780)	266,849	757,987	861,056
Balance: June 30, 2012	-	317,811	757,987	1,075,798
Carrying amounts				
At June 1, 2010	40,000	-	-	40,000
At May 31, 2011	203,780	50,962	-	254,742
At June 30, 2012	-	317,811	757,987	1,075,798

The Company announced its withdrawal from the Maroon Property on March 28, 2012. The total exploration expenditures for the Maroon Property have been written off during the thirteen-month period ended June 30, 2012.

WCB RESOURCES LTD.
(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

Expressed in Canadian Dollars

For the Thirteen-Month Period Ended June 30, 2012 and Twelve-Month Period Ended May 31, 2011

8. EXPLORATION AND EVALUATION ASSETS (Continued)

(a) Maroon Property

In April 2010, the Company entered into a Property option agreement with Angel Jade Mines Ltd. (“Angel Jade”) under which the Company has acquired the right to earn a 100% undivided interest in and to the Maroon Property (subject to a 2.0% net smelter return royalty), by paying Angel Jade an aggregate \$165,000 in cash, issuing to the vendor an aggregate 350,000 common shares of WCB and expending an aggregate \$200,000 on the Maroon Property as follows:

- (i) \$15,000 in cash (paid) and 100,000 common shares (issued) upon completion of the Qualifying Transaction;
- (ii) Expenditures of a minimum of \$200,000 on the Maroon Property within 12 months of the completion of the Qualifying Transaction; and
- (iii) \$150,000 in cash and 250,000 common shares within 24 months of the completion of the Qualifying Transaction.

On March 28, 2012, the Company has announced its withdrawal from the Maroon Property. The total exploration costs have been written off during the thirteen-month period ended June 30, 2012.

(b) Red Hill Project

On August 20, 2010, the Company entered into an Option Agreement, as amended on November 14 and 30, 2011, with Elephant Mines Pty Ltd. (“Elephant”) whereby the Company can acquire up to 100% of Elephant’s 100% owned interest in the Red Hill copper gold project in central New South Wales, Australia (the “Property”).

To acquire an undivided 50.1% right, title and interest in the Property:

- (i) WCB must incur an aggregate AUD1,000,000 of expenditures on the Property during the five year period (the “Option Period”) commencing August 30, 2010 (the “Effective Date”). These expenditures include a minimum of AUD40,000 per tenement per year commencing on September 7, 2010 and each anniversary date thereafter during the Option Period; and
- (ii) Following WCB attaining favorable geological results on the Property and upon the recommendations of its geologists, the completion of a minimum 300 meter depth drill hole on the Property within two years from the Effective Date.

In addition to the above and commencing on the Effective Date, WCB will pay Elephant AUD30,000 annually for a period of five years or until it has earned a 100% interest in the Property, whichever is completed earlier.

At any time during the Option Period, WCB may acquire a full 100% interest in and to the Property by paying AUD1,000,000 in cash and common shares of the Company (the “Second Option Price”) to Elephant, provided that no more than 50% of the Second Option Price may be payable in common shares of the Company.

As of June 30, 2012, WCB is current in all of its obligations for the Red Hill Project.

WCB RESOURCES LTD.
(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

Expressed in Canadian Dollars

For the Thirteen-Month Period Ended June 30, 2012 and Twelve-Month Period Ended May 31, 2011

8. EXPLORATION AND EVALUATION ASSETS (Continued)

(c) EL1747 Misima

On December 20, 2011, the Company announced that, through its wholly owned subsidiary, WCB Pacific Pty Ltd., it had entered into an exploration Farm-In Agreement with Pan Pacific Copper (“PPC”) covering (the granted) EL1747 located on Misima Island, Papua New Guinea.

Under the terms and conditions of the exploration Farm-In Agreement, the Company can earn up to a 70% interest in EL1747 Misima by spending a total of AUD9.0M within a four year timeframe as follows:

- (i) The Company shall earn a 30% interest for expending AUD1,000,000 within the first 12 months (Year 1);
- (ii) The Company shall earn a further 19% interest (for a total interest of 49%) by expending a further AUD3,000,000 within the second 12 months (Year 2); and
- (iii) The Company shall earn a further and final 21% interest (for a total interest of 70%) by expending a further AUD5,000,000 within the final 24 months of the farm-in period (Years 3 and 4).

Should the Company elect not to proceed further to earn additional option interests at any time after earning its initial 30% interest or to fully earn the full 70% interest, the parties will enter into a joint venture in which standard dilution formulas will apply for non-contribution. PPC retain the right to an offtake agreement for all mineral production within EL1747 based on prevailing metal prices and a commercial terms basis.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2012	May 31, 2011	June 1, 2010
Accounts payable	\$ 176,677	\$ 283	\$ 10,502
Accrued liabilities	18,913	14,000	20,982
Due to related parties (note 11)	38,700	-	-
	\$ 234,290	\$ 14,283	\$ 31,484

10. CAPITAL STOCK

(a) Authorized

The Company is authorized to issue an unlimited number of common shares, issuable in series.

The holders of common shares are entitled to receive dividends, which are declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares are ranked equally with regard to the Company’s residual assets.

(b) Issued and Outstanding

During the thirteen-month period ended June 30, 2012:

- (i) 3,000,000 units were issued at a price of \$0.20 per unit for gross proceeds of \$600,000. Each unit comprised one common share and one-half of one common share purchase warrant (each whole warrant, a “warrant”), with each warrant exercisable into one common share for a period of 12 months (on or before July 14, 2012) at an exercise price of \$0.35. From the gross proceeds, \$56,891 was allocated to the fair value of warrants;

WCB RESOURCES LTD.
(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

Expressed in Canadian Dollars

For the Thirteen-Month Period Ended June 30, 2012 and Twelve-Month Period Ended May 31, 2011

10. CAPITAL STOCK (Continued)

(b) Issued and Outstanding (Continued)

- (ii) 2,000,000 units were issued at a price of \$0.20 per unit for gross proceeds of \$400,000. Each unit comprised one common share and one-half of one warrant, with each warrant exercisable into one common share for a period of 12 months (on or before July 21, 2012) at an exercise price of \$0.35. From the gross proceeds, \$113,826 was allocated to the fair value of warrants;
- (iii) 2,760,161 units were issued at a price of \$0.75 per unit for gross proceeds of \$2,070,121. Each unit comprised one common share and one-half of one warrant, with each warrant exercisable into one common share for a period of 18 months (on or before September 22, 2013) at an exercise price of \$1.10. From the gross proceeds, \$311,010 was allocated to the fair value of warrants;
- (iv) \$142,210 was paid as share issuance costs in conjunction with the Company's unit offerings during the period. In addition, 165,610 agent options with a fair value of \$55,976 were granted.
- (v) 610,000 options with a fair value of \$50,485 were exercised to purchase 610,000 common shares in the Company at a price of \$0.10 per option for gross proceeds of \$61,000;
- (vi) 100,000 options with a fair value of \$13,560 were exercised to purchase 100,000 common shares in the Company at a price of \$0.13 per option for gross proceeds of \$13,004;
- (vii) 200,000 warrants with a fair value of \$4,250 were exercised to purchase 200,000 common shares in the Company at a price of \$0.10 per option for gross proceeds of \$20,000; and
- (viii) 325,000 warrants with a fair value of \$10,616 were exercised to purchase 325,000 common shares in the Company at a price of \$0.35 per option for gross proceeds of \$113,750.

During the twelve-month period ended May 31, 2011:

- (ix) 100,000 options with a fair value of \$16,202 were exercised to purchase 100,000 common shares in the Company at a price of \$0.10 per option for gross proceeds of \$10,000; and
- (x) 400,000 warrants with a fair value of \$8,500 were exercised to purchase 400,000 common shares in the Company at a price of \$0.10 per warrant for gross proceeds of \$40,000.

(c) Escrow Shares

On April 9, 2010, 10% of 3,000,000 common shares and 10% of 7,250,000 common shares previously held in escrow were released on the issuance of the Final Exchange Bulletin (the "Initial Release"). An additional 15% (1,537,500 common shares) will be released from escrow on the dates 6, 12, 18, 24, 30 and 36 months following the Initial Release. While in escrow, the escrow shares may not be sold, assigned, hypothecated, transferred within escrow or otherwise dealt with in any manner without the consent of the regulatory authorities.

WCB RESOURCES LTD.
(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

Expressed in Canadian Dollars

For the Thirteen-Month Period Ended June 30, 2012 and Twelve-Month Period Ended May 31, 2011

10. CAPITAL STOCK (Continued)

(c) Escrow Shares (Continued)

Details of the status of these escrow shares as at June 30, 2012 are as follows:

Percentage of Shares Held in Escrow	Number of Shares Held in Escrow	Number of Shares Released from Escrow	Date of Release from Escrow
10%	-	1,025,000	April 9, 2010
15%	-	1,537,500	October 9, 2010
15%	-	1,537,500	April 9, 2011
15%	-	1,537,500	October 9, 2011
15%	-	1,537,500	April 9, 2012
15%	1,537,500	-	October 9, 2012
15%	1,537,500	-	April 9, 2013
100%	3,075,000	7,175,000	

(d) Warrants

Details of the status of the Company's warrants as at June 30, 2012 and May 31, 2011 and changes during the periods then ended are as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, June 1, 2010	8,450,000	\$ 0.10
Exercised warrants	(400,000)	\$ 0.10
Warrants outstanding and exercisable as at May 31, 2011	8,050,000	\$ 0.10
Issue of warrants	4,045,693	\$ 0.60
Exercised warrants	(525,000)	\$ 0.25
Warrants outstanding as at June 30, 2012	11,570,693	\$ 0.28
Warrants exercisable as at June 30, 2012	10,025,000	\$ 0.31

The warrants outstanding at June 30, 2012 are as follows:

Number of Warrants	Exercise Price	Expiry Date
1,275,000	\$ 0.35	July 14, 2012
900,000	\$ 0.35	July 21, 2012
1,380,083	\$ 1.10	September 22, 2013
165,610	\$ 0.75	September 22, 2013
7,850,000	\$ 0.10	April 8, 2013
11,570,693		

WCB RESOURCES LTD.
(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

Expressed in Canadian Dollars

For the Thirteen-Month Period Ended June 30, 2012 and Twelve-Month Period Ended May 31, 2011

10. CAPITAL STOCK (Continued)

(d) Warrants (Continued)

The fair value of each warrant granted during the thirteen-month period ended June 30, 2012 has been estimated using the Black-Scholes option pricing model with the following assumptions:

Grant Date	Expiry Date	Risk-Free Interest Rate	Expected Life	Volatility Factor	Dividend Yield
July 14, 2011	July 14, 2012	1.41%	1.00	88.45%	0.00%
July 21, 2011	July 21, 2012	1.50%	1.00	88.45%	0.00%
March 23, 2012	September 22, 2013	1.23%	1.50	85.02%	0.00%
March 23, 2012	September 22, 2013	1.24%	1.50	89.69%	0.00%

(e) Options

The Company has a stock option plan (the "Plan") under which it is authorized to grant options to officers, directors, employees and consultants in consideration for services.

Under the terms of the Plan, the exercise price of each option will not be lower than the market price of the Company's shares on the TSX-V at the time of grant. Options granted may have a maximum term of five years. Vesting terms are determined at the time the options are granted. The aggregate number of shares that may be reserved for issuance to satisfy the exercise of options granted under the Plan may not exceed 4,232,000 options and to each individual may not exceed 5% of the issued shares.

Details of the status of the Company's stock options as at June 30, 2012 and May 31, 2011 and changes during the periods then ended are as follows:

	Number of Options	Weighted Average Exercise Price
Options outstanding as at June 1, 2010	1,942,500	\$ 0.11
Exercised	(100,000)	\$ 0.10
Expired	(492,500)	\$ 0.13
Options outstanding as at May 31, 2011	1,350,000	\$ 0.10
Granted	3,560,000	\$ 0.38
Exercised	(710,000)	\$ 0.10
Options outstanding as at June 30, 2012	4,200,000	\$ 0.34
Options exercisable as at June 30, 2012	1,250,000	\$ 0.34

WCB RESOURCES LTD.
(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

Expressed in Canadian Dollars

For the Thirteen-Month Period Ended June 30, 2012 and Twelve-Month Period Ended May 31, 2011

10. CAPITAL STOCK (Continued)

(e) Options (Continued)

The stock options outstanding at June 30, 2012 are as follows:

Expiry Date	Number of Options	Weighted Average Remaining Contractual Life (Years)	Exercise Price
October 10, 2012	200,000	0.28	\$ 0.10
September 18, 2013	100,000	1.22	\$ 0.60
June 18, 2014	100,000	1.97	\$ 0.60
July 10, 2014	2,250,000	2.03	\$ 0.25
April 8, 2015	440,000	2.77	\$ 0.10
May 22, 2015	500,000	2.89	\$ 0.60
June 29, 2017	610,000	5.00	\$ 0.60
	4,200,000	2.54	\$ 0.34

During the thirteen-month period ended June 30, 2012:

- (i) On May 22, 2012, 500,000 options were granted to employees of the Company with an exercise price of \$0.60 per share. Half of these options vest on May 22, 2013 with the remaining half vesting on May 22, 2014. The options expire May 22, 2015.
- (ii) On June 18, 2012, 100,000 options were granted to a consultant with an exercise price of \$0.60 per share; 25% of these options vest on each of September 18, 2012, December 18, 2012, March 18, 2013 and June 18, 2013. The options expire June 18, 2014.
- (iii) On June 18, 2012, 100,000 options were granted to a consultant with an exercise price of \$0.60 per share; 25% of these options vest on each of September 18, 2012, December 18, 2012, March 18, 2013 and June 18, 2013. The options expire September 18, 2013.
- (iv) On June 29, 2012, 610,000 options were granted to directors (note 11) with an exercise price of \$0.60 per share. These options vested immediately. The options expire June 29, 2017.
- (v) On June 29, 2011, 2,250,000 options were granted to a director (note 11) with an exercise price of \$0.25 per share. Half of these options vested on July 10, 2012 with the remaining half vesting on July 10, 2013. The options expire July 10, 2014.

The fair value of each option granted during the thirteen-month period ended June 30, 2012 has been estimated using the Black-Scholes option pricing model with the following assumptions:

Grant Date	Expiry Date	Risk-Free Interest Rate	Expected Life	Volatility Factor	Dividend Yield	Grant Date Fair Value
June 29, 2011	July 10, 2014	1.86%	3.03	62.52%	0.00%	\$ 0.0543
May 22, 2012	May 22, 2015	1.26%	3.00	86.85%	0.00%	\$ 0.2504
June 18, 2012	September 18, 2013	1.03%	1.25	107.11%	0.00%	\$ 0.2696
June 18, 2012	June 18, 2014	1.03%	2.00	94.01%	0.00%	\$ 0.2974
June 29, 2012	June 29, 2017	1.25%	5.00	89.78%	0.00%	\$ 0.2513

The expected volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

WCB RESOURCES LTD.
(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

Expressed in Canadian Dollars

For the Thirteen-Month Period Ended June 30, 2012 and Twelve-Month Period Ended May 31, 2011

10. CAPITAL STOCK (Continued)

(e) Options (Continued)

Share-based payments expense for the thirteen-month period ended June 30, 2012 and twelve-month period ended May 31, 2011 is as follows:

	2012	2011
Directors (note 11)	\$ 242,893	\$ -
Consultants	8,852	3,040
Employees	3,320	-
	\$ 255,065	\$ 3,040

11. RELATED PARTY TRANSACTIONS AND BALANCES

During the thirteen-month period ended June 30, 2012, the Company granted 2,860,000 options (note 10) to directors of the Company. Included in share-based payments expense is \$242,893 allocated to these options. Included in accounts payable and accrued liabilities is \$38,700 owing to directors of the Company.

The key management personnel of the Company are the directors and officers of the Company. Compensation awarded to key management for the thirteen-month period ended June 30, 2012 and the twelve-month period ended May 31, 2011 are as follows:

	2012	2011
Short-term employee benefits	\$ 419,453	\$50,000
Share-based payments	242,893	-
	\$ 662,346	\$ 50,000

12. INCOME TAXES

The Company has non-capital losses of \$1,246,300 available that may be carried forward and applied against future income for income tax purposes in all jurisdictions. The non-capital losses expire as follows:

Available to	Amount
2027	\$ 200
2028	48,000
2029	40,700
2030	132,300
2031	140,000
2032	834,400
Non-expiring carry-forward non-capital losses	50,700
	\$ 1,246,300

The Company recognizes tax benefits on losses or other deductible amounts generated where the criteria for the recognition of deferred tax assets have been met. Consequently, the Company has tax assets relating to deductible temporary differences and unused tax losses of \$413,000 (2011 - \$152,000) for which no deferred tax asset is recognized, as it is not probable that the deferred tax assets will be realized in the future.

WCB RESOURCES LTD.
(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

Expressed in Canadian Dollars

For the Thirteen-Month Period Ended June 30, 2012 and Twelve-Month Period Ended May 31, 2011

12. INCOME TAXES (Continued)

The following are the deductible temporary differences for which no deferred tax assets are recognized in the consolidated financial statements:

	2012	2011
Tax basis in excess of carrying value of property and equipment	\$ 1,200	\$ -
Tax basis in excess of carrying value of exploration and evaluation assets	266,500	44,000
Tax basis of non-refundable tax credit	-	187,800
Share issuance costs	128,000	18,100
Non-capital loss carry-forwards	1,246,300	359,100
	<u>\$ 1,642,000</u>	<u>\$ 609,000</u>

Income tax expense differs from the amount that would be computed by applying the Canadian statutory income tax rate to income before income taxes. The reasons for the differences are as follows:

	2012	2011
Statutory tax rate	<u>25.81%</u>	<u>27.67%</u>
Expected income tax recovery	\$ 246,379	\$ 34,034
Items non-deductible for tax purposes, net	(18,232)	4,138
Temporary differences	37,397	53,431
Reduction in deferred income taxes resulting from statutory rate reduction	(4,410)	(3,679)
Adjustment due to effective rate attributable to income taxes of other countries	5,483	-
Unused tax losses and tax offsets not recognized in tax assets	(266,617)	(87,924)
	<u>\$ -</u>	<u>\$ -</u>

Effective January 1, 2011, the Canadian federal corporate tax rate decreased from 18.0% to 16.5% and effective January 12, 2012 decreased further to 15.0%. The British Columbia provincial tax rate decreased from 10.5% to 10.0% effective January 1, 2011 and remained unchanged at 10.0% effective January 1, 2012. The overall reduction in tax rates has resulted in the Company's statutory tax rate decreased from 27.67% to 25.81%.

13. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company classifies its cash as held-for-trading; reclamation bond, as held-to-maturity; and accounts payable and accrued liabilities, as other financial liabilities.

(a) Fair Value

The carrying values of the reclamation bond 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. Credit risk for the Company is associated with its cash and reclamation bond. The Company is not exposed to significant credit risk as its cash and reclamation bond are placed with a major Canadian financial institution.

WCB RESOURCES LTD.
(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

Expressed in Canadian Dollars

For the Thirteen-Month Period Ended June 30, 2012 and Twelve-Month Period Ended May 31, 2011

13. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

(c) 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 by operations and anticipated investing and financing activities. The Company has cash and other receivables at June 30, 2012 in the amounts of \$2,050,629 and \$39,147, respectively, (May 31, 2011 - \$326,905 and \$2,813, respectively; June 1, 2010 - \$632,787 and \$313, respectively), which is sufficient to meet its short-term business requirements. At June 30, 2012, the Company has accounts payable and accrued liabilities of \$234,290 (May 31, 2011 - \$14,283; June 1, 2010 - \$31,484) with contractual maturities of less than 30 days.

(d) Market Risk

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

(i) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company is exposed to foreign currency risk to the extent expenditures incurred or funds received and balances maintained by the Company are denominated in currencies other than the Canadian dollar, primarily in Australian dollars ("AUD"). The Company has net monetary assets of \$1,676,000 (2011 - \$nil) denominated in AUD.

For the thirteen-month period ended June 30, 2012, the Company's sensitivity analysis suggests that a change in the absolute rate of exchange in AUD by 7.5% will have a material effect on the Company's business, financial condition and results of operations in the amount of approximately \$125,000.

The Company does not manage currency risk through hedging or other currency management tools.

(ii) Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company's cash consists of cash held in bank accounts that earn interest at variable interest rates. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on the estimated fair value as at June 30, 2012.

(iii) Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financing instrument will fluctuate due to 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.

14. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of its mineral property interests.

The Company defines its capital as shareholders' equity. Capital requirements are driven by the Company's general operations. To effectively manage the Company's capital requirements, the Company monitors expenses and overhead to ensure costs and commitments are being paid.

WCB RESOURCES LTD.
(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

Expressed in Canadian Dollars

For the Thirteen-Month Period Ended June 30, 2012 and Twelve-Month Period Ended May 31, 2011

14. CAPITAL MANAGEMENT (Continued)

Although the Company has been successful at raising funds in the past through the issuance of capital stock, it is uncertain whether it will be able to continue this form of financing due to uncertain economic conditions. The Company believes that it has sufficient funds to fund its working capital for the coming year.

There have been no changes to the Company's approach to capital management during the period. The Company is not exposed to any externally imposed capital requirements.

15. SEGMENTED REPORTING

The Company has one operating segment, the exploration of gold copper projects in Australia and Papua New Guinea, with a corporate office in Canada. The geographical segmentation of the Company's non-current assets are as follows:

	Canada	Australia	Papua New Guinea	Total
As at June 30, 2012				
Property and equipment	\$ 1,197	\$ 1,863	\$ 46,617	\$ 49,677
Exploration and evaluation assets	-	1,075,087	711	1,075,798
Total non-current assets	\$ 1,197	\$ 1,076,950	\$ 47,328	\$ 1,125,475
As at May 31, 2011				
Property and equipment	\$ -	\$ -	\$ -	\$ -
Exploration and evaluation assets	254,742	-	-	254,742
Total non-current assets	\$ 254,742	\$ -	\$ -	\$ 254,742

16. SUBSEQUENT EVENTS

During the month of July 2012, 1,382,500 warrants were exercised to purchase 1,382,500 common shares of the Company at a price of \$0.35 per warrant for gross proceeds of \$483,875.

During the month of July 2012, 792,500 warrants expired unexercised.

During the month of October 2012, 200,000 options were exercised at a price of \$0.10 per share for gross proceeds of \$20,000.

17. FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Company's consolidated financial statements for the thirteen-month period ended June 30, 2012 are the first annual consolidated financial statements that are prepared in accordance with IFRS. IFRS 1 requires that comparative financial information be provided. As a result, the first date at which the Company applied IFRS was June 1, 2010 (the "Transition Date"). IFRS 1 requires first-time adopters to retrospectively apply all effective IFRS standards as of the reporting date, which for the Company is June 30, 2012. However, it also provides for certain optional exemptions and certain mandatory exceptions for first-time IFRS adoption. Prior to transition to IFRS, the Company prepared its consolidated financial statements in accordance with pre-changeover Canadian GAAP.

In preparing the Company's opening IFRS consolidated financial statements, the Company adjusted amounts reported previously in the consolidated financial statements prepared in accordance with pre-changeover Canadian GAAP.

WCB RESOURCES LTD.
(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

Expressed in Canadian Dollars

For the Thirteen-Month Period Ended June 30, 2012 and Twelve-Month Period Ended May 31, 2011

17. FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

The IFRS 1 applicable exemptions applied in the conversion from pre-changeover Canadian GAAP to IFRS are as follows:

(a) Optional Exemptions

Share-based payments

The Company has elected not to retrospectively apply IFRS 2 to equity instruments that were granted and had vested before the Transition Date. As a result of applying this exemption, the Company will apply the provisions of IFRS 2 only to all outstanding equity instruments that are unvested as at the Transition Date.

(b) Reconciliations of Pre-changeover Canadian GAAP Equity and Comprehensive Income to IFRS

IFRS 1 requires an entity to reconcile equity, comprehensive income and cash flows for prior periods. The changes made to the consolidated statements of financial position, consolidated statement of operations and comprehensive loss, and consolidated statements of cash flows are as shown below.

WCB RESOURCES LTD.
(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

Expressed in Canadian Dollars

For the Thirteen-Month Period Ended June 30, 2012 and Twelve-Month Period Ended May 31, 2011

17. FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

Reconciliation of Consolidated Statement of Financial Position as at June 1, 2010 - Transition Date

	Canadian GAAP	Effect of transition to IFRS	IFRS
ASSETS			
Current Assets			
Cash	\$ 632,787	\$ -	\$ 632,787
Reclamation bond	5,000	-	5,000
Prepays	3,534	-	3,534
Other receivables	313	-	313
Total current assets	641,634	-	641,634
Exploration and evaluation assets	40,000	-	40,000
	\$ 681,634	\$ -	\$ 681,634
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Accounts payable and accrued liabilities	\$ 31,484	\$ -	\$ 31,484
Shareholders' Equity			
Capital stock	637,497	-	637,497
Reserves	323,299	-	323,299
Deficit	(310,646)	-	(310,646)
	650,150	-	650,150
	\$ 681,634	\$ -	\$ 681,634

WCB RESOURCES LTD.
(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

Expressed in Canadian Dollars

For the Thirteen-Month Period Ended June 30, 2012 and Twelve-Month Period Ended May 31, 2011

17. FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

Reconciliation of Consolidated Statement of Financial Position as at May 31, 2011

	Sub note	Canadian GAAP	Effect of transition to IFRS	IFRS
ASSETS				
Current Assets				
Cash		\$ 326,905	\$ -	\$ 326,905
Reclamation bond		5,000	-	5,000
Prepays		5,014	-	5,014
Other receivables		2,813	-	2,813
Total current assets		339,732	-	339,732
Exploration and evaluation assets		254,742	-	254,742
		\$ 594,474	\$ -	\$ 594,474
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current Liabilities				
Accounts payable and accrued liabilities		\$ 14,283	\$ -	\$ 14,283
Shareholders' Equity				
Capital stock		712,199	-	712,199
Reserves	(i)	300,428	1,209	301,637
Deficit	(i)	(432,436)	(1,209)	(433,645)
		580,191	-	580,191
		\$ 594,474	\$ -	\$ 594,474

WCB RESOURCES LTD.
(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

Expressed in Canadian Dollars

For the Thirteen-Month Period Ended June 30, 2012 and Twelve-Month Period Ended May 31, 2011

17. FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

Reconciliation of Consolidated Statement of Operations and Comprehensive Loss for the Twelve-Month Period Ended May 31, 2011

	Sub note	Canadian GAAP	Effect of transition to IFRS	IFRS
INTEREST INCOME				
Interest received		\$ (98)	\$ -	\$ (98)
EXPENSES				
Professional fees		20,568	-	20,568
Administration		16,389	-	16,389
Operating		5,575	-	5,575
Consulting fees		63,302	-	63,302
Transfer agent and filing fees		15,424	-	15,424
Share-based payments	(i)	1,831	1,209	3,040
Foreign exchange gain		(1,201)	-	(1,201)
Total expenses		121,888	1,209	123,097
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD		\$ 121,790	\$ 1,209	\$ 122,999
Loss per common share - basic and diluted		\$ 0.008	-	\$ 0.008
Weighted average number of common shares outstanding		15,028,630	-	15,028,630

WCB RESOURCES LTD.
(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

Expressed in Canadian Dollars

For the Thirteen-Month Period Ended June 30, 2012 and Twelve-Month Period Ended May 31, 2011

17. FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

Reconciliation of Consolidated Statement of Cash Flows for the Twelve-Month Period Ended May 31, 2011

	Sub note	Canadian GAAP	Effect of transition to IFRS	IFRS
OPERATING ACTIVITIES				
Loss for the period	(i)	\$ (121,790)	\$ (1,209)	\$ (122,999)
Adjustments to reconcile loss to net cash used in operating activities				
Share-based payments	(i)	1,831	1,209	3,040
Unrealized foreign exchange loss		(6,781)	-	(6,781)
Changes in non-cash working capital items				
Prepays		(1,480)	-	(1,480)
Other receivables		(2,500)	-	(2,500)
Accounts payable and accrued liabilities		(11,201)	-	(11,201)
Total cash used in operating activities		(141,921)	-	(141,921)
INVESTING ACTIVITIES				
Expenditures on exploration and evaluation assets		(220,742)	-	(220,742)
Cash received on issuance of shares		50,000	-	50,000
Foreign exchange effect on cash		6,781	-	6,781
Total decrease in cash during the period		(305,882)	-	(305,882)
Cash, beginning of period		632,787	-	632,787
Cash, end of period		\$ 326,905	\$ -	\$ 326,905

WCB RESOURCES LTD.
(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

Expressed in Canadian Dollars

For the Thirteen-Month Period Ended June 30, 2012 and Twelve-Month Period Ended May 31, 2011

17. FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

Explanations for the adjustments are as follows:

(i) Share-based Payments

Pre-changeover Canadian GAAP allows the Company to calculate the fair value of share-based payments on all awards granted and recognizes the expense from the date of grant over the vesting period using the graded vesting methodology. The Company determines the fair value of stock options granted using the Black-Scholes option pricing model.

IFRS 2 requires each tranche in an award with graded vesting to be considered a separate grant with a different vesting date and fair value. Each grant is accounted for on that basis.