CAMINO MINERALS CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JULY 31, 2012
(Expressed in Canadian Dollars)

#1510 – 999 West Hastings Street, Vancouver, B.C. CANADA V6C 2W2
Phone: (604) 629-8294 Fax: 604-683-8350

November 19, 2012

Independent Auditor's Report

To the Shareholders of Camino Minerals Corp.

We have audited the accompanying financial statements of Camino Minerals Corp., which comprise of the consolidated statements of financial position as at July 31, 2012, July 31, 2011 and August 1, 2010 and the consolidated statements of loss and consolidated statements of comprehensive loss, consolidated statements of cash flows and consolidated statements of changes in equity for the years ended July 31, 2012 and July 31, 2011 and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

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

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the 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 auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained 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 Camino Minerals Corp. as at July 31, 2012, July 31, 2011 and August 1, 2010 and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

Signed "PricewaterhouseCoopers LLP"

Chartered Accountants

PricewaterhouseCoopers LLP
PricewaterhouseCoopers Place, 250 Howe Street, Suite 700, Vancouver, British Columbia, Canada V6C 3S7
T: +1 604 806 7000, F: +1 604 806 7806

CAMINO MINERALS CORPORATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
Expressed in Canadian dollars

	Notes	July 31, 2012 $	July 31, 2011 $ (Note 15)	August 1, 2010 $ (Note 15)
ASSETS				
Current assets				
Cash and cash equivalents		2,029,956	5,426,742	8,599,733
Receivables		25,521	13,861	270,879
Deposits and prepaid expenses		82,245	65,754	107,000
Total current assets		2,137,722	5,506,357	8,977,612
Non-current assets				
Value added tax receivable	9	-	195,477	151,492
Property plant and equipment	7	115,432	153,783	111,884
Mineral interests	4	5,894,810	5,825,897	3,586,865
		6,208,395	6,175,157	3,850,241
Total Assets		8,147,964	11,681,514	12,827,853
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities		44,326	293,194	41,575
Total liabilities		44,326	293,194	41,575
EQUITY				
Share capital	5	14,731,000	14,606,000	14,606,000
Reserves	5	12,220,615	12,220,615	12,220,615
Share based payment reserves	5	1,469,812	1,064,335	-
Accumulated other comprehensive loss	5	(519,456)	(52,313)	(47,677)
Deficit		(19,798,333)	(16,450,317)	(13,992,660)
Total equity		8,103,638	11,388,320	12,786,278
Total Equity and Liabilities		8,147,964	11,681,514	12,827,853

These consolidated financial statements are authorized for issuance by the Board of Directors on November 30, 2012.

On behalf of the Board:

James Tutton	*R.E. Gordon Davis*
James Tutton	R.E. Gordon Davis
(Chairman of Audit Committee)	(Director)

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

CAMINO MINERALS CORPORATION
CONSOLIDATED STATEMENTS OF LOSS
Expressed in Canadian dollars

	Notes	Year ended July 31, 2012 $	Year ended July 31, 2011 $
			(Note 15)
EXPENSES			
Amortization	7	11,912	12,992
General and administrative		56,006	143,656
General exploration		32,647	7,950
Insurance		40,486	94,611
Investor relations		98,608	381,732
Listing and filing fees		15,144	20,197
Professional fees		167,210	147,241
Rent		113,007	106,804
Salaries and wages		448,361	468,026
Share based compensation	5	353,212	903,749
Shareholder relations		16,753	28,281
Transfer agents		12,317	11,823
Travel		421	4,079
Loss before other items		1,366,084	2,331,141
OTHER ITEMS			
Foreign exchange loss (gain)		(25,312)	52,433
Interest (income)		(40,689)	(77,409)
Mineral interests write-off	4	1,705,342	-
VAT write-down	9	342,591	151,492
Net loss for the year		3,348,016	2,457,657
Basic and diluted loss per common share	5	(0.05)	(0.04)

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

CAMINO MINERALS CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
Expressed in Canadian dollars

	Year ended July 31, 2012 $	Year ended July 31, 2011 $
Net loss for the year	3,348,016	2,457,657
Other comprehensive loss for the year:		
Currency translation difference	467,143	4,636
Net comprehensive loss for the year	3,815,159	2,462,293

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

CAMINO MINERALS CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
Expressed in Canadian dollars

	Notes	Year ended July 31, 2012 $	Year ended July 31, 2011 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the year		$ (3,348,016)	$ (2,457,657)
Items not affecting cash:			
Amortization	7	11,912	12,992
Share-based compensation	5	353,212	903,649
Write-off of mineral interests	4	1,705,342	
Write-down of VAT recoverable	9	342,591	151,492
Change in non-cash working capital items:			
Receivables		(6,608)	7,954
Prepaid expenses		(212)	41,442
Accounts payable and accrued liabilities		(27,236)	3,675
Net cash used in operating activities		(969,015)	(1,336,453)
CASH FLOWS FROM INVESTING ACTIVITIES			
Change in value added tax recoverable		(160,453)	(161,421)
Expenditures on mineral interests	4	(2,296,515)	(1,842,619)
Proceeds received on sale of property		-	250,000
Purchase of property, plant and equipment	7	(1,342)	(79,310)
Net cash used in investing activities		(2,458,310)	(1,833,350)
Foreign exchange gains (losses) on foreign cash held		30,539	(3,189)
Change in cash and cash equivalents for the year		(3,396,786)	(3,172,992)
Cash and cash equivalents, beginning of year		5,426,742	8,599,733
Cash and cash equivalents, end of year		$ 2,029,956	$ 5,426,742

See note 12 for supplemental cash flow information

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

CAMINO MINERALS CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
Expressed in Canadian dollars

	Common shares						
	Number of shares	Amount $	Reserves $	Share-based payments reserve $	Accumulated currency translation difference $	Deficit $	Total $
Balance – August 1, 2010	64,265,432	14,606,000	12,220,615	-	(47,677)	(13,992,660)	12,786,278
Value assigned to options granted	-	-	-	1,064,335	-	-	1,064,335
Other comprehensive loss	-	-	-	-	(4,636)	-	(4,636)
Loss for the year	-	-	-	-	-	(2,457,657)	(2,456,667)
Balance – July 31, 2011	**64,265,432**	**14,606,000**	**12,220,615**	**1,064,335**	**(52,313)**	**(16,450,317)**	**11,388,320**

	Common shares						
	Number of shares	Amount $	Reserves $	Share-based payments reserve $	Accumulated currency translation difference $	Deficit $	Total $
Balance – August 1, 2011	64,265,432	14,606,000	12,220,615	1,064,335	(52,313)	(16,450,317)	11,388,320
Value assigned to options granted (property and administration)	-	-	-	405,477	-	-	405,477
Shares issued for properties	1,000,000	125,000	-	-	-	-	125,000
Other comprehensive loss	-	-	-	-	(467,143)	-	(467,143)
Loss for the year	-	-	-	-	-	(3,348,016)	(3,348,016)
Balance – July 31, 2012	**65,265,432**	**14,731,000**	**12,220,615**	**1,469,812**	**(519,456)**	**(19,798,333)**	**8,103,638**

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

1. NATURE OF OPERATIONS

Camino Minerals Corporation ("Camino Minerals" or "the Company") is an exploration stage company that is engaged directly in the exploration and development of mineral properties in Mexico. The Company is incorporated and domiciled in British Columbia, Canada. The address of its registered and head office is 1510-999 West Hastings Street, Vancouver, B.C. V6C 2W2.

The recoverability of the amounts shown for mineral property assets is dependent upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties and the ability of the Company to obtain the necessary financing to continue the exploration and future development of its mining properties, or realizing the carrying amount through a sale.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance

The Company prepares its financial statements in accordance with Canadian generally accepted accounting principles as defined in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards ("IFRS") and to require publicly accountable enterprises to apply these standards effective for years beginning on or after January 1, 2011. Accordingly, these are the Company's first annual consolidated financial statements prepared in accordance with IFRS. In these financial statements, the term "Canadian GAAP" refers to Canadian GAAP before the adoption of IFRS.

Subject to certain transition elections and exceptions disclosed in Note 15, the Company has consistently applied the accounting policies used in the preparation of its opening IFRS statement of financial position at August 1, 2010 throughout all periods presented, as if these policies had always been in effect. Note 13 discloses the impact of the transition to IFRS on the Company's reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Company's consolidated financial statements for the year ended July 31, 2011 prepared under Canadian GAAP.

These consolidated annual financial statements have been prepared on a historical cost basis. In addition, the annual financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

b) Basis of Consolidation

These consolidated financial statements include the accounts of the Company, and its wholly owned subsidiaries Rojo Resources S.A. de C.V. ("RRE") and Recursos Mineros Rojo S.A. de C.V. ("RMR"). All intercompany transactions and balances have been eliminated.

Name of Subsidiary	Place of Incorporation	Proportion of Ownership Interest	Principal Activity
Rojo Resources S.A. de C.V.	Mexico	100%	Holds interest in mineral interests in Mexico
Recursos Mineros Rojo S.A. de C.V.	Mexico	100%	Performs payroll function in Mexico

c) Significant Accounting Estimates and Judgments

The preparation of these consolidated financial statements requires management to make certain estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impact of such estimates is pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period relate to, but are not limited to, the following:

i. the recoverability of Mexican VAT receivable. Management uses all relevant facts available, such as the development of VAT policies in Mexico, past collectability, and the general economic environment of Mexico to determine if the VAT is impaired;
ii. the recoverability of the carrying value of the investment in mineral interests. The estimation of the impairment indicators involves the application of a number of significant judgments and estimates to certain variables including metal price trends, plans for properties and the results of exploration to date;

d) Segment Reporting

The Company operates in a single reportable operating segment – the acquisition, exploration and development of mineral interests.

e) Property, plant and equipment

Property, plant and equipement are carried at cost, less accumulated amortization and accumulated impairment losses. Cost comprises the fair value of consideration given to acquire an asset and includes the direct charges associated with bringing the asset to the location and condition necessary for putting it into use along with the future cost of dismantling and removing the asset. When parts of an item of fixed assets have different useful lives, they are accounted for as separate items (major components) of fixed assets.

Amortization is calculated over the useful life of the asset at rates ranging from 15% to 30% per annum once the asset is available for use. Leasehold improvements are amortized over the shorter of their economic lives and the lease term plus lease renewals, if any, only when such renewals are reasonably assured. Amortization charges on assets that are directly related to mineral properties are allocated to that mineral property.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

f) Foreign currencies

The Company's functional and reporting currency is the Canadian dollar. The functional currency of RRE and RMR is the Mexican Peso.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of RRE and RMR are translated into the Canadian dollar using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences are recognized in other comprehensive income and accumulated in equity.

g) Mineral interests

Expenditures on mineral exploration or evaluation incurred in respect of a property before the acquisition of a license to explore are expensed, as incurred, to general mineral exploration. Once a license to explore an area has been secured, expenditures on exploration and evaluation activities are capitalized to exploration and evaluation assets and classified as a non-current asset.

Mineral property acquisition costs are included in exploration and evaluation and include any cash consideration and advance royalties paid, and the fair market value of shares issued, if any, on the acquisition of the mineral property interest. Properties acquired under option agreements, whereby payments are made at the sole discretion of the Company, are recorded in the accounts when the payments are made.

Exploration expenditures relate to the initial search for deposits with economic potential and to detailed assessments of deposits or other projects that have been identified as having economic potential.

All capitalized exploration and evaluation expenditures are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest, as described in note 2(h). To the extent that exploration expenditure is not expected to be recovered, it is charged to the results of operations.

Once an economically viable reserve has been determined for an area and the decision to proceed with development has been approved, exploration and evaluation assets attributable to that area are first tested for impairment and then reclassified to property, plant and equipment.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

h) Impairment

At each reporting period, management reviews all assets for indicators of impairment. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction. In assessing value in use, the estimated future cash flows are discounted to their present value. If the recoverable amount of the asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for that period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which that asset belongs.

Past impairments are also considered at each reporting period and where there is an indication that an impairment loss may have decreased, the recoverable amount is calculated as outlined above to determine the extent of the recovery. If the recoverable amount of the asset is more than its carrying amount, the carrying amount of the asset is increased to its recoverable amount and the impairment loss is reversed in the profit or loss for that period. The increased carrying amount due to reversal will not be more than what the depreciated historical cost would have been if the impairment had not been recognized.

i) Share-based payment transactions

The Company's Stock Option Plan allows employees and consultants to acquire shares of the Company. Share-based payments to employees are measured at the fair value of the instruments issued and recorded as an expense over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The fair value of the share-based payment is measured using the Black-Scholes option pricing model. The fair value of the share based payment is recognized as an expense or capitalized to mineral interests with a corresponding increase in share-based payment reserves. Consideration received on the exercise of stock options is recorded as share capital and the related share-based payment reserves amount is transferred to share capital.

j) Provision for closure and reclamation

A liability for on-site reclamation is recognized on a discounted cash flow basis when a reasonable estimate of the obligation can be made. The provision is recorded as a liability with a corresponding increase to the carrying amount of the related long-lived asset. Subsequently, the asset retirement cost is allocated to expense using a systematic and rational method and is adjusted to reflect period-to-period changes in the liability resulting from the passage of time, adjustments for changes in the current market-based discount rate and from revisions to either expected payment dates or the amounts comprising the original estimate of the obligation.

The Company has no material restoration, rehabilitation and environmental costs as the disturbance to date is minimal.

k) Loss per share

Loss per common share is calculated using the weighted average number of common shares outstanding. Diluted loss per share is not presented as it is anti-dilutive.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

l) Value added tax ("VAT")

Valued added tax ("VAT") credit refundable is from the Government of Mexico and is currently calculated as 16% of expenditures in Mexico. VAT refunds are reviewed for impairment at each financial reporting date for collectability. If impairment is determined to exist, the asset will be written down to the estimated recoverable amount.

m) Share Capital

The Company records proceeds from share issuances net of issue costs. Common shares issued for consideration other than cash are valued based on their market value at the date of the agreement to issue shares were concluded.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

n) Financial instruments

Financial assets

The Company classifies its financial assets in the following categories: fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

i. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are initially recognized at fair value with changes in fair value recorded through income.

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets or non-current assets based on their maturity date. Loans and receivables are carried at amortized cost less any impairment. Loans and receivables are comprised of cash and cash equivalents and trade and other receivables.

iii. Available-for-sale financial assets

Available-for-sale (AFS) financial assets are non-derivative assets that are either designated as available-for-sale or not classified in any of the other financial asset categories. Changes in the fair value of AFS financial assets are recognized as other comprehensive income and classified as a component of equity. AFS assets marketable securities and other investments consisting of shares of other entities.

Management assesses the carrying value of AFS financial assets at each reporting period and any impairment charges are also recognized in profit or loss. When financial assets classified as available-for-sale are sold, the accumulated fair value adjustments recognized in other comprehensive income are included in profit or loss.

Financial liabilities

The Company's financial liabilities are classified as borrowings and other financial liabilities.

Borrowings and other financial liabilities are non-derivative liabilities and are recognized initially at fair value, net of transaction costs incurred and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in the income statement over the period to maturity using the effective interest method.

Borrowings and other financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include accounts payable and accrued liabilities.

3. NEW ACCOUNTING STANDARDS AND RECENT PRONOUNCEMENTS

New standards, amendments and interpretations to existing standards not adopted by the Company

The Company has not yet adopted certain new standards, amendments and interpretations to existing standards, which have been published but are only effective for accounting periods beginning on or after January 1, 2012 or later periods.

The following standards are effective for the Company's annual reporting period beginning August 1, 2013 unless otherwise noted:

- IFRS 9, *Financial Instruments, Classification and Measurement*. This standard is effective for the Company's annual reporting period beginning August 1, 2014. The Company anticipates that the adoption of this standard will have no material impact except for additional disclosures.

- IFRS 10, *Consolidated Financial Statements*, replaces the guidance on control and consolidation in IAS 27, Consolidated and Separate Financial Statements, and SIC-12, Consolidation – Special Purpose Entities. IFRS 10 changes the definition of control under IFRS so that the same criteria are applied to all entities to determine control. The Company anticipates that the adoption of this standard will have no material impact.

- IFRS 11, *Joint Arrangements*, replaces IAS 31, Interests in Joint Ventures. IFRS 11 reduces the types of joint arrangements to two: joint ventures and joint operations. IFRS 11 requires the use of equity accounting for interests in joint ventures, eliminating the existing policy choice of proportionate consolidation for jointly controlled entities under IAS 31. Entities that participate in joint operations will follow accounting much like that for jointly controlled assets and jointly controlled operations under IAS 31. The Company anticipates that the adoption of this standard will have no material impact.

- IFRS 12, *Disclosure of Interests in Other Entities*, sets out the disclosure requirements for entities reporting under IFRS 10 and IFRS 11, and replaces the disclosure requirements currently found in IAS 28, Investments in Associates. The Company anticipates that the adoption of this standard will have no material impact.

- IFRS 13, *Fair Value Measurement*, this new standard sets out a framework for measuring fair value and the disclosure requirements for fair value measurements.

- There have been amendments to existing standards, including IAS 27, *Separate Financial Statements* (IAS 27), and IAS 28, *Investments in Associates and Joint Ventures* (IAS 28). IAS 27 addresses accounting for subsidiaries jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10- 13. The Company anticipates that the adoption of this standard will have no material impact.

- IAS 1, *Presentation of Financial Statements*, has been amended to require entities to separate items presented in OCI into two groups, based on whether or not items may be recycled in the future. Entities that choose to present OCI items before tax will be required to show the amount of tax related to the two groups separately. The amendment is effective for annual periods beginning on or after July 1, 2012 with earlier application permitted. The Company anticipates that the adoption of this standard will have no material impact.

Expressed in Canadian dollars

4. MINERAL INTERESTS

El Secreto

On April 5, 2012, the Company signed a definitive option agreement with Arcelia Gold Corp ("Arcelia"), pursuant to which the Company can acquire from Arcelia up to an 80% interest in the El Secreto Gold, Silver and Copper project ("El Secreto") located Sinaloa State, Mexico. The parties have agreed that the consideration payable by the Company in order to acquire up to a 60% interest in the Property will consist of total cash payments of US$200,000, the issuance of 2,000,000 Camino common shares and incurring exploration expenditures in the amount of USD$4,000,000 over a four year period.

Date of option payment	Amount USD $	Share issuance
On execution of the LOI (paid)	25,000	-
Within five business days of regulatory approval (paid and issued)	50,000	500,000
On or before the 2nd anniversary of the option agreement	25,000	500,000
On or before the 3rd anniversary of the option agreement	50,000	500,000
On or before the 4th anniversary of the option agreement	50,000	500,000
TOTAL:	200,000	2,000,000

Work commitment date	Exploration expenditures USD$
On or before the 1st anniversary of the option agreement	500,000
On or before the 2nd anniversary of the option agreement	1,000,000
On or before the 3rd anniversary of the option agreement	1,000,000
On or before the 4th anniversary of the option agreement	1,500,000
TOTAL:	4,000,000

Rodeo, El Rincon, and Mecatona Gold projects

On March 16, 2012, the Company purchased the back-in rights that Silver Standard held with respect to each of the El Rincon Gold Project and the Mecatona Gold-Silver Project, and Silver Standard's right of first offer with respect to the Rodeo Gold Projects (collectively, the "Rights"). In consideration for the transfer of the Rights, the Company issued to Silver Standard 500,000 of its common shares.

Rodeo gold project, Durango State, Mexico

In fiscal 2003, the Company entered into a lease with an option to purchase agreement for a 100% interest in the Rodeo property located 150 kilometers north of Durango, Mexico. Under the terms of the agreement with La Cuesta International Inc. ("LCI"), owner of the Rodeo property, the Company may make staged payments of US$5,000 (paid on acquisition); the greater of US$5,000 or 2% of all direct exploration expenditures payable every six months (paid to date) thereafter and a 0.25% net smelter royalty. The maximum amount payable in respect of this agreement is US$500,000. At July 31, 2012, a total of US$129,783 was paid in respect to this agreement. Subsequent to year end, the Company reduced the size of the Rodeo claims.

El Rincon gold project, Durango State, Mexico

In fiscal 2004, the Company acquired, by staking, the El Rincon gold project in Durango, Mexico, subject to a finder's fee to LCI.

Under the terms of the agreement with LCI, the Company is required to pay LCI: US$5,000 on signing the agreement (paid); every six months commencing May 3, 2004, the greater of US$5,000 and 2% of direct exploration expenditures made for the benefit of the property (paid to date); and, on commencement of commercial production on the property, a 0.25% net smelter return royalty; provided that the maximum amount payable to LCI for the El Rincon property is US$2,000,000.

4. MINERAL INTERESTS (Cont'd)

El Rincon gold project, Durango State, Mexico (Cont'd)

During fiscal 2012, the El Rincon gold project was written-off due to no additional future exploration plans.

Mecatona gold-silver project, Chihuahua State, Mexico

In fiscal 2006, the Company acquired, by a combination of option agreements and staking, four claim blocks for a 100% interest in the Mecatona property located in the Mecatona gold/silver district in the state of Chihuahua, Mexico, south of Parral.

For two claims, the Company agreed to pay, under separate option agreements, two private owners an aggregate of US$15,000 on signing (paid). Subsequent option payments for one of these claim blocks are US$10,000 on November 25, 2006 (paid), US$20,000 on November 25, 2007 (paid), US$215,000 on November 25, 2008 (paid) and a 1% net smelter return royalty capped at US$250,000. The Company acquired the remaining two claim blocks that comprise the Mecatona property by staking.

Under the terms of the agreement with LCI, the Company is required to pay LCI: US$5,000 on acquisition of the property (paid); every six months, the greater of US$5,000 and 2% of direct exploration expenditures made for the benefit of the property (paid to date); and, on commencement of commercial production on the property, a 0.25% net smelter return royalty; provided that the maximum amount payable to LCI for the Mecatona property is US$2,000,000. At July 31, 2012, a total of US$75,000 was paid in respect to this agreement.

Maijoma claim group, Chihuahua State, Mexico

In fiscal 2006, the Company acquired by staking a 100% interest in the Maijoma Prospect located in Chihuahua State, Mexico, subject to the payment of a finder's fee to LCI.

Under the terms of the agreement with LCI, the Company is required to pay LCI: US$5,000 on acquisition of the property (paid); every six months, the greater of US$5,000 and 2% of direct exploration expenditures made for the benefit of the property (paid to date); and, on commencement of commercial production on the property, a 0.25% net smelter return royalty; provided that the maximum amount payable to LCI for the Maijoma property is US$2,000,000. At July 31, 2012, a total of US$65,000 was paid in respect to this agreement.

In fiscal 2006, the Company acquired by staking a 100% interest in the El Alamo Prospect located in Chihuahua State, Mexico, subject to the payment of finder's fees to LCI. The El Alamo prospect is considered to be part of the Maijoma property.

Under the terms of the agreement with LCI, the Company is required to pay LCI for the El Alamo claim block: US$5,000 on acquisition of the property (paid); every six months, the greater of US$5,000 and 2% of direct exploration expenditures made for the benefit of the property (paid to date); and, on commencement of commercial production on the property, a 0.25% net smelter return royalty; provided that the maximum amount payable to LCI for the El Alamo claim block is US$2,000,000. At July 31, 2012, a total of US$60,000 was paid in respect to this agreement.

For the Agua Loca claim block, the Company is also required to pay LCI US$5,000 on acquisition of the property (paid); every six months, the greater of US$5,000 and 2% of direct exploration expenditures made for the benefit of the property (paid to date); and, on commencement of commercial production on the property, a 0.25% net smelter return royalty; provided that the maximum amount payable to LCI for the Agua Loca claim block is US$2,000,000. At July 31, 2012, a total of US$60,000 was paid in respect to this agreement.

Subsequent to year end, the Company dropped several Maijoma claims to focus on the core Maijoma property.

Expressed in Canadian dollars

4. MINERAL INTERESTS (Cont'd)

The Company's mineral interests consist of gold exploration projects in Mexico.

Expenditures on the Company's mineral interests are summarized as follows:

	Rodeo **$**	**El Rincon** **$**	**Mecatona** **$**	**Maijoma** **$**	**El Secreto** **$**	**Total** **$**
Balance, July 31, 2011	2,329,263	1,293,043	713,494	1,490,095	-	5,825,895
Acquisition	23,333	23,334	23,333	-	130,000	200,000
Assaying	135,670	-	-	7,956	25,747	169,373
Amortization	18,689	-	-	3,106	2,612	24,407
Claim taxes	46,591	34,330	11,978	94,688	5,147	192,734
Community work	-	-	-	10,688	-	10,688
Consulting	145,887	9,801	10,109	44,483	25,497	235,777
Drilling	732,622	-	-	-	-	732,622
Engineering and drafting	10,749	-	-	1,400	12,763	24,912
Field and office supplies	71,875	1,830	668	6,682	30,830	111,885
Finder fees	45,482	15,086	10,316	25,519	-	96,403
Geology and prospecting	35,445	-	-	-	12,000	47,445
Geophysics ground	-	-	-	3,912	-	3,912
Miscellaneous	-	-	-	-	6,355	6,355
Salaries	114,317	8,811	9,632	22,847	40,193	195,800
Share-based compensation	34,805	2,123	1,446	6,755	7,027	52,156
Subsidiary overhead allocation	65,458	2,665	777	12,712	1,011	82,624
Travel	48,999	1,898	1,426	19,659	26,257	98,239
Exploration costs for the period	1,506,589	76,544	46,352	260,407	195,439	2,085,332
Currency translation difference	(284,486)	(65,879)	(58,817)	(100,949)	(943)	(511,074)
Write-off of mineral interests	(378,300)	(1,327,042)	-	-	-	(1,705,342)
Balance July 31, 2012	3,196,399	-	724,362	1,649,553	324,496	5,894,810

Expressed in Canadian dollars

4. MINERAL INTERESTS (Cont'd)

	Rodeo $	**El Rincon** $	**Mecatona** $	**Maijoma** $	**Total** $
Balance, July 31, 2010	1,546,502	384,775	590,431	1,065,157	3,586,865
Acquisition	-	-	-	-	-
Assaying	2,415	135,862	-	8,728	147,005
Amortization	7,014	13,667	1,277	1,964	23,922
Consulting	76,959	43,794	742	13,815	135,310
Claim taxes	79,266	68,381	14,116	178,991	340,754
Drilling	136,568	176,834	-	-	313,402
Engineering and drafting	5,602	56,598	15,345	12,584	90,129
Equipment and supplies	1,202	444	-	4,012	5,658
Field and office supplies	96,835	23,432	1,819	4,917	127,003
Finder fees	4,837	9,835	4,837	19,712	39,221
Geochemistry	6,530	14,466	-	-	20,996
Geology and prospecting	71,503	37,920	-	19,917	129,340
Geophysics ground	140,120	98,704	46,366	131,425	416,615
Miscellaneous	17,215	40,231	13,171	(35,213)	35,404
Salaries	23,493	28,965	-	2,304	54,762
Subsidiary overhead allocation	23,464	41,653	4,479	10,827	80,423
Stock based compensation	47,931	71,295	7,657	32,417	159,300
Travel	32,040	69,859	1,035	21,718	124,652
Exploration costs for the year	772,994	931,940	110,844	428,118	2,243,896
Currency translation difference	9,767	(23,672)	12,219	(3,180)	(4,866)
Balance July 31, 2011	2,329,262	1,293,043	713,494	1,490,095	5,825,895

Expressed in Canadian dollars

5. CAPITAL AND RESERVES

Authorized Share Capital

At July 31, 2012, the authorized share capital consisted of an unlimited number of common shares without par value and an unlimited number of preferred shares with no par value.

On March 16, 2012, the Company issued 500,000 shares valued at 0.14/share for the purchase of back in rights from Silver Standard Resources. See note 4.

On April 17, 2012, the Company issued 500,000 shares valued at 0.11/share for the acquisition of the El Secreto proprety. See note 4.

Basic and diluted loss per share

The calculation of basic and diluted loss per share is based on the following:

	Year ended July 31, 2012	Year ended July 31, 2011
Loss attributable to common shareholders	$ 3,348,016	$ 2,457,657
Weighted average number of common shares outstanding for calculation of loss per share	64,596,033	64,265,432

Share Option Plan

The Company has a share option plan for its employees, directors, officers and consultants. The plan provides for the issuance of incentive options to acquire up to a total of 10% of the issued and outstanding common shares of the Company. The exercise price of each option shall not be less than the minimum prescribed amount allowed under the TSX. The options can be granted for a maximum term of 5 years with vesting provisions determined by the Company.

During the year ended July 31, 2012, the Company granted 950,000 (2011- 1,625,000) stock options at an exercise price of $0.18 (2011- $0.51) to employees, directors and consultants for a life of 5 years and a vesting term of 2 years, with 25% vesting every 6 months from the date of grant.

On January 25, 2011, the Company's stock option plan was approved by the shareholders at the Company's annual general meeting. Accordingly, the corresponding share-based compensation was recorded for the fiscal 2011 year.

Continuity of share purchase options for the years ended July 31, 2012, 2011 and 2010 are as follows:

	Options Outstanding	Weighted Average Exercise Price $
At July 31, 2010	2,300,000	0.20
Granted	1,625,000	0.51
Cancelled/Expired	(25,000)	0.36
Exercised	-	-
At July 31, 2011	3,900,000	0.33
Granted	950,000	0.18
Cancelled/Expired	(475,000)	0.23
Exercised	-	-
At July 31, 2012	4,375,000	0.31

Expressed in Canadian dollars

5. CAPITAL AND RESERVES (Cont'd)

The fair value of stock options granted in 2012 was estimated based on the Black-Scholes option pricing model using a weighted average volatility of 105.39% (2011- 106.73%), risk free interest rate of 1.46% (2011- 2.23%), expected life of 5 years (2011- 5 years) and expected dividend yield of nil (2011 – nil). The weighted average fair value of options granted in 2012 was $0.134 (2011- $0.39).

Option pricing models require the input of subjective assumptions including the expected price volatility, and expected option life. Changes in these assumptions may have a significant impact on the fair value calculation.

The following table summarizes information about stock options outstanding and exercisable at July 31, 2012:

Exercise Price $	Option Outstanding	Weighted Average Remaining Life (years)	Options exercisable
0.18	950,000	4.2630	475,000
0.20	1,800,000	2.5186	1,350,000
0.34	100,000	3.0459	75,000
0.36	175,000	3.1859	131,250
0.40	50,000	3.1589	37,500
0.53	1,300,000	3.3342	975,000
At July 31, 2012	4,375,000	3.1858	3,043,750

Reserves

On February 3, 2010, Goldcorp Inc. ("Goldcorp") acquired Canplats Resources Corporation ("Canplats"), the predecessor corporation to the Company through a Plan of Arrangement ("the Arrangement"). As part of the Arrangement, Camino Minerals received cash in the amount of $10 million, office equipment relating to Canplats' corporate office, and Canplats' existing interests in precious and base metal properties in Mexico, other than the Camino Rojo Project, through a newly-incorporated, wholly-owned Mexican subsidiary. The consolidated financial statements have been presented under the continuity of interests basis of accounting with balance sheet amounts based on the amounts recorded by Canplats.

The cash received and office equipment acquired are recognized as part of Reserves of the Company upon completion of the Arrangement.

6. RELATED PARTIES

During the year ended July 31, 2012, the Company was billed $92,500 (2011- $93,250) for external accounting and related fees provided by a private company controlled by an officer of the Company. As at July 31, 2012, $nil (2011- $9,800) was due to this private company.

Any amounts payable to related parties are non-interest bearing and without specific terms of repayment. These transactions were in the normal course of operations and are measured at the exchange amount, which is the amount established and agreed to by the related parties.

Key management personnel compensation

Compensation	2012	2011
	$	$
Short-term employee benefits	527,762	549,915
Share-based payments	301,385	698,603
	829,147	1,248,518

Key management personnel include the Company's directors and officers.

Expressed in Canadian dollars

7. PROPERTY, PLANT AND EQUIPMENT

	Computer Equipment	Furniture and Office Equipment	Leasehold improvements	Vehicles and machinery	Total
	$	$	$	$	$
Cost					
Balance, August 1, 2010	25,038	46,230	41,583	45,367	158,218
Additions	3,684	-	-	75,626	79,310
Balance, July 31, 2011	28,722	46,230	41,583	120,993	237,528
Additions	1,343	-	-	-	1,343
Balance, July 31, 2012	30,065	46,230	41,583	120,993	238,871
Accumulated depreciation					
Balance, August 1, 2010	(16,219)	(15,878)	(14,237)	-	(46,334)
Depreciation for the year	(3,595)	(4,558)	(5,198)	(23,562)	(66,913)
Balance, July 31, 2011	(19,814)	(20,436)	(19,435)	(23,562)	(83,247)
Depreciation for the year	(3,087)	(3,856)	(5,199)	(23,434)	(35,576)
Balance, July 31, 2012	(22,901)	(24,292)	(24,634)	(46,996)	(118,823)
Currency translations differences					
August 1, 2010	-	-	-	-	-
Change for the year	(29)	(83)	(71)	(315)	(498)
July 31, 2011	(29)	(83)	(71)	(315)	(498)
Change for the year					
July 31, 2012	(275)	(844)	(652)	(2,846)	(4,616)
Carrying amounts					
August 1, 2010	8,819	30,352	27,346	45,367	111,884
July 31, 2011	8,880	25,711	22,077	97,116	153,783
July 31, 2012	6,889	21,094	16,298	71,151	115,432

Expressed in Canadian dollars

8. DEFERRED INCOME TAXES

The following is a reconciliation of income taxes at statutory rates:

	2012	2011
	$	$
Net loss for the year, before taxes	3,348,016	2,457,657
Blended statutory tax rate	25%	26.5%
Expected income tax recovery	837,004	651,279
Net adjustment for non-deductible amounts	(322,200)	(285,188)
Change in statutory rates	-	(28,797)
Unrecognized benefit of non-capital losses	(514,804)	(337,294)
Income tax expense (recovery), net	-	-

The significant components of the Company's deferred income tax assets (liabilities) are as follows:

	2012	2011	August 1, 2010
	$	$	$
Deferred income tax assets (liabilities):			
Mineral interests	(673,545)	(172,144)	(188,433)
Equipment	(9,142)	(11,707)	-
Tax loss carry-forwards	1,735,582	719,377	398,372
Amounts not recognized	(1,062,037)	(547,233)	(209,939)
Net deferred income tax liabilities	-	-	-

The Company has Canadian non-capital losses of approximately $3 million (2011 - $2.2 million) and Mexico non-capital losses of approximately $3.8 million (2011- $0.65 million), which are available to reduce future taxable income and which expire between 2030 and 2033.

9. VALUE ADDED TAX ("VAT") RECEIVABLE

At July 31, 2012 and 2011, IVA value added tax credits refundable form the Government of Mexico are calculated as 16% of expenditures in Mexico. The Company has been experiencing delays in obtaining IVA refunds, and as a result, had written off the VAT balance at July 31, 2012 of $342,591 (2011- $151,492).

10. FINANCIAL RISK MANAGEMENT

(a) Overview

The Company has exposure to credit risk, liquidity risk and interest rate risk from its use of financial instruments.

This note presents information about the Company's exposure to each of these risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

(b) Credit Risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The carrying amount of financial assets recorded in the financial statements (excluding cash) represents the Company’s maximum exposure to credit risk

The Company limits its exposure to credit risk on liquid financial assets through investing its cash and cash equivalents with high-credit quality financial institutions.

None of the financial assets of the Company are either past due or impaired.

(c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures that there is sufficient capital in order to meet short term business requirements, after taking into account cash flows from operations and the Company's holdings of cash and cash equivalents.

(d) Interest Rate Risk

The Company is subject to interest rate risk with respect to its investments in cash and cash equivalents. The Company’s current policy is to invest cash at floating rates of interest and cash reserves are to be maintained in cash and cash equivalents in order to maintain liquidity, while achieving a satisfactory return for shareholders. Fluctuations in interest rates when cash and cash equivalents mature impact interest income earned. As at the statement date, a 1% change in interest rates would not be material to the financial statements.

10. FINANCIAL RISK MANAGEMENT (Cont'd)

(e) Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, which comprises of share capital, net of accumulated deficit. The Company manages its capital structure through the preparation of operating budgets, which are approved by the Board of Directors.

The Company is not subject to any externally imposed capital requirements.

(f) Fair Value

The carrying value of the Company's financial assets and liabilities approximate their fair value due to their short-term maturity or capacity of prompt liquidation.

(g) Foreign Currency Risk

Foreign exchange risk is the risk arising from changes in foreign currency fluctuations. The Company does not use any derivative instruments to reduce its exposure to fluctuations in foreign currency rates. The Company operates projects in more than one country. As a result a portion of the Company's cash, accounts receivable, accounts payable and accruals are denominated in U.S. Dollars and Mexican Pesos and are therefore subject to fluctuation in exchange rates. As at July 31, 2012, a 1% change in the exchange rate between the Canadian and U.S. dollar or the Canadian dollar and Mexican Peso would not be material.

11. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, amounts receivable and accounts payable. They are designed as follows:

- Loans and receivables: cash and cash equivalents, amounts receivable
- Other financial liabilities: accounts payable

Fair value hierarchy

Financial instruments recognized at fair value on the consolidated balance sheets must be classified into one of the three following fair value hierarchy levels:

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

Level 2 – measurement based on inputs other than quoted prices included in Level 1, that are observable for the asset or liability;

Level 3 – measurement based on inputs that are not observable (supported by little or no market activity) for the asset or liability.

The Company currently does not have any financial instruments recorded at fair value.

Expressed in Canadian dollars

12. SUPPLEMENTAL CASH FLOW INFORMATION

During the year ended July 31, 2012, the Company issued 1,000,000 (2011- nil) shares valued at $125,000 (2011- nil) for mineral properties. This item has been excluded from the Company's cash flows for the year.

Cash and cash equivalents are comprised of $1,365,739 (2011- $5,101,347) held in an investment account with cash available on demand and $664,217 (2011- $325,394) in various business accounts held at major financial institutions.

13. SEGMENT INFORMATION

The Company operates in one industry segment which is the acquisition and exploration of mineral properties. Non-current segment assets by geographic location are as follows:

	Total non-current assets at		
	July 31, 2012 $	July 31, 2011 $	July 31, 2010 $
Canada	45,153	55,416	66,518
Mexico	5,965,088	6,119,741	3,783,724
Total	6,010,241	6,175,157	3,850,242

14. COMMITMENTS

As at July 31, 2012, the Company has committed to payments under contractual obligations as follows:

	Less than 1 year $	1-3 years $	4-5 years $	Total $
Office lease obligations	139,000	151,000	-	**290,000**

Expressed in Canadian dollars

15. TRANSITION TO IFRS

As stated in Note 2, these are the Company's first annual consolidated financial statements prepared in accordance with IFRS. The impacts of the transition from Canadian GAAP to IFRS on the Company's financial position and comprehensive loss are set out in this note.

The Company's transition date to IFRS is August 1, 2010. In preparing the Company's first IFRS financial statements these transition rules have been applied to the amounts previously reported under Canadian GAAP. In general IFRS 1 requires accounting policies to be applied retrospectively, however it also allows certain exemptions in order to assist companies with the transition process. The Company has applied the following optional exemptions:

IFRS 3, Business Combinations, has not been applied to business combinations that occurred before the date of transition.

IFRS 2, share based payments, has only been applied to share based payments which had not vested at August 1, 2010. For the purposes of share-based compensation, the definition of an employee is broader under IFRS than under Canadian GAAP. This resulted in certain consultants, previously considered non-employees under Canadian GAAP, being recognized as employees under IFRS. The result is that for consultants who provide services that are similar to those provided by employees, the measurement date for stock option valuation is the grant date under IFRS whereas under Canadian GAAP it was the date the services were fully provided. This difference was not material upon transition to IFRS.

The accounting policies set out in note 2 have been applied in preparing the consolidated financial statements for the year ended July 31, 2011 and in the preparation of an opening IFRS Statement of Financial Position at August 1, 2010 (the Company's date of transition).

Reconciliation of shareholder's equity at:

	July 31, 2011	**August 1, 2010**
	$	$
Total shareholder's equity reported under Canadian GAAP	11,454,130	12,845,441
Currency translation differences (i)	52,313	47,677
Deferred tax liabilities (ii)	13,497	11,486
Total shareholder's equity under IFRS	11,388,320	12,786,278

Reconciliation of comprehensive income (loss) for the year ended July 31, 2011:

	Year ended July 31, 2011
	$
Total comprehensive loss as reported under Canadian GAAP	2,455,646
Currency translation differences (i)	2,011
Total comprehensive loss as reported under IFRS	2,457,657

Expressed in Canadian dollars

15. TRANSITION TO IFRS (Cont'd)

Explanation of key differences between Canadian GAAP and IFRS giving rise to adjustments in the reconciliations

(i) Functional currency and currency translation adjustment account (AOCI)

Under Canadian GAAP, the Company determines whether a subsidiary is an integrated operation or a self-sustaining entity which determines the method of translation into the presentation currency of the Group. IFRS requires that an entity determine the functional currency of each subsidiary individually, prior to consolidation into the Group's presentation currency.

The Company determined that its subsidiaries had a functional currency other than the Canadian dollar. These subsidiaries under Canadian GAAP were consolidated using the temporal method, whereas under IFRS, these entities with non-Canadian dollar functional currencies are translated into Canadian dollars using the current rate method.

(ii) Deferred tax liabilities

Under Canadian GAAP deferred tax liabilities were calculated following the acquisition of various mineral property assets. IFRS does not allow the recognition of deferred tax liabilities for temporary differences that arise in a transaction other than a business combination that at the time of the transaction affects neither the taxable nor accounting profit or loss. As a result, deferred tax liabilities recognized on asset acquisitions under Canadian GAAP have been derecognized under IFRS and credited against the carrying value of the properties, with any subsequent foreign exchange fluctuations arising on the deferred tax liability offset against accumulated deficit.

Acquisition of mineral properties

	Rodeo	**El Rincon**	**Mecatona**	**Maijoma**	**Total**
	$	$	$	$	
Carrying value of properties at acquisition on August 1, 2010 under Canadian GAAP	2,011,855	480,705	758,429	1,355,441	4,606,430
Deferred tax liability	(446,488)	(91,179)	(160,957)	(274,255)	(972,879)
Currency translation differences	(18,865)	(4,751)	(7,041)	(16,029)	(46,686)
Carrying value of property under IFRS on August 1, 2010	1,546,502	384,775	590,431	1,065,157	**3,586,865**

Adjustments to Statement of Cash Flows

The transition from Canadian GAAP to IFRS had no significant impact on cash flows generated by the Company.