

Consolidated Financial Statements of
(An Exploration Stage Company)

WOULFE MINING CORP.

For the three months ended September 30, 2011

These unaudited condensed consolidated interim financial statements of Woulfe Mining Corp. for the three months ended September 30, 2011 have been prepared by management and approved by the Board of Directors. These interim financial statements have not been reviewed by the Company's external auditors.

WOULFE MINING CORP.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**

(Unaudited)

	September 30, 2011	June 30, 2011 (Note 14)	July 1, 2010 (Note 14)
Assets			
Current assets:			
Cash and cash equivalents	\$ 4,644,842	\$ 7,599,737	\$ 4,686,176
Accounts receivable (Note 4)	278,073	252,047	93,891
Prepaid expenses and deposits	423,729	325,897	185,689
	5,346,644	8,177,681	4,965,756
Long-term prepaid expenses and deposits	-	-	22,460
Evaluation and exploration assets (Note 5)	36,706,581	34,874,734	29,384,623
	\$ 42,053,225	\$ 43,052,415	\$ 34,372,839
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable and accrued liabilities (Note 6)	\$ 2,536,301	\$ 2,672,367	\$ 2,339,607
Provision for environmental rehabilitation (Note 5(e))	74,585	62,401	43,619
Deferred income tax liability	2,189,876	2,189,876	1,897,928
	4,800,762	4,924,644	4,281,154
Shareholders' equity:			
Share capital (Note 7)	51,836,330	51,797,260	39,601,409
Reserves (Note 7)	14,461,283	14,357,423	13,561,965
Deficit	(29,045,150)	(28,026,912)	(23,071,689)
	37,252,463	38,127,771	30,091,685
	\$ 42,053,225	\$ 43,052,415	\$ 34,372,839

Nature of operations (Note 1)

Contingent liability (Note 11)

Proposed transaction (Note 12)

Subsequent events (Note 13)

Approved and authorized by the Board on December 28, 2011.

"Brian Wesson"

Director

"John Icke"

Director

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

WOULFE MINING CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited)

	Three Months Ended September 30, 2011	Three Months Ended September 30, 2010 (Note 14)
Expenses:		
Business development	\$ -	\$ 20,000
Consulting	106,000	-
Directors' fees	36,000	26,700
Investor relations	107,562	36,000
Management fees	120,000	120,000
Office and miscellaneous	17,037	40,060
Professional fees	176,315	55,919
Shareholder communication	121,186	111,482
Share-based compensation (Note 7)	112,930	-
Transfer agent and filing fees	1,558	4,042
Travel and related costs	286,132	333,429
	<u>(1,084,720)</u>	<u>(747,632)</u>
Other income (expenses):		
Interest income	18,375	5,315
Foreign exchange gain (loss)	48,107	(85,139)
	<u>66,482</u>	<u>(79,824)</u>
Loss and comprehensive loss for the period	<u>\$ (1,018,238)</u>	<u>\$ (827,456)</u>
Earnings (loss) per common share	<u>\$ (0.00)</u>	<u>\$ (0.01)</u>
Weighted average number of common shares outstanding	<u>268,355,734</u>	<u>214,292,247</u>

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

WOULFE MINING CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited)

Three months ended September 30, 2011 and 2010

	2011	2010 (Note 14)
Cash provided by (used in):		
Operations:		
Loss for the period	\$ (1,018,238)	\$ (827,456)
Items not involving cash:		
Share-based compensation	112,930	-
	(905,308)	(827,456)
Changes in operating working capital items:		
Accounts receivable	(26,026)	(25,008)
Prepaid expenses and deposits	(97,832)	117,561
Long-term prepaid expenses and deposits	-	(103,747)
Accounts payable and accrued liabilities	(303,368)	(416,375)
	(1,332,534)	(1,255,025)
Financing:		
Proceeds from issuance of share capital	30,000	-
	30,000	-
Investments:		
Additions to exploration and evaluation assets	(1,652,361)	(479,232)
	(1,652,361)	(479,232)
Decrease in cash	(2,954,895)	(1,734,257)
Cash, beginning of period	7,599,737	4,686,176
Cash, end of period	\$ 4,644,842	\$ 2,951,919
Supplementary cash flow information:		
Accounts payable related to exploration and evaluation assets	\$ 1,662,402	\$ 247,043
Environmental rehabilitation liabilities incurred	12,184	-
Reclassification on the exercise of options and warrants	9,070	-

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

WOULFE MINING CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Unaudited)

	<u>Capital Stock</u>				
	Number	Amount	Reserves	Deficit	Total
Balance at July 1, 2010	214,292,247	\$ 39,601,409	\$ 13,561,965	\$ (23,071,689)	\$ 30,091,685
Loss for the period	-	-	-	(827,456)	(827,456)
Balance at September 30, 2010	214,292,247	\$ 39,601,409	\$ 13,561,965	\$ (23,899,145)	\$ 29,264,229
Balance at June 30, 2011	268,206,830	\$ 51,797,260	\$ 14,357,423	\$ (28,026,912)	\$ 38,127,771
Loss for the period	-	-	-	(1,018,238)	(1,018,238)
Exercise of warrants	250,000	39,070	(9,070)	-	30,000
Share-based compensation	-	-	112,930	-	112,930
Balance at September 30, 2011	268,456,830	\$ 51,836,330	\$ 14,461,283	\$ (29,045,150)	\$ 37,252,463

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

WOULFE MINING CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited)

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2011

1. Nature of operations

Woulfe Mining Corp. (incorporated under the laws of the Province of British Columbia) and its wholly-owned subsidiaries ("Woulfe" or the "Company") are engaged in the acquisition and exploration of their evaluation and exploration assets, primarily in South Korea, and have not yet determined whether these assets contain economically recoverable reserves. To date, the Company has not earned significant revenues.

The Company's head office, principal address and registered and records office is 408 – 837 West Hastings Street, Vancouver, British Columbia, Canada, V6C 3N6.

The Company is considered to be in the exploration stage with respect to its interest in its exploration and evaluation assets. The recoverability of the amounts comprising its evaluation and exploration assets is dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete their exploration and development and upon future profitable production.

These condensed consolidated financial statements are prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at September 30, 2011, the Company had an accumulated deficit of \$29,045,150 (June 30, 2011 - \$28,005,427) and working capital of \$2,810,343 (June 30, 2011 - \$5,505,314) and to date, the Company has not generated any revenues, other than nominal interest on its deposits, to meet its operating and administrative expenses or its other obligations. These conditions cast significant doubt on the Company's ability to continue as a going concern.

2. Basis of presentation and first-time adoption of IFRS**Statement of Compliance**

These unaudited condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34, "Interim Financial Reporting" using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The Company's transition date to IFRS is July 1, 2010. The rules for first-time adoption of IFRS are set out in IFRS 1, "First-time adoption of International Financial Reporting Standards". In preparing the Company's first IFRS financial statements, these transition rules have been applied to the amounts previously reported in accordance with Canadian generally accepted accounting principles ("GAAP"). Historical results and balances have been restated under IFRS. These unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's June 30, 2011 GAAP annual financial statements, and in consideration of the disclosure regarding the transition from Canadian GAAP to IFRS included in Note 14. Certain disclosures that are required to be included in annual financial statements prepared in accordance with IFRS are not included in these condensed consolidated interim financial statements nor in the Company's most current annual GAAP financial statements.

The policies applied in these condensed consolidated interim financial statements are based on IFRS issued and outstanding as of December 28, 2011, the date the Board of Directors approved the statements. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ended June 30, 2012 could result in restatement of these condensed interim consolidated financial statements, including the transition adjustments recognized on changeover to IFRS.

2. Basis of presentation and first-time adoption of IFRS (continued):

Basis of consolidation and presentation

These unaudited condensed consolidated interim financial statements have been prepared on a historical cost basis and are presented in Canadian dollars, which is also the Company's functional currency.

These condensed consolidated interim financial statements incorporate the financial statements of the Company and its controlled subsidiaries. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The consolidated financial statements include the accounts of the Company and its direct wholly-owned subsidiaries. All significant intercompany transactions and balances have been eliminated.

Use of estimates

The preparation of financial statements in conformity with IFRS 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 the reported revenues and expenses during the period.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the valuation of exploration and evaluation assets, valuation of share-based payments, and recognition of deferred income tax amounts.

3. Significant accounting policies

Foreign currency translation

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and each of its subsidiaries is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in comprehensive loss.

3. Significant accounting policies (continued):

Cash and cash equivalents

Cash and cash equivalents include cash on deposit and Canadian guaranteed investment certificates ("GIC's") with a major Canadian banking institution with maturities on the date of purchase of 90 days or less. The GIC's are cashable on demand without interest penalties. Cash and cash equivalents are considered to be financial instruments and are classified as "Loans and Receivables". They are recorded at their fair value with changes in fair value recorded in the statement of operations.

Short-term investments

Short-term investments include term deposits with a banking institution with maturities on the date of purchase of greater than 90 days and share purchase warrants of publicly listed companies. Short-term investments are considered to be financial instruments and are classified as "Loans and Receivables". They are recorded at their fair value with changes in fair value recorded in the statement of operations.

Financial instruments

Financial instruments are classified into one of five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments and derivatives are measured initially at fair value. Subsequent measurement and changes in fair value will depend on their initial classification as follows: (1) held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income; (2) available for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired; (3) all derivative instruments, including embedded derivatives, are recorded in the balance sheet at fair value unless they qualify for the normal sale normal purchase exemption and changes in their fair value are recorded in income unless cash flow hedge accounting is used, in which case changes in fair value are recorded in other comprehensive income; and (4) loans and receivables, held to maturity investments and other financial liabilities are recorded in the balance sheet at amortized cost.

The Company has classified its cash and cash equivalents as held-for-trading. Receivables are classified as loans and receivables. Accounts payable and accrued liabilities are classified as other financial liabilities which are all measured at amortized cost.

Evaluation and exploration assets

Costs directly related to exploration and evaluation assets are capitalized once the legal rights to explore the exploration and evaluation asset has acquired or obtained. When the technical and commercial viability of evaluation and exploration assets have been demonstrated and a development decision has been made, the capitalized costs of the related asset are transferred to mining assets and depreciated using the units of production method on commencement of commercial production.

If it is determined that capitalized exploration and evaluation assets are not recoverable, or the asset is abandoned or management has determined an impairment in value, the asset is written down to its recoverable amount.

3. Significant accounting policies (continued):

Impairment of long-lived assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order 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 between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Provision for environmental rehabilitation

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of exploration and evaluation assets and equipment. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision.

The increase in the provision due to the passage of time is recognized as interest expense.

Share-based payments

The Company grants stock options to directors, officers, employees and consultants. The fair value of stock options is measured on the grant date, using the Black-Scholes option pricing model and is recognized over the vesting period of the related options. Consideration paid for the shares on the exercise of stock options is credited to share capital and the fair value of the options is reclassified from reserves to share capital.

3. Significant accounting policies (continued):

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for the initial recognition of assets or liabilities that affect neither accounting nor taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

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 loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period.

New standards not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective as of September 30, 2011 and have not been applied in preparing these unaudited condensed interim financial statements. None of these are expected to have a material effect on the financial statements of the Company.

Financial instruments disclosure

In November 2009, the IASB published IFRS 9, "Financial Instruments, "which covers the classification and measurement of financial assets as part of its project to replace IAS 39, "Financial Instruments: Recognition and Measurement." In October 2010, the requirements for classifying and measuring financial liabilities were added to IFRS 9. Under this guidance, entities have the option to recognize financial liabilities at fair value through earnings. If this option is elected, entities would be required to reverse the portion of the fair value change due to own credit risk out of earnings and recognize the change in other comprehensive income. IFRS 9 is effective for the Company on February 1, 2013. Early adoption is permitted and the standard is required to be applied retrospectively. There will be no significant impact the Company upon implementation of the issued standard.

WOULFE MINING CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited)

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2011

3. Significant accounting policies (continued):

New standards yet adopted (continued):

Financial instruments disclosure (continued):

In October 2010, the IASB issued amendments to IFRS 7 – Financial Instruments: Disclosures that improve the disclosure requirements in relation to transferred financial assets. The amendments are effective for annual periods beginning on or after July 1, 2011, with earlier adoption permitted. The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.

Income taxes

In December 2010, the IASB issued an amendment to IAS 12 – Income taxes that provides a practical solution to determining the recovery of investment properties as it relates to the accounting for deferred income taxes. This amendment is effective for annual periods beginning on or after July 1, 2011, with earlier adoption permitted. The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.

Joint ventures

The IASB issued Exposure Draft 9 – Joint Arrangements (“ED-9”) in September 2007. ED-9 proposed to eliminate the Company’s choice to proportionately consolidate jointly controlled entities and required such entities to be accounted for using the equity method. During the second quarter of 2009, the IASB commenced re-deliberations of ED-9 and now proposes to establish a principles-based approach to the accounting for joint arrangements which focuses on the nature, extent and financial effects of the activities that an entity carries out through joint arrangements and its contractual rights and obligations to assets and liabilities, respectively, of the joint arrangements. The IASB plans on publishing the final standard during the first half of 2011, with an anticipated effective date of January 1, 2013. The Company is currently evaluating the impact that ED-9 and the final standard are expected to have on its consolidated financial statements.

Consolidation

On September 29, 2010, the IASB posted a staff draft of a forthcoming IFRS on consolidation. The staff draft reflects tentative decisions made to date by the IASB with respect to the IASB’s project to replace current standards on consolidation, IAS 27 - Consolidated and Separate Financial Statements and SIC-12, with a single standard on consolidation. The IASB plans on publishing the final standard on consolidation during the first half of 2011, with an anticipated effective date of January 1, 2013. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

WOULFE MINING CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2011

4. Accounts receivable:

The Company's receivables as follows:

	September 30, 2011	June 30, 2011	July 1, 2010
HST/GST receivable	\$ 198,917	\$ 153,567	\$ 39,995
Other receivables	<u>79,156</u>	<u>98,480</u>	<u>53,986</u>
Total	\$ 278,073	\$ 252,047	\$ 93,981

5. Evaluation and exploration assets:

(a) Sangdong Mining Titles, South Korea:

On October 9, 2006, the Company entered into an option to acquire up to a 100% interest of the Sangdong Mining Titles located in Eastern South Korea, for which the Company paid USD\$3,224,000, issued common shares with a value of USD\$1,600,000, and granted a 2% Net Smelter Royalty (NSR). To acquire an initial 51% interest, the Company was required to pay an additional USD\$3,200,000 (of which USD\$800,000 could have been paid in common shares at the option of the Company) on each of July 24, 2008 and July 24, 2009 for total consideration of USD\$6,400,000. In addition, the Company was committed to incurring exploration expenditures totaling at least USD\$11,200,000 over the five year period commencing January 24, 2007. The Company also paid a finder's fee consisting of 1,000,000 common shares valued at \$1,870,000.

On July 18, 2008, the payment due on July 24, 2008, was renegotiated and the parties agreed that USD\$1,200,000 would be paid on July 31, 2008 (paid) along with the issuance of 2,744,218 common shares with a value of USD\$800,000 (issued) and the remaining payment due dates were extended. Subsequent to July 18, 2008, the payment terms of the remaining \$4,400,000 obligations were extended various times. On February 9, 2009, the Company entered into a final amended agreement whereby the Company agreed to issue shares in settlement of USD\$3,400,000 of the remaining obligation and pay USD\$1,000,000 in cash. On July 21, 2009, the Company issued 16,583,343 shares of the Company and on December 18, 2009, the Company paid the final cash payment of USD\$1,000,000.

During the year ended June 30, 2010, the Company earned an additional 19% interest, thus increasing its interest to 70%, by delivering a scoping study / economic assessment report and the Company can earn the remaining 30% interest (for an aggregate 100% interest) by delivering a bankable feasibility report. The vendor will receive a NSR of 2%.

Subsequent to September 30, 2011, the Company entered into an agreement (with a subsequent amendment thereto) with the optionor to acquire the 2% NSR, as well as the remaining 30% interest in the Sangdong Mining Titles, for a payment of U.S.\$3,500,000 (of which U.S.\$1,500,000 was paid and of which U.S.\$2,000,000 is payable by January 17, 2012 with no penalty, or by February 17, 2012 with interest calculated at 8% per annum).

5. Evaluation and exploration assets (continued):

(b) Sim Properties, South Korea:

During fiscal 2007, the Company paid USD\$10,000 for the option to acquire a 100% interest in any or all of the Sim Properties located throughout South Korea. In order to acquire any mineral claim group within the Sim Properties, the Company is required to pay USD\$100,000, of which USD\$50,000 can be paid in common shares at the option of the Company.

Yeonwha 1 and Taebaek Mining Title:

On February 10, 2010, the Company notified the optionor of the intention to exercise its option to acquire the Yeonwha 1 and Taebaek Mining Titles. As a result, the Company paid USD\$100,000, on February 26, 2010, along with the issuance of 500,424 common shares valued at USD\$100,000.

Chongyang and Muguk Mining Titles:

During fiscal 2007, the Company acquired the Muguk and Chongyang Mining Titles by paying USD\$100,000 and issuing 80,442 common shares valued at USD\$100,000.

(c) Albury Heath Mining Titles, Australia:

The Company holds exploration concessions in the Murchison Goldfields, in Western Australia, collectively known as the Albury Heath Concessions.

On August 5, 2008, Yellow River Mining agreed to buy a 95% interest in the Albury Heath Mining Leases and a 100% interest in the Prospecting Licenses by paying to the Company AUD\$25,000 (received) on the transfer of the titles representing the property to the buyer, and by unconditionally undertaking to pay to the Company AUD\$50,000 within one year from the date of this Agreement, and by unconditionally undertaking to pay the \$1 royalty per tonne to the Company for each commercial tonne extracted from the property up to a maximum of AUD\$200,000. Consequently, the property was written down by \$75,968 during fiscal 2007 to the estimated recoverable amount. During the year ended June 30, 2010, the remaining carrying value was written off as the Company does not believe the amount is recoverable.

The Company has placed liens on the titles of these leases to prevent Yellow River Mining from exploiting them. Additionally, the Company's Australian lawyers are actively engaged in securing the titles and recovering potential damages from Yellow River Mining.

(d) Ogchon Mining Titles, South Korea:

The Company has been granted nine uranium/vanadium mining licenses located in the Geumsan area, southeast of the major regional centre of Daejeon.

WOULFE MINING CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited)

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2011

5. Evaluation and exploration assets (continued):

(e) Provision for environmental rehabilitation:

The following table presents the reconciliation of the beginning and ending aggregate carrying amount of the obligation associated with the retirement of the minerals properties.

	September 30, 2011	June 30, 2011
Provision, beginning of period	\$ 62,401	\$ 43,619
Liabilities incurred	12,184	18,782
Provision, end of period	\$ 74,585	\$ 62,401

The provision represents the legal and contractual obligations associated with rehabilitation work required as a result of exploration activities. The Company determined the amount of the provision based on estimated cash flows required to settle any obligations.

The following tables summarize exploration and evaluation assets by property for the three months ended September 30, 2011:

	Tungsten Sangdong	Tungsten Chongyang	Gold Muguk	Lead/zinc Yeonwha 1 and Taebek	Uranium Ogchon	Total
Balance, June 30, 2011	\$ 33,082,189	\$ 249,063	\$ 341,487	\$ 416,673	\$ 785,322	\$ 34,874,734
Acquisition costs	-	-	-	-	-	-
Capital assets	-	-	-	-	-	-
Consulting, data processing, and survey	497,504	-	50,191	-	-	547,695
Drilling	111,978	-	-	-	-	118,488
Engineering	256,819	-	-	-	-	256,819
Field costs	63,162	-	-	-	-	63,162
Legal	92,729	-	-	-	-	92,729
Professional fees	8,783	-	1,554	2,458	-	12,795
Project administration	347,223	-	36,154	2,090	150	385,617
Salaries	300,480	-	8,132	-	-	308,612
Travel and related costs	42,261	-	3,669	-	-	45,930
Total costs incurred	1,720,938	-	106,210	4,548	150	1,831,847
Balance, September 30, 2011	\$ 34,803,127	\$ 249,063	\$ 447,697	\$ 421,221	\$ 785,472	\$ 36,706,581

WOULFE MINING CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2011

5. Evaluation and exploration assets (continued):

The following tables summarize mineral property expenditures by property for the year ended June 30, 2011:

	Tungsten Sangdong	Tungsten Chongyang	Gold Muguk	Lead/zinc Yeonwha 1 and Taebek	Uranium Ogchon	Total
Balance, July 1, 2010	\$ 27,795,401	\$ 246,333	\$ 169,138	\$ 395,171	\$ 778,280	\$ 29,384,623
Acquisition costs	2,046	182	-	4,185	-	6,413
Capital assets	852,646	-	-	-	-	852,646
Consulting, data processing, and survey	1,217,829	2,548	1,720	190	4,405	1,226,692
Drilling	619,378	-	52,334	-	-	671,712
Engineering	573,168	-	-	-	-	573,168
Field costs	148,369	-	-	-	-	148,369
Legal	226,258	-	227	-	-	226,485
Professional fees	105,4200	-	28,127	9,760	-	143,307
Project administration	637,627	-	57,385	7,367	2,337	704,716
Salaries	666,256	-	32,556	-	-	698,812
Travel and related costs	237,791	-	-	-	-	237,791
Total costs incurred	5,286,788	2,730	172,349	21,502	6,742	5,490,111
Balance, June 30, 2011	\$ 33,082,189	\$ 249,063	\$ 341,487	\$ 416,673	\$ 785,322	\$ 34,874,734

WOULFE MINING CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2011

6. Accounts payable and accrued liabilities:

Accounts payable and accrued liabilities are as follows:

	September 30, 2011	June 30, 2011	July 1, 2010
Trade payables	\$ 1,955,258	\$ 1,938,854	\$ 1,647,891
Accrued liabilities	571,602	620,052	572,655
Other payables	<u>9,441</u>	<u>113,461</u>	<u>119,061</u>
Total	\$ 2,536,301	\$ 2,672,367	\$ 2,339,607

7. Share capital:

(a) Authorized:

Unlimited number of common shares without par value.

(b) Issued and outstanding:

During the three months ended September 30, 2011, the Company issued 250,000 shares pursuant to the exercise of 250,000 share purchase warrants for proceeds of \$30,000.

During the year ended June 30, 2011, the Company entered into the following share capital transaction:

On January 4, 2011, the Company completed a private placement of 33,333,333 common shares at \$0.30 per share for total gross proceeds of \$10,000,000. Cash issuance costs of \$694,458 were incurred. The agents also received 2,000,000 compensation warrants exercisable at \$0.30 per share for a two year period. The fair value of the agents' compensation warrants was \$374,582. The fair value of the compensation warrants was determined using the Black-Scholes option-pricing model with the following assumptions: expected life to two years; volatility - 139%; dividend rate - nil; risk free interest rate - 1.60%.

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7. Share capital (continued):

(c) Stock options

The Company has a stock option plan under which the Board of Directors is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option equals the market price, minimum price, or a discounted price of the Company's stock as calculated on the date of grant.

The options can be granted for a maximum term of five years and vest as determined by the Directors.

The following table summarizes information about the Company's stock option transactions for the period ended September 30, 2011

	Number Of Options	Weighted Average Exercise Price
Balance, July 1, 2010	7,625,000	\$ 0.30
Options granted	6,350,000	0.27
Options exercised	(850,000)	0.12
Options expired	(150,000)	1.90
Balance, June 30, 2011	12,975,000	0.27
Options granted	350,000	0.26
Options expired	(125,000)	0.25
Balance, September 30, 2011	13,200,000	0.27

As of September 30, 2011, the Company had the following outstanding stock options:

Number of Options	Exercise Price	Number exercisable	Expiry Date
700,000	\$ 1.55	700,000	August 16, 2012
100,000	0.27	100,000	July 29, 2013
100,000	0.10	100,000	June 9, 2014
500,000	0.10	500,000	July 5, 2014
4,050,000	0.14	4,050,000	January 18, 2015
1,250,000	0.11	1,250,000	June 3, 2015
1,250,000	0.11	1,250,000	September 30, 2015
3,500,000	0.33	3,500,000	December 12, 2015
1,500,000	0.27	375,000	March 6, 2016
250,000	0.24	-	July 17, 2016
13,200,000			

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7. Share capital (continued):

(d) Stock options (continued)

During the three months ended September 30, 2011, the Company granted 350,000 (2010 – Nil) stock options. During the current period, the Company recognized share-based compensation expense of \$22,605 (2010 - \$Nil) relating to the options granted during the current period, with an additional \$90,325 (2010 - \$Nil) relating to options granted in the prior year that vested during the three months ended September 30, 2011. The fair value of options granted was estimated at the date of grant using the Black-Scholes option-pricing model with the following assumptions:

	2011	2010
Risk-free interest rate	2.15%	-
Expected life of options	5 years	-
Annualized volatility	146%	-
Dividend rate	0.00%	-
Forfeiture rate	0.00%	-

(d) Warrants

The following table summarizes information about the Company's outstanding warrants as at September 30, 2011:

Number outstanding	Exercise Price	Expiry Date
1,125,000 *	\$ 0.12	December 1, 2011
37,768,750 **	0.12	December 17, 2011
1,763,000	0.22	May 13, 2012
2,000,000	0.30	January 4, 2013
42,656,750		

* Subsequent to September 30, 2011, 625,000 warrants were exercised for proceeds totaling \$75,000 while the remaining 500,000 warrants expired unexercised.

** Subsequent to September 30, 2011, 37,768,750 outstanding warrants were exercised for proceeds totaling \$4,532,250.

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7. Share capital (continued):

(d) Warrants (continued)

As of September 30, 2011, the Company had outstanding share purchase warrants enabling the holders to acquire up to 42,656,750 common shares of the Company. The following table summarizes information about the Company's warrant transactions for the period ended September 30, 2011.

	Outstanding Warrants	Weighted average exercise price
Balance, July 1, 2010	60,638,000	\$ 0.12
Warrants issued	2,000,000	0.30
Warrants exercised	(19,731,250)	0.12
Balance, June 30, 2011	42,906,750	0.13
Warrants exercised	(250,000)	0.12
Balance, September 30, 2011 (see Subsequent Events note 13(3))	42,656,750	\$ 0.13

8. Related party transactions:

During the three months ended September 30, 2011 and 2010, the Company had the following transactions with related parties:

	2011	2010
Corporate secretarial services, administrative services, and accounting services, provided by companies with directors and officers in common	\$ 45,000	\$ 70,500
Management fees paid or accrued to a company controlled by two directors and to a company controlled by a former director	120,000	120,000
Directors' fees paid or accrued to current and former directors of the Company	36,000	64,200
Geological consulting fees included in exploration and evaluation asset costs to a company controlled by an officer of the Company	37,500	-

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Included in accounts payable at September 30, 2011 is \$31,301 (June 30, 2011 - \$8,370; July 1, 2010 - \$395,292) payable to directors, former directors, officers and companies with directors or former directors in common relating to the above transactions. These amounts are non-interest bearing, unsecured and paid in the ordinary course of business.

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9. Financial instruments:

The Company's financial instruments consist of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities. The fair value of these financial instruments approximates their carrying value.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

(a) Credit risk:

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Company's cash and accounts receivable totaling \$4,922,915 at September 30, 2011 are subject to possible credit risk. Cash and cash equivalents are held at reputable large financial institutions. The Company believes it has no significant credit risk.

(b) Liquidity risk:

Liquidity risk is the risk that the Company is not able to pay its obligations when they become due. Accounts payable and accrued liabilities are all due within the next three months.

The Company had a working capital balance totaling \$2,810,343 as at September 30, 2011. In conjunction with the Company's various mining concessions (see note 4), the Company has expenditure commitments to fulfill.

(c) Foreign currency risk:

The Company is exposed to U.S. and Korean currency fluctuations. Total cash and cash equivalents of \$588,156 are denominated in Korea Won. The Company also has accounts payable that are denominated in Korean Won of \$1,553,224. A 10% weakening/strengthening of the Canadian dollar against the Korean Won could increase/decrease net by loss of approximately \$96,507.

10. Management of capital:

The Company's objectives of capital management are intended to safeguard the Company's ability to support the Company's development and exploration of its mineral properties and support any expansionary plans.

The capital of the Company consists of the items included in shareholders' equity and debt obligations net of cash. The Company manages the capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the Company's underlying assets.

To effectively manage the Company's capital requirements, the Company has a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its objectives. The Company may issue new equity or seek debt financing to ensure that there is sufficient working capital to meet its short-term business requirements. The Company is not subject to externally imposed capital requirements.

There were no changes to the Company's approach to capital management during the three months ended September 30, 2011.

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11. Contingent liability:

The Company was subject to legal action associated with the termination of the former Chief Financial Officer who had filed a claim against the Company for wrongful dismissal. The Company had filed a Statement of Defense and Counter Claim. Subsequent to September 30, 2011, this action was settled and all issues were resolved with no material impact on the financial position or results from operations.

12. Proposed transaction:

During the year ended June 30, 2011, the Company entered into a Heads of Agreement with Korea Zinc Co. Ltd. (Korea Zinc), which is listed on the Korea Stock Exchange in the Republic of Korea (South Korea).

Korea Zinc (and its affiliates) acquired 33,333,333 common shares of the Company at \$0.30 per share, resulting in Korea Zinc owning 13.46% of the common shares of the Company at that time (note 6(b)(i)).

In addition, Korea Zinc received one seat on the Board of the Company in a non-executive capacity.

Korea Zinc had an option until February, 2011 to invest a further \$38 million of cash into Sangdong Mining Corp. and agree to arrange a subsequent debt financing to complete the development of the Sangdong Project on the announcement of a feasibility study. In return, Korea Zinc would acquire 51% of the Company's wholly-owned subsidiary, Sangdong Mining Corp. In addition, Korea Zinc could invest \$1.8 million into Muguk Gold to acquire 51% of the Project.

The completion of the investments into Sangdong Mining Corp. and Muguk Gold were subject to the negotiation of a mutually acceptable commercial agreement, regulatory approval, completion of due diligence and the production of definitive agreements, which have not been completed to date.

13. Subsequent events:

Subsequent to September 30, 2011:

- 1) The Company entered into an agreement (with a subsequent amendment thereto) with the optionor to acquire the 2% NSR, as well as the remaining 30% interest in the Sangdong Mining Titles, for a payment of U.S.\$3,500,000 (of which U.S.\$1,500,000 was paid and of which U.S.\$2,000,000 is payable by January 17, 2012 with no penalty, or by February 17, 2012 with interest calculated at 8% per annum).
- 2) The Company entered into a loan agreement with Westech International (HK) Limited ("Westech"), a company controlled by the Company's president and a director of the Company, whereby the Company loaned \$1.14million to Westech which amount is repayable in full by June 1, 2012 with interest accruing at the prime rate plus 5% per annum. The funds advanced pursuant to this loan may only be used to acquire common shares of the Company in conjunction with the exercise of warrants held by Westech or its affiliates;
- 3) 38,393,750 common shares were issued pursuant to the exercise of share purchase warrants for proceeds totaling \$4,607,250; and
- 4) The Company granted stock options enabling the optionees to acquire up to 5,750,000 common shares with an exercise price of \$0.175 per share, expiring December 14, 2016. 3,500,000 stock options were granted under the Westech Contract, dated December 17, 2009, when the Company was refinanced. The above stock options were granted to Westech on the anniversary of signing that agreement.

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14. First time adoption of IFRS:

As stated in Note 2, these condensed consolidated interim financial statements are for the period covered by the Company's first condensed consolidated interim financial statements prepared in accordance with IFRS. The accounting policies in Note 3 have been applied in preparing these condensed consolidated interim financial statements for the three months ended September 30, 2011 and 2010, the consolidated financial statements for the year ended June 30, 2011 and the opening IFRS statement of financial position on July 1, 2010, the "Transition Date".

In preparing the opening IFRS statement of financial position and the financial statements for the interim period ended September 30, 2011, the Company has adjusted amounts reported previously in financial statements that were prepared in accordance with GAAP. An explanation of how the transition from GAAP to IFRS has affected the Company's financial position, financial performance and cash flows is set out in the following tables. The guidance for the first time adoption of IFRS is set out in IFRS 1. IFRS 1 provides for certain mandatory exceptions and optional exemptions for first time adopters of IFRS. The Company elected to take the following IFRS 1 optional exemptions:

- i) to apply the requirements of IFRS 3, Business Combinations, prospectively from the Transition Date;
- ii) to apply the requirements of IFRS 2, Share-based payment, only to equity instruments granted after November 7, 2002 which had not vested as of the Transition Date; and

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14. FIRST TIME ADOPTION OF IFRS (continued):

Additionally, in accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under previous GAAP, unless there is objective evidence that those estimates were in error. The Company's IFRS estimates as of July 1, 2010 are consistent with its GAAP estimates for the same date.

	Note	Consolidated reconciliation of financial position		
		July 1, 2010		
		Canadian GAAP	Effect of Transition to IFRS	IFRS
Assets				
Current Assets				
Cash and cash equivalents		\$ 4,686,176	\$ -	\$ 4,686,176
Receivables		93,891	-	93,891
Prepaid expenses and deposits		185,689	-	185,689
		4,965,756	-	4,965,756
Long-term prepaid expenses and deposits		22,460	-	22,460
Evaluation and exploration assets	(b)	29,384,623	(741,304)	28,643,319
		\$ 34,372,839	\$ (741,304)	\$ 33,631,535
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities		\$ 2,339,607	\$ -	\$ 2,339,607
Provision for environmental rehabilitation		43,619	-	43,619
Deferred income tax liability	(b)	1,897,928	(1,897,928)	-
		4,281,154	(1,897,928)	2,383,226
Shareholders' equity				
Share Capital		39,601,409	-	39,601,409
Reserves		13,561,965	-	13,561,965
Deficit	(b)	(23,071,689)	1,156,624	(21,915,065)
		30,091,685	1,156,624	31,248,309
		\$ 34,372,839	\$ (741,304)	\$ 33,631,535

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14. First time adoption of IFRS (continued):

	Note	Consolidated reconciliation of financial position June 30, 2011		
		Canadian GAAP	Effect of Transition to IFRS	IFRS
Assets				
Current Assets				
Cash and cash equivalents		\$ 7,599,737	\$ -	\$ 7,599,737
Receivables		252,047	-	252,047
Prepaid expenses and deposits		325,897	-	325,897
		8,177,681	-	8,177,681
Evaluation and exploration assets		34,874,734	-	34,874,734
		\$ 43,052,415	\$ -	\$ 43,052,415
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities		\$ 2,672,367	\$ -	\$ 2,672,367
Provision for environmental rehabilitation		62,401	-	62,401
Deferred income tax liability		2,189,876	-	2,189,876
		4,924,644	-	4,924,644
Shareholders' equity				
Share Capital		51,797,260	-	51,797,260
Reserves	(a)	14,335,938	21,485	14,357,423
Deficit	(a)	(28,005,427)	(21,485)	(28,026,912)
		38,127,771	-	38,127,771
		\$ 43,052,415	\$ -	\$ 43,052,415

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14. First time adoption of IFRS (continued):

	Note	Consolidated reconciliation of financial position September 30, 2010		
		Canadian GAAP	Effect of Transition to IFRS	IFRS
Assets				
Current Assets				
Cash and cash equivalents		\$ 2,951,919	\$ -	\$ 2,951,919
Receivables		118,899	-	118,899
Prepaid expenses and deposits		68,128	-	68,128
		3,138,946	-	3,138,946
Long-term prepaid expenses and deposits		126,207	-	126,207
Evaluation and exploration assets		30,137,135	-	30,137,135
		\$ 33,402,288	\$ -	\$ 33,402,228
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities		\$ 2,194,489	\$ -	\$ 2,194,489
Provision for environmental rehabilitation		45,642	-	45,642
Deferred income tax liability		1,897,928	-	1,897,928
		4,138,059	-	4,138,059
Shareholders' equity				
Share Capital		39,601,409	-	39,601,409
Reserves		13,561,965	-	13,561,965
Deficit		(23,899,145)	-	(23,899,145)
		29,264,229	-	29,264,229
		\$ 33,402,288	\$ -	\$ 33,402,228

The reconciliation between the Canadian GAAP and IFRS total comprehensive income for the period ended September 30, 2010 and the year ended June 30, 2011 is provided below:

	Note	Three months ended September 30, 2010	Year ended June 30, 2011
Comprehensive loss under Canadian GAAP		\$ (827,456)	\$ (4,933,738)
Adjustment – Share based payments	(a)	-	(21,485)
Total IFRS adjustment to comprehensive income		-	-
Comprehensive income under IFRS		\$ (827,456)	\$ (4,955,223)

14. First time adoption of IFRS (continued):

IFRS 1 requires an entity to reconcile equity, comprehensive income and cash flows for prior periods. The changes made to the statements of financial position and statements of comprehensive income as shown previously have resulted in reclassifications of various amounts on the statements of cash flows, however as there have been no material adjustments to the net cash flows, no reconciliation of the statement of cash flows has been prepared.

a) Share-based payments

IFRS 2 is effective for the Company from July 1, 2010 and is applicable to:

- New grants of share-based payments subsequent to July 1, 2010
- Equity-settled share-based compensation awards that vest after July 1, 2010; and
- Awards that are modified on or after July 1, 2010, even if the original grant of the award was not accounted for in accordance with IFRS 2.

Pre-changeover Canadian GAAP allows the Company to calculate the fair value of the share-based compensation on awards granted and recognizes the expense from the date of grant over the vesting period using the graded vesting methodology. The Company determined 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 features to be treated as a separate grant with a different vesting date and fair value. Each grant is accounted for on that basis. IFRS 2 also requires estimates to be made of forfeiture and a consequent reduction of share compensation expense and contributed surplus.