

# **ST-GEORGES**

Platinum & Base Metals Ltd.

**An exploration stage company**  
**Condensed Interim Financial Statements**  
**For the three and six months ended June 30, 2012**  
**(Unaudited)**  
**(Expressed in Canadian Dollars)**

The accompanying interim financial statements of the Company for the period ended June 30, 2012 have been prepared in accordance with International Financial Reporting Standards and are the responsibility of the Company's management. The Company's independent auditors have not performed an audit or review of these condensed interim financial statements.

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**St-Georges Platinum & Base Metals Ltd.**  
**Statements of Financial Position**  
**(Unaudited)**

As at	June 30, 2012	December 31, 2011
<b>Assets</b>	<b>\$</b>	<b>\$</b>
<b>Current assets</b>		
Cash and cash equivalents (Note 5)	3,562	175,130
Other receivables (Note 6)	300,670	216,142
Advances to drilling subcontractors (Note 7)	-	307,878
Advance royalty payment (Note 8)	40,000	-
<b>Total current assets</b>	<b>344,232</b>	<b>699,150</b>
<b>Non-current assets</b>		
Secured debenture (Note 9)	100,000	100,000
Exploration and evaluation assets (Note 10)	7,663,176	7,279,349
<b>Total non-current assets</b>	<b>7,763,176</b>	<b>7,379,499</b>
<b>Total assets</b>	<b>8,107,408</b>	<b>8,078,499</b>
<b>Liabilities and Shareholders' Equity</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	1,601,406	1,421,823
Due to a company controlled by a director (Note 11)	50,000	-
<b>Total liabilities</b>	<b>1,651,406</b>	<b>1,421,823</b>
<b>Shareholders' equity</b>		
Common shares (Note 12)	8,804,832	8,804,832
Contributed surplus (Note 12)	1,419,447	1,419,447
Deficit	(3,768,277)	(3,567,603)
<b>Total shareholders' equity</b>	<b>6,456,022</b>	<b>6,656,676</b>
<b>Total liabilities and shareholders' equity</b>	<b>8,107,408</b>	<b>8,078,499</b>

These financial statements were approved and authorized for issue by the Board of Directors on August 29, 2012.

(Signed)  
 \_\_\_\_\_  
 François Dumas  
 President, CEO & Director

(Signed)  
 \_\_\_\_\_  
 Mark Billings  
 CFO & Director

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

# St-Georges Platinum & Base Metals Ltd.

## Statements of Comprehensive Loss

### (Unaudited)

	3-month period ended June 30		6-month period ended June 30	
	2012	2011	2012	2011
	\$	\$	\$	\$
<b>Operating Expenses</b>				
Professional fees and subcontractors	52,958	73,254	94,058	257,764
Administrative expenses	44,033	73,771	102,507	246,841
Mineral rights	-	1,890	-	31,766
Brokerage fees	8,324	11,109	11,694	22,437
Travel expenses	1,282	45,858	1,282	79,933
Bank charges	45	125	90	781
Depreciation – property, plant and equipment	-	40	-	80
	<b>106,642</b>	206,047	<b>209,631</b>	639,602
<b>Interest revenue</b>	<b>4,475</b>	7,500	<b>8,957</b>	7,500
<b>Net loss before income taxes</b>	<b>(102,167)</b>	(198,547)	<b>(200,674)</b>	(632,102)
Income taxes – Future (recovered)	-	-	-	-
<b>Net loss and comprehensive loss for the period</b>	<b>(102,167)</b>	(198,547)	<b>(200,674)</b>	(632,102)
<b>Deficit, beginning of period</b>	<b>(3,666,110)</b>	(3,434,560)	<b>(3,567,603)</b>	(3,001,005)
<b>Deficit, end of period</b>	<b>(3,768,277)</b>	(3,633,107)	<b>(3,768,277)</b>	(3,633,107)
<b>Basic and diluted loss per share (\$ per share)</b>	<b>(0.001)</b>	(0.001)	<b>(0.002)</b>	(0.006)
<b>Weighted average number of common shares outstanding –</b>				
Basic	<b>103,562,111</b>	101,862,111	<b>103,562,111</b>	98,893,465
Diluted	<b>103,562,111</b>	101,862,111	<b>103,562,111</b>	98,893,465

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

**St-Georges Platinum & Base Metals Ltd.**  
**Statements of Changes in Equity**  
**(Unaudited)**

	Number of Common Shares	Common Shares	Contributed Surplus	Deficit	Total Shareholders' Equity
		\$	\$	\$	\$
<b>Balance as at January 1, 2011</b>	<b>93,687,111</b>	<b>7,813,192</b>	<b>1,207,527</b>	<b>(3,151,005)</b>	<b>5,869,714</b>
Shares issued for cash	5,175,000	1,175,000	-	-	1,175,000
Shares issued for property acquisition	500,000	25,000	-	-	25,000
Shares issued as finder's fee	2,500,000	-	-	-	-
Warrants issued	-	-	178,885	-	178,885
Share issue costs	-	(269,450)	-	-	(269,450)
Net loss for the period	-	-	-	(632,102)	(632,102)
<b>Balance as at June 30, 2011</b>	<b>101,862,111</b>	<b>8,743,742</b>	<b>1,386,412</b>	<b>(3,783,107)</b>	<b>6,347,047</b>
<b>Balance as at January 1, 2012</b>	<b>103,562,111</b>	<b>8,804,832</b>	<b>1,419,447</b>	<b>(3,567,603)</b>	<b>6,656,676</b>
Net loss for the period	-	-	-	(200,674)	(200,674)
<b>Balance as at June 30, 2012</b>	<b>103,562,111</b>	<b>8,804,832</b>	<b>1,419,447</b>	<b>(3,768,277)</b>	<b>6,456,002</b>

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

**St-Georges Platinum & Base Metals Ltd.**  
**Statements of Cash Flows**  
**(Unaudited)**

<b>For the six months ended June 30</b>	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>Operating activities</b>		
Net loss and comprehensive loss for the period	<b>(200,674)</b>	(632,102)
Non-cash items		
Depreciation – property, plant & equipment	-	80
	<b>(200,674)</b>	(632,022)
Net changes in working capital		
Other receivables	<b>(84,528)</b>	747,802
Advances to drilling subcontractors	<b>307,878</b>	(1,782,510)
Advance royalty payment	<b>(40,000)</b>	-
Accounts payable and accrued liabilities	<b>179,583</b>	(323,365)
	<b>362,933</b>	(1,358,073)
<b>Net cash from operating activities</b>	<b>162,259</b>	(1,990,095)
<b>Investing activities</b>		
Acquisition of exploration and evaluation assets	<b>(383,827)</b>	(305,000)
<b>Net cash from investing activities</b>	<b>(383,827)</b>	(305,000)
<b>Financing activities</b>		
Issuance of shares and warrants, net of issue costs	-	1,109,435
Due to a company controlled by a director	<b>50,000</b>	-
<b>Net cash from financing activities</b>	<b>50,000</b>	1,109,435
<b>Decrease (Increase) in restricted cash</b>	-	30,000
<b>Increase (Decrease) in cash and cash equivalents</b>	<b>(171,568)</b>	(1,155,660)
Cash and cash equivalents, beginning of period	<b>175,130</b>	1,267,562
<b>Cash and cash equivalents, end of period</b>	<b>3,562</b>	111,902

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

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# **St-Georges Platinum & Base Metals Ltd.**

## **Notes to Condensed Interim Financial Statements**

**June 30, 2012 and 2011**  
**(Unaudited)**

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### **1. Corporate Information and Going Concern of Operations**

The condensed interim financial statements of St-Georges Platinum & Base Metals Ltd. (formerly ACFAW.com Inc., the “Company” or “St-Georges”) for the period ended June 30, 2012 were authorized for issue in accordance with a resolution of the directors on August 29, 2012. St-Georges’ business activity is the exploration and evaluation of mineral properties in Canada. St-Georges was incorporated under the Canada Business Corporations Act on June 21, 2002. The Company is listed on the Canadian National Stock Exchange (“CNSX”), having the symbol SX, and on the OTCQX, having the symbol SXOOF. The Company, which is in the process of exploring its mineral properties, has one reportable segment in Canada and all of the assets are located in Canada.

The address of the Company’s corporate office and principal place of business is 630 Sherbrooke Street West, Suite 410, Montreal, Quebec, H3A 1E4, Canada.

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realization of assets and discharge of liabilities in the normal course of business. At June 30, 2012, the Company has not yet achieved profitable operations, had no operating income and had cash and cash equivalents of \$3,562 and negative working capital of \$1,307,174. As such, the Company’s ability to continue as a going concern depends on its ability to successfully raise additional financing. If additional capital is not raised, the going concern basis may not be appropriate with the result that the Company may have to realize its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts different from those stated in the financial information. No adjustments for such circumstances have been made in the financial information.

### **2. Basis of Presentation**

#### **a) Statement of Compliance**

These condensed interim financial statements of the Company for the period ended June 30, 2012 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting.

The policies applied in these condensed interim financial statements are consistent with the policies disclosed in Notes 3, 4 and 5 of the financial statements for the year ended December 31, 2011. These condensed interim financial statements should be read in conjunction with the Company’s financial statements for the year ended December 31, 2011.

#### **b) Basis of Measurement**

The condensed interim financial statements have been prepared on an historical cost basis.

The condensed interim financial statements are presented in Canadian dollars, which is also the Company’s functional currency.

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**St-Georges Platinum & Base Metals Ltd.**  
**Notes to Condensed Interim Financial Statements**  
June 30, 2012 and 2011  
(Unaudited)

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**2. Basis of Presentation (continued)**

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. The areas involving a higher degree of judgement of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5 of the financial statements for the year ended December 31, 2011.

**3. Significant Accounting Policies**

The preparation of the financial data is based on accounting principles and practices consistent with those used in the preparation of the financial statements for the year ended December 31, 2011. The condensed interim financial statements should be read in conjunction with the Company's financial statements for the year ended December 31, 2011.

**4. Future Accounting Policy Changes Issued But Not Yet In Effect**

The following are new pronouncements issued by the IASB. The following new standards and interpretations are not yet effective and have not been applied in preparing these financial statements; however, they may impact future periods.

*IFRS 9 "Financial Instruments"*

*IFRS 7 "Financial Instruments Disclosure"*

*IFRS 10 "Consolidated Financial Statements"*

*IFRS 11 "Joint Arrangements"*

*IFRS 12 "Disclosure of Interests in Other Entities"*

*IFRS 13 "Fair Value Measurement"*

*IFRS 20 "20 Stripping Costs in the Production Phase of a Surface Mine"*

Amendments to IAS 1 – "Presentation of Financial Statements" were issued in June 2011 and are effective for annual periods beginning on or after July 1, 2012. IAS 1 should be applied retrospectively, but early adoption is permitted. The amendments require that an entity present separately the items of other comprehensive income ("OCI") that may be reclassified to earnings in the future from those that would never be reclassified to earnings. Consequently an entity that presents items of OCI before related tax effects will also have to allocate the aggregated tax amount between these categories. The existing option to present the earnings and other comprehensive income in two statements has remained unchanged. The Company intends to adopt the amendments in its financial statements for the annual period beginning on January 1, 2013. The impact of adoption of the amendments has not yet been determined.

**St-Georges Platinum & Base Metals Ltd.**  
**Notes to Condensed Interim Financial Statements**  
June 30, 2012 and 2011  
(Unaudited)

**5. Cash and Cash Equivalents**

	June 30, 2012	December 31, 2011
	\$	\$
Cash	3,562	5,130
Cash in trust	-	170,000
Cash and cash equivalents	<u>3,562</u>	<u>175,130</u>

**6. Other Receivables**

As of June 30, 2012, the Company had accounts receivable of \$300,670 (December 31, 2011 - \$216,142), as described below:

	June 30, 2012	December 31, 2011
	\$	\$
Taxes recoverable	266,092	190,515
Interest receivable from a company with common directors	34,578	25,627
	<u>300,670</u>	<u>216,142</u>

**7. Advances to Drilling Subcontractors**

As of June 30, 2012, the Company had advances to drilling subcontractors for an amount of \$Nil (December 31, 2011 – \$307,878). This balance is associated primarily with advances paid to drilling companies in connection with the Company's 2011 exploration drilling campaign.

**8. Advance Royalty Payment**

As per the agreement entered into by the Company with Fancamp Resources Inc. and Sheridan Platinum Group Ltd. on February 15, 2009 concerning the Villebon Property, the Company is obliged to pay an advance royalty payment of \$40,000 per year, beginning in February 2012. Please see Note 15 below for further details in this regard.

**9. Secured Debenture**

On May 27, 2010, the Company issued a secured debenture for a principal amount of \$100,000 to LiteWave Corp., which is a company with common directors. This secured debenture shall bear interest at the rate of 15% per annum, payable semi-annually and maturing on May 27, 2011. LiteWave is presently in default of its obligations to repay the principal amount and interest to the Company. Interest on the debenture has increased from 15% per annum to 18% per annum until the debenture will be repaid. As of June 30, 2012, the interest receivable is \$34,578 (December 31, 2011 – \$25,627).



**St-Georges Platinum & Base Metals Ltd.**  
**Notes to Condensed Interim Financial Statements**  
June 30, 2012 and 2011  
(Unaudited)

**10. Exploration and Evaluation Assets**

(\$)	Lac Julie- Isoukustouc			Manicouagan Constellation	Total
	Villebon	Complex			
<b>Balance as at Dec. 31, 2011</b>	<b>4,467,440</b>	<b>2,308,754</b>	<b>503,155</b>	<b>7,279,349</b>	
Exploration costs	-	368,838	-	368,838	
Property acquisitions	8,364	4,134	2,491	14,989	
<b>Balance as at June 30, 2012</b>	<b>4,475,804</b>	<b>2,681,726</b>	<b>505,646</b>	<b>7,663,176</b>	

The Villebon, Lac Julie – Isoukustouc Complex and Manicouagan Constellation properties are all located in Quebec, Canada and are 100% owned by the Company.

**Villebon**

The Villebon gold-nickel-PGE (platinum group elements) property lies within the Abitibi Greenstone Belt of northwestern Quebec, close to the north boundary of the La Vérendrye Provincial Park and the Reserve in Villebon Township, close to Val-d'Or. This property is located less than 2 kilometres east of Highway 117, about 21 kilometres south of the community of Louvicourt and about 45 kilometres southeast of Val-d'Or. The Villebon property consists of 38 claims.

**Lac Julie – Isoukustouc Complex**

The Lac Julie – Isoukustouc Complex properties are both part of the rich Proterozoic Grenville Province of Quebec. Exploration work on these properties will focus on nickel, copper and PGE. These properties are located in the North Shore region of the St. Lawrence River, in proximity to the communities of Baie-Comeau and Sept-Îles. The Manic-3, Mathilda and Isoukustouc properties are located less than 10 kilometres west of the Manic-3 hydro generating station within the Manicouagan reservoir. The Lac Julie – Isoukustouc Complex properties are located approximately 65 kilometres further to the east, close to Lac La Blache. The Lac Julie – Isoukustouc Complex properties are composed of 656 claims, of which 279 claims are in the Lac Julie area and 377 are in the Isoukustouc Complex area.

**Manicouagan Constellation**

The Manicouagan Constellation group of properties consists of eight prospective grass roots targets for PGE with limited historical work. Tétépisca is known to host graphite and was the subject of an agreement with Focus Graphite Inc. to evaluate this property's potential. The remaining seven properties are gold-copper-nickel-PGE projects. The Manicouagan Constellation group of properties are located along Quebec's North Shore region of the St. Lawrence River, in the Manicouagan sector. The Lac en Dentelle property is 65 kilometres northwest of Labrieville and about 200 kilometres from Forestville. The Franquelin property is located about 14 kilometres from Baie-Comeau. The Lac Ste-Anne property is located east of Manicouagan. The Manic-5 property is located in the centre of Manicouagan. The four other properties (Bois-Long, Indian Summer, Katshi and Tétépisca) are located in the northwestern sector of Manicouagan. The Manicouagan Constellation properties are composed of a total of 218 claims.

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# St-Georges Platinum & Base Metals Ltd.

## Notes to Condensed Interim Financial Statements

June 30, 2012 and 2011  
(Unaudited)

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### 10. Exploration and Evaluation Assets (continued)

#### Claims Held Jointly with Amseco Exploration Ltd.

On February 29, 2012, the Company announced that it had partnered with Amseco Exploration Ltd. ("Amseco") to acquire and explore properties known to host multiple graphite occurrences. These claims are divided into two areas. The Tétépisca West, Canadian Goose and Wooden Lake properties (collectively, the "Tétépisca West properties") are all located to the southwest of the Manicouagan Reservoir, close to the Company's Tétépisca property; St-Georges and Amseco jointly have 118 claims on the Tétépisca West properties. In addition, the Pike River, Lake 222 and the Polynesian Lake Graphite properties (collectively, the "Southern properties") are located approximately 120 km northwest of Baie-Comeau, Quebec, close to the Company's Lac Julie properties; St-Georges and Amseco jointly have 67 claims on the Southern properties. St-Georges and Amseco jointly have 185 claims on the Tétépisca West and Southern properties, which are owned 50-50 by each corporation.

### 11. Due to a Company Controlled by a Director

On March 9, 2012, the Company signed a promissory note with a company controlled by a director of the Company for a principal amount of \$50,000. The Company agrees to repay the principal of \$50,000 and fees of \$10,000 following the closing of a private placement or upon receipt of GST and QST tax refunds.

### 12. Share Capital

#### a) Common Shares

The Company is authorized to issue an unlimited number of common shares, voting, participating and with no par value.

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

The following is a summary of changes in common share capital from December 31, 2011 to June 30, 2012:

	Number of Shares	Amount (\$)
Balance at December 31, 2011	103,562,111	8,804,832
Balance at June 30, 2012	103,562,111	8,804,832

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**St-Georges Platinum & Base Metals Ltd.**  
**Notes to Condensed Interim Financial Statements**  
June 30, 2012 and 2011  
(Unaudited)

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**12. Share Capital (continued)**

**Escrow**

On June 1, 2009, the Company, then trading as Emergence Resort Canada Inc., signed an escrow agreement with its transfer agent, Computershare, in which 2,310,000 common shares of the Company were placed in escrow, with releases every six months over the following three years. The release schedule is as follows: 10% of the initial amount in escrow was released upon signature of the escrow agreement (231,000 common shares), with further releases of 15% (or 346,500 common shares) every six months thereafter over the next 36 months. On June 30, 2012, there were no common shares in escrow with the Company's transfer agent (December 31, 2011 – 346,500 common shares).

**b) Preferred Shares**

The Company is authorized to issue an unlimited number of preferred shares without nominal or par value.

**c) Contributed Surplus**

The following is a summary of changes in contributed surplus from December 31, 2011 to June 30, 2012:

	<u>Amount (\$)</u>
<b>Balance at December 31, 2011</b>	<u>1,419,447</u>
<b>Balance at June 30, 2012</b>	<u>1,419,447</u>

**d) Warrants**

*Warrants*

The following is a summary of changes in warrants from December 31, 2011 to June 30, 2012:

	<b>Number of Warrants</b>	<b>Weighted Average Strike Price</b>
<b>Balance as at December 31, 2011</b>	<u>35,715,553</u>	<u>\$0.48</u>
Expired	(666,667)	\$0.15
<b>Balance as at June 30, 2012</b>	<u>35,048,886</u>	<u>\$0.49</u>
<b>Warrants exercisable, June 30, 2012</b>	<u>35,048,886</u>	<u>\$0.49</u>

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**St-Georges Platinum & Base Metals Ltd.**  
**Notes to Condensed Interim Financial Statements**  
June 30, 2012 and 2011  
(Unaudited)

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**12. Share Capital (continued)**

As at June 30, 2012, the Company had outstanding warrants as follows:

<b>Number of Warrants</b>	<b>Strike Price</b>	<b>Expiry Date</b>
6,649,819	\$0.50	December 29, 2012
731,400	\$0.20	December 31, 2012
470,000	\$0.25	December 31, 2012
100,000	\$0.20	March 1, 2013
180,000	\$0.25	March 1, 2013
6,666,667	\$0.50	March 22, 2013
3,592,000	\$0.50	May 14, 2013
10,464,000	\$0.50	December 31, 2013
5,175,000	\$0.54	March 1, 2014
170,000	\$0.10	December 29, 2014
850,000	\$0.23	December 29, 2014
<b>35,048,886</b>	<b>\$0.49</b>	

**13. Share-based Payments**

**a) Stock Option Plan**

On June 1, 2009, the Company established a stock-based compensation plan. Under the stock-based compensation plan, the board of directors of the Company may, from time to time, at its discretion, and in accordance with CNSX requirements, grant to directors, officers and technical consultants of the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed ten percent (10%) of the issued and outstanding common shares exercisable for a period of up to five (5) years from the date of grant. The number of common shares reserved for issuance to any individual director or officer will not exceed five percent (5%) of the issued and outstanding Common Shares and the number of Common Shares reserved for issuance to all technical consultants will not exceed two percent (2%) of the issued and outstanding Common Shares.

Options may be exercised no later than 90 days following cessation of the optionee's position with the Company, provided that if the cessation of office, directorship, or technical consulting arrangement was by reason of death, the option may be exercised with a maximum period of one year after such death, subject to expiry date of such option.

The subscription price of the shares which may be issued under the plan must not be lower than the closing price of the last regular board lot (not less than \$0.10) sold on the CNSX on the trading day immediately preceding the date of grant. The option price is payable in full at the time the options is exercised. The vesting periods in respect of the options are determined by the Board of Directors at the time of each grant of options.

**St-Georges Platinum & Base Metals Ltd.**  
**Notes to Condensed Interim Financial Statements**  
June 30, 2012 and 2011  
(Unaudited)

**13. Share-based Payments (continued)**

The following options were outstanding as at June 30, 2012:

Grant Date	Expiry Date	Exercise Price	Opening Balance	During the period			Closing Balance	Vested	Unvested
				Granted	Exercised	Forfeited			
6-Jan-10	6-Jan-15	\$0.20	-	400,000	-	-	400,000	400,000	-
20-Oct-10	20-Oct-15	\$0.15	-	3,650,000	-	-	3,650,000	3,650,000	-
			475,000	4,050,000	-	-	4,050,000	4,050,000	-
Weighted Average Exercise Price			\$0.26	\$0.15	-	-	\$0.15	\$0.15	-

**14. Capital Management**

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. As at June 30, 2012, the Company's shareholders' equity was \$6,456,022 (December 31, 2011 – \$6,656,676) and it had no outstanding debt. The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels. To meet these objectives, management monitors the Company's capital requirements against unrestricted net working capital and assesses additional capital requirements on specific business opportunities on a case-by-case basis.

The capital for expansion was mostly from proceeds from the issuance of common shares. The net proceeds raised will only be sufficient for a certain amount of exploration and development work on its properties, and for working capital purposes. Additional funds may be required to finance the Company's corporate objectives. There was no change in the capital management policy for the period ended June 30, 2012.

**15. Commitments**

**a) Flow-Through Financings**

In 2011, the Company raised \$870,000 following flow-through placements. According to the tax rules, the Company has until December 31, 2012 to fulfil its commitments. The Company has renounced all tax deductions as at December 31, 2011, and management is required to fulfil its commitments within the stipulated deadline.

**b) Payments to Fancamp Exploration Ltd. and Sheridan Platinum Group**

On February 15, 2009, the Company entered into an agreement to purchase claims in the Villebon area of Quebec from Fancamp Exploration Ltd. ("Fancamp") and Sheridan Platinum Group ("Sheridan") (collectively, the "Vendors"). St-Georges originally acquired 50% of these claims, with LiteWave acquiring the remaining 50%. Since LiteWave defaulted on its payments of a total of \$100,000 to each of Fancamp and Sheridan (for a total of \$200,000), St-Georges paid these amounts to Fancamp and Sheridan in February 2011 and assumed a 100% interest in these claims.

As per the terms of this agreement with Fancamp and Sheridan, St-Georges is obliged to pay an advance royalty payment of \$40,000 per year to the Vendors, beginning in February 2012.

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**St-Georges Platinum & Base Metals Ltd.**  
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(Unaudited)

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**15. Commitments (continued)**

In addition, if the Company were to generate revenues from these claims, a Net Smelter Return of between 2% and 3% would be paid to the Vendors.

**16. Related Party Transactions**

**a) LiteWave Corporation.**

On May 27, 2010, the Company issued a secured debenture to LiteWave Corp. for a total amount of \$100,000. LiteWave Corp. and the Company are related parties as François Dumas and Mark Billings are directors of both companies. This advance was not made in the normal course of business and is measured at the exchange amount. LiteWave is presently in default of its obligations to repay this amount to the Company. Interest on the debenture has increased from 15% per annum to 18% per annum until the debenture will be repaid. Interest payable by LiteWave to the Company totalled \$34,578 as at June 30, 2012.

**b) Management Contracts**

In 2011, the Company signed a management contract with François Dumas, the President and CEO of the Company. As per the terms of this contract, Mr. Dumas was paid \$21,000 (plus applicable taxes) in fees in the three-month period ended June 30, 2012 (2011 – \$Nil); he was paid \$42,000 (plus applicable taxes) in fees in the six-month period ended June 30, 2012 (2011 – \$Nil).

In 2011, the Company signed a management contract with a company controlled by Mark Billings, the CFO of the Company. As per the terms of this contract, Mr. Billings' company was paid \$15,000 (plus applicable taxes) in fees in the three-month period ended June 30, 2012 (2011 – \$Nil); his company was paid \$30,000 (plus applicable taxes) in fees in the six-month period ended June 30, 2012 (2011 – \$Nil).

**c) Due to a Company Controlled by a Director**

On March 9, 2012, the Company signed a promissory note with a company controlled by a director of the Company for a principal amount of \$50,000. The Company agrees to repay the principal of \$50,000 and fees of \$10,000 following the closing of a private placement or upon receipt of GST and QST tax refunds.

**17. Segmental Reporting**

The Company is organized into business units based on mineral properties and has one reportable operating segment, being that of acquisition and exploration and evaluation activities.

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**St-Georges Platinum & Base Metals Ltd.**  
**Notes to Condensed Interim Financial Statements**  
June 30, 2012 and 2011  
(Unaudited)

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**16. Loss per Share**

The calculation of basic loss per share is based on the loss for the period divided by the weighted average number of shares in issue during the period. In calculating the diluted loss per share, potential ordinary shares such as share options and warrants have not been included as they would have the effect of decreasing the loss per share. Decreasing the loss per share would be antidilutive. Details of share options, warrants and broker warrants in issue that could potentially dilute earnings per share in the future are given in Note 12.

<b>For the three months ended June 30</b>	<b>2012</b>	<b>2011</b>
Loss for the period	(102,167)	(198,547)
Weighted average number of shares in issue		
Basic	103,562,111	101,862,111
Diluted	103,562,111	101,862,111
Loss per share		
Basic	(0.001)	(0.001)
Diluted	(0.001)	(0.001)
<b>For the six months ended June 30</b>	<b>2012</b>	<b>2011</b>
Loss for the period	(200,674)	(632,102)
Weighted average number of shares in issue		
Basic	103,562,111	98,893,465
Diluted	103,562,111	98,893,465
Loss per share		
Basic	(0.002)	(0.006)
Diluted	(0.002)	(0.006)