PROPHECY PLATINUM

(AN EXPLORATION STAGE COMPANY)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

SEPTEMBER 30, 2012

(Expressed in Canadian Dollars)

CONTENTS

1. INTRODUCTION

The following discussion of the results of operations, financial condition and cash flows of Prophecy Platinum Corp. (formerly, Pacific Coast Nickel Corp.) ("Prophecy Platinum" or the "Company") prepared as of November 29, 2012 is management's review of the factors that affected the Company's financial and operating performance for the six months ended September 30, 2012 and the eight months ended March 31 2012, and factors reasonably expected to impact on future operations and results. This discussion is intended to supplement and complement the Company's unaudited condensed consolidated interim financial statements for the six months ended September 30, 2012 (prepared in accordance with International Financial Reporting Standards or "IFRS") and the eight months ended March 31 2012. Readers are encouraged to consult the 2012 Audited Financial Statements and Note 22 to those statements include a detailed explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of Platinum for the comparative periods presented. Additional information related to the Company is available at http:///www.prophecyplat.com.

Description of Business
Prophecy Platinum Corp. (the "Company" or "Prophecy Platinum") (formerly Pacific Coast Nickel Corp.), incorporated in British Columbia, is a public company listed on the TSX Venture Exchange ("TSX-V") and trades under the symbol NKL. The Company maintains its head office at 342 Water Street, 2nd Floor, Vancouver, British Columbia, Canada, V6B 1B6.

The principal business of the Company is the acquisition, exploration and development of nickel sulphide projects with significant platinum group metals in North and South America. In the Yukon Territory, Canada the Company holds a 100% interest in the Wellgreen Property and a 100% interest in the Burwash Property.

In Ontario, the Company holds a 100% interest in the Shakespeare Property, an approximately 80% interest in a joint venture exploration property surrounding the Shakespeare property, as well as a 100% interest in certain nickel exploration properties, including the Fox Mountain property, the Porter-Baldwin property and the Shining Tree property.

In Manitoba, the Company is earning a 100% interest in the Lynn Lake Property, which is currently 100% owned by Victory Nickel Inc. ("Victory").

In Uruguay, the Company incorporated a wholly-owned subsidiary, Pacific Nickel Sudamerica SA. Through this subsidiary, the Company holds five prospecting licenses which are currently being assessed.

At September 30, 2012 and November 29, 2012, the Company had respectively: (i) 67,476,055 and 67,526,055 common shares issued and outstanding; (ii) 8,718,250 and 10,733,250 share options for common shares outstanding; and (iii) 4,790,701 and 4,790,701 warrants outstanding for common shares.

Head office
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Share Information
Common shares of Prophecy Platinum Corp. are listed for trading on the TSX-V under symbol "NKL", OTC-QX under symbol "PNIKF", and Frankfurt Stock Exchange under symbol "P94P".

Investor Information
Financial reports, news releases and corporate information can be accessed on our web site at www.prophecyplat.com

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As of November 29th, 2012, the Company's Directors and Officers are as follows:

Directors	Officers
John Lee, Chairman	Greg Johnson, President and CEO
Mike Sylvestre	Jeffrey Mason, CFO
Greg Hall	John Sagman, Senior VP and COO
Harald Batista	Robert Bruggeman, VP Corporate Development
Myron Manternach	
Wesley J. Hall	

Audit Committee	***Compensation Committee***	***Corporate Governance Committee***
Greg Hall (Chairman)	Mike Sylvestre (Chairman)	Wesley J. Hall (Chairman)
Harald Batista	Harald Batista	Mike Sylvestre
Myron Manternach	Greg Hall	

2. DISCLOSURE CONTROLS AND PROCEDURES

Management is responsible for the preparation and integrity of the consolidated financial statements, including the maintenance of appropriate information systems, procedures and internal controls to ensure that information used internally or disclosed externally, including the financial statements and MD&A, is complete and reliable. Management has evaluated the Company's disclosure controls and procedures and internal controls over financial reporting and has concluded that they were effective at September 30, 2012. The Company's board of directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The audit committee meets with management to review the financial statements and the MD&A, and to discuss other financial, operating and internal control matters.

The adoption of IFRS impacts the Company's presentation of financial results and accompanying disclosures. The Company has evaluated the impact of IFRS on its processes, controls and financial reporting systems and has made modifications to its control environment accordingly.

There have been no significant changes in the Company's internal control over financial reporting during the six months period ended September 30, 2012 that have materially affected, or are reasonably likely to materially effect, the Company's internal control over financial reporting.

The management of the Company has filed the Venture Issuer Basic Certificate with the Interim Filings on SEDAR at www.sedar.com.

In contrast to the certificate required under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the venture issuer certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing certificates for venture issuers are not making any representations relating to the establishment and maintenance of:

- controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and

- a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's generally accepted accounting principles.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificate(s).

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency, and timeliness of interim and annual filings and other reports provided under securities legislation.

3. FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A constitute "forward-looking statements" within the meaning of Canadian securities legislation. These forward-looking statements are made as of the date of this MD&A and the Company does not undertake to update any forward-looking statement that may be made from time to time by the Company or on its behalf, except in accordance with applicable securities laws.

Forward-looking statements relate to future events or future performance and reflect management's expectations or beliefs regarding future events and include, but are not limited to, statements with respect to the estimation of mineral reserves and resources, the realization of mineral resource and mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, success of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage.

Except for statements of historical fact relating to the Company, certain information contained herein constitutes forward-looking statements. This Interim MD&A contains forward-looking statements which reflect management's expectations regarding Prophecy Platinum's future growth for the ensuing year, our medium and long term goals, and strategies to achieve those objectives and goals, as well as statements with respect to our belief, plans, objectives, expectations, anticipations, estimates and intentions. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," and words and expressions of similar import are intended to identify forward-looking statements. In particular, statements regarding the Company's future operations, future exploration and development activities or other development plans and estimated future financing requirements contain forward-looking statements.

Forward-looking statements include, without limitation, the information concerning possible or assumed future results of operations of Prophecy Platinum. These statements are not historical facts but instead represent only Prophecy's current beliefs as well as assumptions made by and information currently available to the Company concerning anticipated financial performance, business prospects, strategies, regulatory developments, development plans, exploration and development activities and commitments and future opportunities. Although management considers those assumptions to be reasonable based on information currently available to them, they may prove to be incorrect.

These statements are not guarantees of future performance and involve assumptions and risks and uncertainties that are difficult to predict. Therefore, actual results may differ materially from what is expressed, implied or forecasted in such forward-looking statements.

By their very nature, forward looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, and readers are advised to consider such forward-looking statements in light of the risks set forth below and as detailed under RISK AND UNCERTAINTIES section in this MD&A.

These factors include, but are not limited to, developments in world financial and commodity markets, changes in exploration plans due to exploration results and changing budget priorities of the Company or its joint venture partners, changes in project parameters as plans continue to be refined; possible variations in resources and reserves, grade or recovery rates; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing, the effects of competition in the markets in which the Company operates, the impact of changes in the laws and regulations regulating mining exploration and development,

judicial or regulatory judgments and legal proceedings, operational and infrastructure risks and the Company's anticipation of and success in managing the foregoing risks. The Company cautions that the foregoing list of factors that may affect future results is not exhaustive. When relying on our forward-looking statements to make decisions with respect to the Company, investors and others should carefully consider the foregoing factors and other uncertainties and potential events.

4. SIX MONTHS HIGHLIGHTS AND SIGNIFICANT EVENTS

- On April 4, 2012 and May 9, 2012, 230,000 and 50,000 share options were granted to employees of the Company with exercise prices of $3.09 per share and $2.67 per share respectively for a period of five years.

- On April 16, 2012, the Company and URSA Major Minerals Inc. ("URSA") have signed a definitive agreement ("Arrangement Agreement") in connection with the business combination ("Transaction") to issue one common share for each 25 common share of URSA held. As a result of the Transaction, the URSA security holders will become the Company security holders, URSA will become a wholly owned subsidiary of Prophecy Platinum.

- On June 18, 2012, the Company announced results of NI 43-101 compliant Preliminary Economic Assessment ("PEA") report, prepared by Tetra Tech Wardrop ("Tetra Tech") for its Wellgreen project.

- On July 10, 2012, Mr. Harald Batista and Mr. Myron Manternach were appointed as directors of the Company.

- On July 16, 2012, the Company completed its acquisition of URSA. Prophecy issued a total of 3,186,916 common shares to acquire all of the outstanding shares in URSA using an agreed share exchange ratio of one common share in Prophecy Platinum for each twenty-five common shares in URSA. On completion of the acquisition URSA delisted its shares from the TSX and became a wholly-owned subsidiary of the Company. The balance of shares of URSA that were held by the Company as at March 31, 2012 was cancelled pursuant to the terms of the acquisition.

- On July 25, 2012, the Company provided additional information related to PEA for Wellgreen project including updated base case metals pricing assumptions.

- On July 31, 2012, the Company closed a non-brokered private placement of units and flow through shares totaling $7.25 million. 5,067,208 units were issued at a price of $1.20 per unit to generate gross proceeds of approximately $6,080,650. Each unit comprised one common share and a half share purchase warrant exercisable until July 31, 2014. Each whole warrant entitled the holder thereof to acquire one additional common share at a price of $1.50 per share in the first year and $2.00 per share in the second year. The warrants are subject to 30 day accelerated conversion if the closing price of the Company's shares on the TSX Venture Exchange is $2.80 or above for a period of 10 consecutive days. 807,655 flow through shares were issued at a price of $1.45 per share to generate gross proceeds of approximately $1,171,100. Finder's fees of 6.5% of the proceeds placed, payable in cash, were paid on portions of the placement. Proceeds of the placement will be applied to the Wellgreen project and the Company's other properties, in addition to general working capital.

- On August 7, 2012, Mr. Wesley J. Hall was appointed as a director of the Company. Mr. Donald Gee and Mr. David Patterson have resigned as directors of the Company. Mr. Patrick Langlois has resigned as Vice President of Corporate Development.

- On August 7, 2012, and August 16, 2012, the Company granted 1,970,000 and 87,000 share options to directors, officers, employees, and consultants of the Company at exercise price of $1.16 and $1.14 respectively for a period of five years, 50% of the options vest in year one and 50% in year two.

- On August 9, 2012, the Company filed Amended and Restated Wellgreen Project Preliminary Economic Assessment ("PEA") and announced the results of ongoing metallurgical testing for Wellgreen project.

  Metallurgical tests completed at SGS Laboratories under the direction of metallurgist Mr. Mike Ounpuu indicate separate nickel-PGE-cobalt concentrates grading up to 12.9% nickel and copper-PGE-gold concentrates grading up to 23.2% copper can be produced from Wellgreen's disseminated PGE-Ni-Cu mineralization.

- On August 16, 2012, the Company concluded a cooperation and benefits agreement with Kluane First Nation to support the Company's exploration program and environmental studies for the development of its Wellgreen project in Southwestern Yukon.

- On August 16, 2012, the Company announced the appointment of Mr. Rob Bruggeman as VP Corporate Development.

- On August 30, the Company has closed a non-brokered private placement of 2,500,000 million units at a price of $1.20 per unit for total gross proceeds of $3 million. Each unit comprised one common share and a half share purchase warrant. Each whole warrant entitles the holder thereof to acquire one additional common share at a price of $2.00 per share for a period of two years. The warrants are subject to 30 day accelerated conversion if the closing price of the Company's shares on the TSX Venture Exchange is $2.80 or above for a period of 10 consecutive days. Proceeds of the placement will be applied to the Wellgreen project and the Company's other properties, in addition to general working capital.

- On September 12, 2012, the Company announced an updated Mineral Resource estimate report for the Shakespeare Nickel deposit acquired through a merger with URSA.

- On September 24, 2012 the Company granted 165,000 share options to employee and consultants of the company at an exercise price of $1.65 for a period of five years, 50% of the options vest in year one and 50% in year two.

Subsequent to period end:

- On October 15, 2012, the Company entered into a contract with EBA Engineering Consultants LTD ("EBA") a Tetra Tech Company to initiate environmental baseline studies on Wellgreen project.

- On October 31, 2012, Prophecy Platinum granted a severance payment of $125,000 to Mr. Joseph Li (50% of such payment has been paid to JWL Investments Corp., a private company controlled by Mr. Li) in connection with the termination of his consulting agreement with Prophecy Platinum.

- On November 1, 2012, the Company terminated its option agreement with Marifil Mines Ltd. on the Las Aguilas property in Argentina.

- On November 1, 2012, the Company announced the appointment of Mr. John Sagman, P.Eng. as Senior VP and Chief Operating Officer.

- On November 5, 2012, the Company announced the appointment of Mr. Greg Johnson as President and Chief Executive Officer.

- On November 5, 2012, Prophecy Platinum terminated the consulting agreement that it had with Mau Capital Management LLC, and as a result of the termination, Prophecy Platinum made a severance payment of $240,000 to Linx Partners Ltd.

- On November 6, 2012, the Company announced the appointment of Mr. Jeffery Mason as Chief Financial Officer.

- In October and November the Company granted 1,095,000 share options to directors, officers, employees of the Company at exercise prices ranging from $1.24 to $1.25 for a period of five years, 50% of the options vest in year one and 50% in year two.

- In November the Company granted 800,000 share options to its new CEO who joined the Company, at exercise price of $1.14, which vest 25% at the end of each six month period for two years.

For further information, please refer to www.prophecyplat.com.

5. OVERALL PERFORMANCE

On June 13, 2011, the Company purchased the Wellgreen and Lynn Lake properties from Prophecy Coal Corp. by a plan of arrangement (the "Arrangement"). Under the Arrangement, Prophecy Coal Corp. spun out its Wellgreen and Lynn Lake mineral properties along with $2,000,000 cash into a newly incorporated company named 0905144 BC Ltd. Prophecy Coal Corp. then transferred all the issued and outstanding 0905144 BC Ltd.'s shares to the Company in consideration for 450,000,000 (45,000,000 post consolidation) of the Company's shares.

Subsequent to the transaction, the Company changed its name to Prophecy Platinum Corp. and consolidated its share capital on a 10 old for 1 new basis.

The following is a summary of the acquisition cost allocation at the date of purchase based upon the estimated fair values of the assets acquired and liabilities assumed:

Purchase price of 45,000,000 common shares issued	$ 49,007,724
Transaction costs	126,730
Acquisition cost	$ 49,134,454
Purchase price allocation:	
Cash	$ 2,000,000
Mineral properties – Wellgreen	14,783,596
Mineral properties – Lynn Lake	32,350,858
Net assets acquired	$ 49,134,454

Acquisition of URSA

On July 16, 2012, the Company acquired all of the issued and outstanding securities of URSA pursuant to a court approved statutory plan of arrangement under the *Business Corporations Act* (Ontario) involving Prophecy Platinum, URSA and its securityholders. Pursuant to the arrangement, URSA amalgamated with a wholly owned subsidiary of Prophecy Platinum and all of the securityholders of URSA, other than option holders, exchanged their URSA securities for securities of Prophecy Platinum.

For each one share of URSA held, an URSA shareholder received 0.04 of a common share of Prophecy Platinum. Each URSA warrant was exchanged for a warrant of Prophecy Platinum exercisable for that number of shares that is equal to the number of URSA shares that would otherwise have been issuable thereunder multiplied by 0.04 with the exercise price of such convertible security of the Company being adjusted to equal the exercise price of the applicable URSA warrant divided by 0.04.

On March 9, 2012, Prophecy Platinum acquired from URSA 16,666,667 common shares at a price of $0.06 per share for aggregate proceeds of $1,000,000. All of the 16,666,667 URSA shares held by Prophecy Platinum were cancelled without repayment of capital on July 16, 2012 as a term of the acquisition.

As a result of the URSA Transaction, URSA, as amalgamated, is now a wholly owned subsidiary of Prophecy Platinum and its common shares were delisted from the TSX.

URSA holds a 100% interest in the Shakespeare Property, the Shining Tree nickel property, the Port-Baldwin property and the Fox Mountain property, all located in Ontario and further described below.

Wellgreen Nickel Property, Yukon Territory, Canada

The Wellgreen property, a nickel-copper and platinum group metals project located in southwestern Yukon Territory, Canada, approximately 35 km northwest of Burwash Landing in the Yukon, and about 400 km from Alaska's deep sea port at Haines was acquired from Prophecy Coal Corp. on June 13, 2011 by way of a plan of arrangement, in which 45,000,000 common shares of the Company was provided as consideration for the transaction. Based on the ascribed market value of the Company shares amounting to $49,134,454, the purchase price allocation to the acquisition cost of a 100% interest in the Wellgreen mineral property amounted to $14,783,596 and the option to acquire a 100% interest in the Lynn Lake property amounted to $32,350,858 (Financial Statements note 3).

An independent NI 43-101 compliant resource calculation was issued by Wardrop Engineering, a Tetra Tech Company ("Technical Report and Resource Estimate on the Wellgreen Platinum-Palladium-Nickel-Copper Project, Yukon, Canada") July 21, 2011.

In January 2012, Prophecy Platinum announced the commencement of a combined surface and underground HQ core size drilling program. The drilling was targeted at providing infill information to the existing resource as released in July 2011. Drilling at site was completed late November and included 5,417 meters of underground and 5,567 meters of surface drilling totalling 10,984 meters of drilling in 2012. Logging and sampling / assaying of core is still in progress at the site with results being reported once final assays have been completed and the results interpreted.

Prophecy Platinum announced results from its Preliminary Economic Assessment (PEA) on June 18, 2012 with additional information reported on July 25, 2012. The independent PEA, prepared by Tetra Tech was supervised by Todd McCracken, P.Geo., Andrew Carter, C.Eng., Pacifico Corpuz, P.Eng., Philip Bridson, P.Eng and Wayne Stoyko, P.Eng who are the Qualified Persons, as defined under National Instrument 43-10.

A PEA should not be considered to be a pre-feasibility or feasibility study, as the economics and technical viability of the project has not been demonstrated at this time. The PEA is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves.

Furthermore, there is no certainty that the PEA will be realized. Mineral resources that are not mineral reserve do not have demonstrated economic viability. Prophecy Platinum advises that investors should rely on the new base case data. Results based on EMCF pricing assumptions are provided as a sensitivity analysis. Further sensitivity analyses may be found in the PEA executive summary included in the written report filed on Sedar.

As reported on August 2, 2012 Prophecy concluded a cooperation and benefits agreement ("Agreement") with the Kluane First Nation ("KFN") to support Prophecy's exploration program and environmental studies for the development of the Wellgreen Project.

The Agreement, which is comprehensive in nature, includes provisions for employment and training opportunities for KFN citizens, contracting opportunities for KFN businesses and citizens, funding for the meaningful implementation of the Agreement, and an equity position in Prophecy Platinum for KFN and its citizens. Acting reasonably and in good faith, KFN may participate fully and without limitation in all regulatory process concerning the exploration activities. Other highlights include environmental protection through the cooperative design and implementation of environmental management and monitoring programs, and a framework and mutual commitment to develop a Comprehensive Cooperation and Benefits Agreement for the eventual development and operation of a mine.

In addition, during Q3, Prophecy Platinum has continued consultation with the White River First Nations.

As reported on October 15, 2012 Prophecy Platinum has initiated environmental baseline studies on the Wellgreen Project. Prophecy Platinum has contracted EBA Engineering Consultants Ltd. ("EBA"), a Tetra Tech Company from Whitehorse to initiate the studies. The present scope of baseline work to be carried out by EBA includes collection of meteorological data, surface water flows, surface water quality and analysis of recent wildlife studies. Yukon Environmental and Socio-economic Assessment Board (YESAB) requires approximately two years of baseline data as part of the overall mining permit application.

Work plans to be carried out in the near future by Prophecy Platinum on the Wellgreen Project includes the following:

- Review the existing geological / resource model and provide revisions that will lay the foundation for a more comprehensive geometallurgical model. Geometallurgy relates to combining geology and geostatistics with extractive metallurgy. The purpose is to create a spatially or geologically based predictive model which will be used to improve optimization of future mine plans and mineral processing plants as part of the next stage of economic analysis;
- Review status of metallurgical work completed to date and design the next phase of lock cycle testing;
- Complete scenario-based type analysis for optimizing the overall mine design and plan;
- Design required drill program for the 2013 drilling season as it relates to both further mine development and exploration.

During the six month period ended September 30, 2012, Prophecy Platinum had incurred a total of $5,521,994 in exploration costs on the Wellgreen property.

Burwash Property, Yukon Territory, Canada

The Burwash property is located immediately east of the Wellgreen project, known to host extensive nickel-copper-platinum group metal (PGM) mineralization.

On August 4, 2011, Platinum entered into a purchase agreement with Strategic Metals Ltd. ("Strategic") to acquire a 100% working interest in the Burwash in consideration for $1,000,000 in cash payable on August 31, 2011 (paid). This purchase agreement replaces agreements dated May 14, 2008 as amended December 2, 2008, February 23, 2010, and April 1, 2011 previously entered into with Strategic.

Prophecy Platinum will conduct future exploration work on the property in conjunction with the Wellgreen property which adjoins the Burwash property. Assay results are available on Prophecy Platinum's website.

Lynn Lake Nickel Property, Manitoba, Canada

The Company has an option to acquire 100% of the Lynn Lake property which is a nickel project located in northern Manitoba, Canada. In June 2011 the Company purchased the Lynn Lake option from Prophecy Coal Corp. in the June 2011 acquisition (Note 3 to the Financial Statements). The Company has assumed the original terms of the October 20, 2009 option agreement that Prophecy Coal Corp. entered into with Victory Nickel Inc. ("Victory").

The Company has the right to earn a 100% interest in Lynn Lake by paying Victory an aggregate of $4,000,000 and by incurring an aggregate of $3,000,000 in exploration expenditures at Lynn Lake and by issuing 2,419,548 common shares to Victory (issued by Prophecy Coal Corp.). The option agreement also provided Victory with a right to participate in future financings or acquisitions on a pro-rata basis so that Victory may maintain its 10% interest in the number of outstanding shares of the Company. Pursuant to the option agreement, the Company is subject to a 3% net smelter return royalty.

Pursuant to the option agreement, all cash payments have been paid, with the final $1,000,000 due before March 1, 2013.

On August 3, 2012 the Company signed a Settlement Agreement with Victory to provide for one time cash payment of $450,000 (paid) in full settlement for the Company's obligation to incur the remaining balance of exploration expenditures of $1,188,877 pursuant to the Option Agreement on or before November 1, 2012.

From an updated resource estimate released in April 2011 ("Technical Report on the Lynn Lake Nickel Project Northern Manitoba, Canada"), Lynn Lake has 22.9 million tons of measured and indicated resources grading 0.57% nickel or 263 million pounds of in-situ nickel as well as 8.1 million tons inferred resources grading 0.51% nickel which contains an additional 81.6 million pounds of in-situ nickel. In addition, the updated resource estimated stated that the resource contained measured and indicated resources grading 0.30% copper or 138 million pounds of in-situ copper plus inferred resources grading 0.28% copper or 45.6 million pounds of in-situ copper.

Measured and indicated resources at Lynn Lake are categorized in the following table:

Zone	Category	NiEq Cutoff	Tones	Nickel%	Copper%	NiEq%	Ni (lbs)	Cu (lbs)
N	Measured	>= 0.4	461,496	0.84	0.41	1.05	7,753,133	3,784,267
O	Measured	>= 0.4	556,062	0.7	0.32	0.87	7,784,868	3,558,797
Total	*Measured*	*>= 0.4*	*1,017,558*	*0.76*	*0.36*	*0.95*	*15,538,001*	*7,343,064*
N	Indicated	>= 0.4	12,680,895	0.56	0.31	0.71	142,026,024	78,621,549
O	Indicated	>= 0.4	9,203,226	0.57	0.28	0.71	104,916,776	51,538,066
Total	*Indicated*	*>= 0.4*	*21,884,121*	*0.56*	*0.3*	*0.71*	*246,942,800*	*130,159,615*
Totals	**Measured +Indicated**	**>= 0.4**	**22,901,679**	**0.57**	**0.3**	**0.72**	**262,480,801**	**137,502,679**

A 1,500 meter drill hole program was conducted in September and October of 2011 testing some existing induced polarization (IP) geophysical anomalies. Modest intercepts of mineralization were encountered including 0.3% nickel and 0.2% copper over 11.4 meters on hole NKL11-003, and 0.03% nickel and 1.3% copper for 3.7 meters on hole NKL-004, explaining the occurrence of the 'North Anomaly' which remains open with increasing chargeability with lower associated resistivities with depth.

Prophecy Platinum received final results for its metallurgical study on the amenability Lynn Lake mineralization to the bioleach process, achieving nickel extractions in excess of 95% using a moderate grind and leach temperature, whereas high copper recoveries generally require finer grinding and higher temperatures. The study was completed by Mintek in South Africa and overseen by Andy Carter, Manager of Metallurgical Engineering for Tetra Tech Inc.

Danniel Oosterman, P. Geo., a consultant of the Company, is the Qualified Person under NI 43-101 who has approved the technical content above.

Uruguay Property

Prophecy Platinum's wholly-owned incorporated subsidiary in Uruguay, Pacific Nickel Sudamerica SA, owns 5 prospecting licenses for properties in Uruguay totalling approximately 28,000 h.a. Of the 28,000 h.a., 400 h.a. from the Molles North license was forfeited in late September, 2011 as a result of it being in a cultivated forest area. The only work done on the 400 h.a. was BRGM regional geochemical sampling and there were no anomalies noted. Prophecy Platinum has no future obligations or expenditures requirements related to the Uruguayan properties and the properties remain in the evaluation stage.

Las Aguilas Property, Argentina

On November 1, 2012, Prophecy Platinum terminated of its option agreement with Marifil Mines Ltd. on the Las Aguilas property in Argentina.

Shakespeare Property, Ontario, Canada

On July 16, 2012, the Company acquired all of the issued and outstanding securities of URSA pursuant to a court approved statutory plan of arrangement under the *Business Corporations Act* (Ontario) involving Prophecy Platinum, URSA and its security holders. Pursuant to the arrangement, URSA amalgamated with a wholly owned subsidiary of Prophecy Platinum and all of the security holders of URSA, other than option holders, exchanged their URSA securities for securities of Prophecy Platinum.

URSA acquired the Shakespeare Property located 70 km west of Sudbury Ontario from Xstrata Nickel ("Xstrata") in 2000. URSA completed a positive feasibility study on a 4,500 t/d open pit mining operation and on- site processing plant. The Shakespeare Property has a diluted probable mineral reserve of 11,828,000 tonnes grading 0.33% nickel, 0.35% copper, 0.02% cobalt, 0.33 g/t platinum, 0.36 g/t palladium and 0.18 g/t gold. URSA permitted an open-pit mine and 4,500 t/d concentrator at the Shakespeare Property.

On May 27, 2010, URSA declared commercial production and the mine was in production for twenty months until January 27, 2012. On December 13, 2011, URSA announced that it had limited operations at the Shakespeare Property to crushing of existing broken ore, ore sampling and trucking operations as a consequence of reduced base metals prices. On February 3, 2012, URSA announced it had temporarily suspended operations at the Shakespeare Property following the expiration, on December 31, 2011, of the milling agreement in place with Xstrata, which has not been extended.

During the twelve months of production ending January 31, 2012, URSA delivered 151,910 (2011: 166,913) tonnes of ore to the Strathcona Mill for processing. Contained metals in the delivered ore totaled approximately 1,052,000 pounds of nickel (2011: 1,314,000), 1,234,000 pounds of copper (2011: 1,499,000), 64,700 pounds of cobalt (2011: 92,204) and 1,650 ounces of platinum (2011: 1,900), 1,840 ounces of palladium (2011: 2,100), 960 ounces of gold (2011: 1,100) and 10,260 ounces of silver (2011: 12,100). The recovered and contained metals are subject to smelter recoveries and to further smelter deductions.

For the twelve production months ended January 31, 2012, the ore averaged 0.314% nickel (2011: 0.357%), 0.368% copper (2011: 0.0407%), 0.019% cobalt (2011: 0.025%), and 0.941 gram/tonne precious metals (2011: 0.989). This is approximately 84% of the average budgeted grade for 2011 that is based on the previous mined grades 0.373% nickel, 0.419% copper, 0.027% cobalt and 1.069 grams/tonne precious metals.

URSA currently has a 100% beneficial interest in the Shakespeare Property area which contains all of the Shakespeare reserves and resources and is subject to a 1.5% net smelter royalty in favour of Xstrata. The Shakespeare Property area is partially surrounded by an exploration property that is the basis of a joint venture between URSA and Xstrata with URSA as the project operator. URSA holds an approximately 80% beneficial interest in the joint venture area.

On September 12, 2012 Prophecy Platinum released an updated Mineral Resource estimate for the Shakespeare Underground East Zone prepared by P&E Mining Consultants Inc. ("P&E") of Brampton, Ontario. At a $50/tonne NSR cut-off, the Underground East Zone contains an Indicated resource of 3.57 million tonnes grading 0.32% nickel, 0.39% copper, 0.02% cobalt, 0.34 g/t platinum, 0.37 g/t palladium, and 0.2 g/t gold. The East Zone also contains an Inferred resource of 1.87 million tonnes grading 0.32% nickel, 0.36% copper, 0.02% cobalt, 0.34 g/t platinum, 0.36 g/t palladium, and 0.21 g/t gold. This resource update adds approximately 30% to Shakespeare's global resource.

East Zone Underground Indicated Resource Sensitivity at Various NSR Cut-Offs

Cut-Off NSR C$/tonne	tonnes (000's)	Ni %	Cu %	Co %	Pt g/t	Pd g/t	Au g/t
Wireframe	8,169	0.227	0.282	0.016	0.247	0.271	0.149
$10	7,537	0.242	0.300	0.017	0.263	0.288	0.158
$20	6,912	0.256	0.316	0.017	0.274	0.301	0.166
$30	5,996	0.274	0.336	0.018	0.290	0.318	0.175
$40	4,857	0.295	0.360	0.019	0.312	0.340	0.188
$50	**3,571**	**0.320**	**0.387**	**0.020**	**0.337**	**0.367**	**0.202**
$60	2,284	0.350	0.415	0.022	0.366	0.396	0.217
$70	1,105	0.385	0.453	0.023	0.404	0.439	0.237
$80	460	0.420	0.496	0.025	0.440	0.481	0.257
$90	148	0.454	0.535	0.026	0.480	0.523	0.276

East Zone Underground Inferred Resource Sensitivity at Various NSR Cut-Offs

Cut-Off NSR C$/tonne	tonnes (000's)	Ni %	Cu %	Co %	Pt g/t	Pd g/t	Au g/t
Wireframe	4,680	0.205	0.247	0.015	0.224	0.240	0.135
$10	3,803	0.244	0.291	0.017	0.265	0.284	0.159
$20	3,356	0.264	0.312	0.018	0.285	0.305	0.171
$30	2,950	0.282	0.329	0.019	0.302	0.322	0.182
$40	2,544	0.298	0.344	0.020	0.316	0.336	0.193
$50	**1,871**	**0.325**	**0.363**	**0.022**	**0.340**	**0.357**	**0.209**
$60	1,211	0.354	0.381	0.024	0.364	0.378	0.228
$70	574	0.393	0.395	0.027	0.398	0.404	0.257
$80	179	0.431	0.427	0.029	0.429	0.435	0.272
$90	33	0.499	0.442	0.032	0.451	0.425	0.293

Notes:

- *CIM definitions were followed for Mineral Resources.*
- *The Qualified Persons for this Mineral Resource estimate are: Richard Routledge, M.Sc. (Applied), P.Geo., Eugene Puritch, P.Eng, and Antoine Yassa, P. Geo.*
- *Mineral Resources are estimated by conventional 3D block modeling based on wire framing at a $50/tonne NSR cut-off and ordinary kriging grade interpolation.*
- *Metal prices for the estimate are: US$3.69/lb Cu, US$9.46/lb Ni, US$1,595/oz Pt, US$590/oz Pd, US$1,396/oz Au and US$18.50/lb Co based on a three-year trailing average as of July 31, 2012.*
- *A uniform bulk density of 3.01 tonnes/m3 has been applied for volume to tonnes conversion.*
- *Underground Mineral Resources are estimated beneath the bottom of the 2006 feasibility study pit at approximately 80 m elevation (258 m depth) to the -294 m elevation (632 m depth).*
- *Mineral Resources are classified as Indicated and Inferred based on drill hole spacing and geologic continuity.*
- *Overall revenue contribution expected from payable metals in the NSR calculation is 30% Cu, 52% Ni and 18% for combined Co, Au, Pt and Pd.*
- *Mineral resources, which are not mineral reserves, do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues. There is no certainty that all or any part of the Inferred Mineral Resource will be upgraded to an Indicated or Measured Mineral Resource as a result of continued exploration.*

A Probable Mineral Reserve of similar grades on the Shakespeare project was last reported in a feasibility study prepared by Micon (available on SEDAR), within the open pit shell to a maximum depth of 250 metres below surface. The feasibility study recommended the on-site mill to produce 4,500 t/d of ore mining and subsequent concentrate for sale.

In-fill and step-out drilling in the underground portion of the East Zone was carried out in 2010 and 2011, and consisted of 8,024 m in 13 diamond drill holes which represent 35% of the drill hole database for the East Zone. The additional drilling prompted the update to the Mineral Resource estimate for the East Zone.

Work plans to be carried out in the near future by Prophecy Platinum on the Shakespeare Nickel Mine includes the following:

- Review various options or proposals to decrease the overall operating expenditures required to bring the mine back into production.

Shining Tree Nickel Project, Ontario, Canada

In 2005, URSA acquired an option to earn a 100% interest in the Shining Tree nickel-copper deposit located in Fawcett Township, 110 km north of Sudbury. During 2007, URSA exercised its option and now holds a 100% of the project subject to a 1% net smelter royalty. The Shining Tree property covers certain staked claims covering approximately 1,600 acres.

Porter Baldwin Property, Ontario, Canada

URSA's 100%-owned Porter Baldwin property comprises certain claims that cover a 15 km strike length extending from the Shakespeare Property towards the Sudbury intrusive complex. The majority of the property was acquired by claim staking. Part of the Porter Baldwin property was acquired by an option agreement dated February 10, 2004 to acquire certain claims known as the Porter option located in Shakespeare Dunlop and Porter Townships. The optionor retains a 2% net smelter royalty. Advance royalty payments of C$24,000 per year commenced January 15, 2007. URSA has the right to purchase one-half of the royalty at any time for C$1,000,000.

Fox Mountain

The 100%-owned Fox Mountain property is located approximately 50 km north of Thunder Bay, within the Mid-Continent rift of Northwestern Ontario. The property consists of certain claims covering approximately 5,600 ha. In November 2010, URSA completed airborne magnetic and EM surveys on the Fox Mountain property. In early 2011, URSA completed two (2) holes for a total of 513 meters of drilling at the Fox Mountain property.

6. SUMMARY OF QUARTERLY RESULTS

The quarterly results are as follows:

	30-Sep-12 3 month ended	30-Jun-12 3 month ended	31-Mar-12 2 months ended	31-Jan-12 3 months ended
Operating expense	$ (1,921,421)	$ (1,149,499)	$ (1,881,038)	$ (2,224,977)
Net Loss before other items	(1,921,421)	(1,149,499)	(1,881,038)	(2,224,977)
Net Loss per share basic and diluted	(0.03)	(0.02)	(0.03)	(0.04)
Comprehensive Loss	(2,055,813)	(1,795,051)	(1,087,778)	(2,070,753)
Net Comprehensive loss per share basic and diluted	$ (0.03)	$ (0.03)	$ (0.02)	$ (0.04)

	31-Oct-11 3 months ended	31-Jul-11 3 months ended	30-Apr-11 3 months ended	31-Jan-11 3 months ended
Operating expense	$ (3,097,484)	$ (738,241)	$ (127,728)	$ (615,009)
Net Loss before other items	(3,097,484)	(738,241)	(127,728)	(615,009)
Net Loss per share basic and diluted	(0.06)	(0.03)	(0.02)	(0.12)
Comprehensive Loss	(3,096,681)	(727,531)	(119,200)	(611,920)
Net Comprehensive loss per share basic and diluted	$ (0.06)	$ (0.03)	$ (0.02)	$ (0.12)

During the three months ended September 30, 2012, net loss before other items increased by $771,922 from $1,149,499 for the three months ended June 30, 2012 to $1,921,421. The increased net loss before other items was mainly attributed to an increase in consulting and salary expense of $418,380 due to fee paid for consulting on financing and increased hiring of employees. Increases in professional fees of $176,500 occurred due to increase in legal fees related to financing and counseling on exploration cooperation agreements related to

Wellgreen. In addition business development expenses increased by $166,798 due to increased activity with online and print promotions. Other increases in office and general due to increased activity were offset by decrease in stock based compensation due to lower share prices. The decrease in other comprehensive income related to the decrease in the market price of available for sale shares.

During the three months ended June 30, 2012, net loss before other items and comprehensive loss was $1,149,499 and $1,795,051 respectively, compared to $1,881,038 and $1,087,778 for the two months ended March 31, 2012. The decrease in net loss before other items was due to decrease in share based payments. The increase in comprehensive loss was due to unrealized loss on marking to market of available for sale investments.

During the two months ended March 31, 2012, net loss before other items and comprehensive loss was $1,881,038 and $1,087,778 respectively, compared with $2,224,977 and $2,070,753 for the three months ended January 31, 2012. The decrease in losses compared to the three months ended January 31, 2012 period are due to decrease in share based payments and office and general expenses.

During the three months ended January 31, 2012, net loss before other items decreased by $872,507 from $3,097,484 for the three months ended October 31, 2011 to $2,224,977. The decreased net loss before other items was mainly attributed to a decrease in share-based compensation of $925,415 from $2,409,045 for the three months ended October 31, 2011 to $1,483,630 for the three months ended January 31, 2012 relating to stock incentive options granted to new employees, directors, officers and consultants of the Company. Of the $2,409,045 balance for the three months ended October 31, 2011, $1,835,927 relates to share options granted to directors on June 20, 2011 that became fully vested on September 11, 2011. The remaining balance pertains to the vesting of share options granted to employees, directors, officers and consultants on June 20, 2011 and August 31, 2011.

7. DISCUSSION OF OPERATIONS

Three months ended September 30, 2012 compared to the three months ended October 31, 2011

For the three months ended September 30, 2012, the Company incurred a net loss of $2,055,813 or $0.03 per share compared to a net loss of $3,097,484 or $0.06 per share in the prior year comparable period. The overall decrease of $1,332,536 in net loss as compared period, last year, was mainly due to the factors discussed below:

i) Share based payments decreased to $136,102 from $2,409,045. The higher expense in prior year comparable period related to the June 20, 2011 options that were subject to accelerated vesting and become fully vested during the comparable quarter, contributing to $1,835,927 of the expense, compared to the regular vesting of options issued and outstanding for the three months end September 30, 2012. Options during the current period vest 50% over 1 year and 50% over 2 years.

ii) Business development and investor outreach expense increased to $497,924 from $291,639. The increase relates to increased activity related to investor relations including conferences, trade shows, publications, radio/TV interviews, and the hiring of new investor relations employees.

iii) Consulting fees expense increased to $367,019 from $57,708. The increase was due primarily to increased services incurred related to financing initiatives that occurred in the quarter and a higher degree of activity related to the management of mineral properties.

iv) Salaries and wages increased to $321,329 from $25,367 due to the hiring of new employees as a result of an overall increase in business operations. Increases were also due to severance payments made in relation to the URSA acquisition.

v) Professional fees increased to $300,840 from $136,091 as a result of additional legal fees incurred related to financing and counseling on exploration cooperation agreements related to Wellgreen. Other increases were for the support of corporate governance and the higher level of business development activities of the Company.

vi) The Company incurred a loss on the sale of certain ETF investments of $190,293 in the current period compared to $Nil in the prior year`s comparable period.

Six months ended September 30, 2012 compared to the six months ended October 31, 2011

For the six months ended September 30, 2012, the Company incurred a net loss of $3,081,966 or $0.05 per share compared to a net loss of $3,824,212 or $0.07 per share in the prior year comparable period. The decrease of $730,733 in the net loss as compared to comparable period last year was mainly due to the factors discussed below:

vii) Share based payments decreased to $396,358 from $2,778,209. The higher expense in prior year`s comparable period related to the June 20, 2011 options that were subject to accelerated vesting and become fully vested during the prior quarter contributing to $1,835,927 of the expense, compared to the regular vesting of options issued and outstanding for the six months end September 30, 2012. Options during the current period vest 50% over 1 year and 50% over 2 years.

viii) Business development and investor outreach expense increased to $829,049 from $422,347. The increase relates to increased activity related to investor relations conferences, trade shows, publications, radio/TV interviews, and the hiring of new investor relations employees.

ix) Consulting fees expense increased to $517,656 from $151,222. The increase was due primarily to increased services incurred related to financing initiatives that occurred in the quarter and a higher degree of activity related to the management of mineral properties.

x) Office and miscellaneous expense increased to $270,087 from $164,535 as a result of an overall increase in business operations. On August 1, 2011, the Company entered into a Service Agreement with a related company whereby the related company will provide commercial office space, information technology and accounting services to the Company for $28,000 per month. On January 1, 2012, the terms of the Service Agreement were modified whereby the monthly payment for shared office fees increased from $28,000 to $40,000 to accommodate increased expenditures as a result of an overall increase in business operations. Travel also increased due to the increased promotional activities of the Company.

xi) Salaries and wages increased to $321,329 from $25,367 due to the hiring of new employees as a result of an overall increase in business operations. Increases were also due to severance payments made in relation to the URSA acquisition.

xii) Professional fees increased to $425,180 from $237,183 as a result of additional legal fees incurred related to financing and counseling on exploration cooperation agreements related to Wellgreen. Other increases were for the support of corporate governance and the higher level of business development activities of the Company.

xiii) The Company incurred a loss on the sale of certain ETF investments of $190,293 in the current period compared to $Nil in the prior period.

8. LIQUIDITY AND CAPITAL RESOURCES

Working Capital

The Company ended six months at September 30, 2012 with $4,353,434 (March 31, 2012 - $582,139) in cash and cash equivalents and working capital of $2,855,104 (March 31, 2012 - $3,047,048). All of the Company's cash equivalents are on deposit with Canadian banks and brokerage houses.

Sources of funding include market equity and debt financing. Many factors influence the Company's ability to raise funds, and there is no assurance that the Company will be successful in obtaining adequate financing and at favorable terms for these or other purposes including general working capital purposes. Prophecy Platinum's consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business for the foreseeable future. Realization values may be substantially different from carrying values, as shown, and these consolidated financial statements do not give effect to the adjustment that would be necessary to the carrying values, and classifications of assets and liabilities, should Prophecy Platinum be unable to continue as a going concern.

Cash Flow Highlights

		Six months ended 30-Sep-12		Six months ended 31-Oct-11
Cash used in operating activities	$	(5,438,193)	$	(873,784)
Cash used in investing activities		(715,785)		(1,298,690)
Cash provided by financing activities		9,925,273		1,598,664
Net increase (decrease) in cash for the period		3,771,295		(573,810)
Cash balance, beginning of the period		582,139		837,204
Cash balance, end of the period	$	4,353,434	$	263,394

Operating Activities

Cash used in operating activities was $5,438,193 for the six months ended September 30, 2012 compared to $873,784 for the six month ended October 31, 2011. The increase in cash used in operating activities was mainly due to overall increases related to financing and development of the mineral properties, leading to increases in business development, marketing, consulting, professional fees and general operating expenditures.

Investing Activities

Cash used in investing activities was $715,785 for the six months ended September 30, 2012 compared to $1,298,690 for the six months ended October 31, 2011. The Company incurred exploration expenditures on all mineral properties of $6,021,360, and on a cash flow basis net of payables of $1,877,591, non cash transactions of $260,749 related to share based compensation, capitalized amortization and share issuance, for a net exploration cash cost outflow of $3,883,020 compared to $3,225,349 for the six months ended October 31, 2011 (Note 8 and 19 to the interim financial statements). Expenditures are mainly comprised of an option payment of $0.45 million, camp and general of $0.9 million, drilling of $2.9 million, geophysical of $1.0 million, survey and estimates of $0.2 million, wages of $0.4 million and other activities of $0.2 million. An additional inflow resulted from the sale of available-for-sale investments related to platinum and palladium ETF's of $2,464,010 compared to $105,779 for the six months ended October 31, 2011. There was $703,225 inflows related to acquisitions and exploration deposit for the six months September 30, 2012 compared to an inflow of $2,000,000 as part of the Wellgreen / Lynn Lake transaction respectively.

Financing Activities

Cash inflow from financing activities was $9,925,273 for the six months ended September 30, 2012 compared to $1,598,664 for the six months ended October 31, 2011. The increase in cash from financing activities was mainly due to cash from the share issuance related to private placements of $9,580,301 compared to $356,841 for the six months ended October 31, 2011. Proceeds received from option and warrant exercises were $369,000 compared to $950,750 for the six months ended October 31, 2011.

Contractual Commitments

Lynn Lake Property, Manitoba, Canada

On August 3, 2012 the Company signed a Settlement Agreement with Victory to provide for one time cash payment of $450,000 (paid) in full settlement for the Company's obligation to incur the remaining balance of exploration expenditures of $1,188,877 pursuant to the Option Agreement on or before November 1, 2012. Pursuant to the option agreement, the remaining payments to Victory Nickel include a cash payment of $1,000,000 on or before March 1, 2013.

Las Aguilas, Argentina

On November 1, 2012, the Company terminated its option agreement with Marifil Mines Ltd. on the Las Aguilas property. No commitments remain related to Las Aguilas subsequent to November 1, 2012.

Kluane First Nation Cooperation Agreement

Effective August 1, 2012 the Company entered into a cooperation and benefits agreement, with, and to which includes annual payments to, the Kluane First Nation as part of Prophecy Platinum's responsible mineral development of the Wellgreen Project.

Sagamok Anishnawbek First Nation Agreement

Under the Impact and Benefits Agreement ("IBA") dated August 12, 2009, the Company is committed to make annual payment to Sagamok Anishnawbek First Nation related to the Shakespeare property. The terms of the agreement are confidential; however, the agreement provides for job training, employment, scholarship, business relations and financial participation in community development projects.

Flow Through Share Agreements

The Company is committed to spending approximately $355,000 by December 31, 2012, as part of the assumption of the flow through funding agreements related to URSA mineral properties. The Company indemnifies the subscribers of flow-through shares from any tax consequences arising from the failure of the Company to meet its commitments under the flow-through subscription agreements.

9. TRANSACTIONS WITH RELATED PARTIES

a) The Company has identified its directors and certain senior officers as its key management personnel and the compensation costs for key management personnel and companies related to them were recorded at their exchange amounts as agreed upon by transacting parties as follows:

During the three months period ended September 30, 2012:

i) The Company incurred consulting fees of $157,500 (during the three months ended October 31, 2011 – $57,708). This includes:

- $79,875 (during three months ended October 31, 2011 - $30,000) paid to Linx Partners Ltd., a private company controlled by the Chairman of the Company;
- $25,500 (during three months ended October 31, 2011 - $Nil) paid to JWL Investment Corp, a private company owned by the Corporate Secretary and Director;
- $6,000 (during three months ended October 31, 2011 - $Nil) paid to Irina Plavutska, interim CFO;
- $56,875 (during three months ended Oct 31, 2011 – $Nil) paid to MaKevco Consulting Inc. a private company owned by a Director of the Company;

ii) The Company incurred director fees of $12,000 (during three months ended October 31, 2011 - $8,693) to various directors of the Company.

b) The Company incurred shared office costs of $120,000 (during three ended October 31, 2011 - $84,000) paid to Prophecy Coal Corp., a company with certain directors and officers in common.

c) As at September 30, 2012, due to related parties was $6,310 (March 31, 2012 - $15,000) owing to directors for director fees. The amounts due to related parties are non-interest bearing and are due upon demand.

The key management of the Company comprises executives and non-executive directors and senior management. The remuneration of directors and other members of key management were as follows:

	Three months ended		Six months ended	
	September 30, 2012	October 31, 2011	September 30, 2012	October 31, 2011
Renumeration and short-term benefits	$ 180,250	$ 66,401	$ 258,750	$ 165,845
Share-based payment compensation	126,537	1,733,483	180,083	1,835,927
	$ 306,787	$ 1,799,884	$ 438,833	$ 2,001,772

Subsequent to period end,

On November 5, 2012, Prophecy Platinum terminated the consulting agreement with its CEO, resulting in a severance payment of $240,000 to Linx Partners Ltd. The new CEO, Greg Johnson was appointed on November 5, 2012.

On October 31, 2012, Prophecy Platinum granted a severance payment of $125,000 to Mr. Joseph Li (50% of such payment has been paid to JWL Investments Corp., a private company controlled by Mr. Li) in connection with Mr. Li's termination with Prophecy Platinum.

10. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Critical accounting estimates used in the preparation of the condensed consolidated interim financial statements include determining the carrying value of exploration and evaluation projects and property and equipment, assessing the impairment of long-lived assets, determining deferred income taxes, and the valuation of share-based payments. These estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control.

Readers are encouraged to read the significant accounting policies and estimates as described in note 3 of the Company's audited consolidated financial statements for the eight months ended March 31, 2012. Note 22 to the audited consolidated financial statements provide readers with information, analyses and reconciliations of historic information from pre-transition Canadian GAAP to IFRS.

Equipment

The Company has adopted amortization policies, which, in the opinion of management, are reflective of the estimated useful lives and abandonment cost, if any, of its equipment. The Company has not recorded any amounts in respect of impairment in the current reporting period.

Mineral Properties

The Company will be capitalizing costs related to the exploration and evaluation of its mineral properties. The recovery of those costs will be dependent on the ability of the Company to discover and develop economic reserves and then to develop such reserves in an economic fashion. Management believes that costs capitalized in respect of its projects are not impaired and no adjustments to carrying values are required at this time.

Impairment of Long-Lived Assets

The Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit (the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflow from other assets or groups of assets ("CGU"), where the recoverable amount of CGU is the greater of the CGU's fair value less costs to sell and its value in use) to which the assets belong.

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. The Company uses its best efforts to fully understand all of the aforementioned to make an informed decision based upon historical and current facts surrounding the projects. Discounted cash flow techniques often require management to make estimates and assumptions concerning resources and reserves and expected future production revenues and expenses.

Estimation of Decommissioning and Restoration Costs

The cost estimates are updated annually during the life of the mine to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations), and are subject to review at regular intervals. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

Mineral Reserve Estimates

The figures for mineral reserves and mineral resources are determined in accordance with National Instrument 43-101, "Standards of Disclosure for Mineral Projects", issued by the Canadian Securities Administrators. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Differences between management's assumptions including economic assumptions such as metal prices and market conditions could have a material effect in the future on the Company's financial position and results of operations.

Deferred Income Taxes

The Company uses the asset and liability method to account for income taxes. Deferred income taxes are recognized for the future income tax consequences attributable to differences between the carrying values of assets and liabilities and their respective income tax basis on the statement of financial position date. Deferred income tax assets and liabilities are measured using the tax rates expected to be in effect when the temporary differences are likely to reverse.

Share-Based Payment

The Company uses the Black-Scholes valuation model in calculating share-based compensation expense. The model requires that estimates be made of stock price volatility, option life, dividend yield and risk free interest rate and the ensuing results could vary significantly if changes are made in these assumptions.

11. FINANCIAL INSTRUMENTS AND RELATED RISKS

The Board of Directors, through the Audit Committee is responsible for identifying the principal risks of the Company and ensuring that risk management systems are implemented. The Company manages its exposure to financial risks, including liquidity risk, foreign exchange rate risk, interest rate risk, and credit risk in accordance with its risk management framework. The Company's Board of Directors reviews the Company's policies on an ongoing basis.

Financial Instruments (note 15 to the interim consolidated financial statements)

The following table sets forth the Company's financial assets and liabilities that are measured at fair value on a recurring basis by level within the fair value hierarchy. As at September 30, 2012, those financial assets and liabilities are classified in their entirety based on the level of input that is significant to the fair value measurement.

As at September 30, 2012	Level 1	Level 2	Level 3	Total
Financial assets				
Fair value through profit or loss	$ 4,353,434	$ -	$ -	$ 4,353,434
Available for sale investments	18,750	-	-	18,750
	$ 4,372,184	$ -	$ -	$ 4,372,184

Related Risks

Credit Risk - The Company does not currently generate any revenues from sales to customers nor does it hold derivative type instruments that would require a counterparty to fulfill a contractual obligation. The Company does not have any asset-backed commercial instruments. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash and cash equivalents. To minimize the credit risk the Company places these instruments with a high credit quality financial institution.

Liquidity Risk - Liquidity risk is the risk that the Company cannot meet its financial obligations. The Company manages liquidity risk by maintaining sufficient cash and cash equivalent balances. Liquidity requirements are managed based on expected cash flow to ensure that there is sufficient capital in order to meet short term obligations. As at September 30, 2012, the Company has cash and cash equivalents of $4,353,434 (March 31, 2012 - $582,139) and financial liabilities of $2,390,898 (March 31, 2012 - $368,540), which have contractual maturities of 90 days or less.

Foreign Exchange Risk - The Company has operations in Canada, Argentina and in Uruguay and undertakes transactions in various foreign currencies. The Company is therefore exposed to foreign currency risk arising from transactions denominated in a foreign currency. The Company's reporting and functional currency is Canadian dollars. Based on the above, a 5% strengthening (weakening) of the Argentine peso and Uruguayan peso will have an insignificant impact on total assets and loss. The Company holds cash denominated in USD, a 5% strengthening (weakening) of the USD will have an insignificant impact on total assets and loss. The Company currently does not use any foreign exchange contracts to hedge this currency risk.

Interest Rate Risk - The Company manages its interest rate risk by obtaining the best commercial deposit interest rates available in the market by the major Canadian financial institutions on its cash and cash equivalents.

Market risk - Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The sale of the financial instruments can be affected by changes in interest rates, foreign exchange rates, and equity prices. The Company is exposed to market risk in trading its investments, and unfavorable market conditions could result in dispositions of investments at less than favourable prices. The Company's investments are accounted for at estimated fair values and are sensitive to changes in market prices, such that changes in market prices result in a proportionate change in the carrying value of the Company's investments. The Company's ability to raise capital to fund mineral resource exploration is subject to risks associated with fluctuations in mineral resource prices. Management closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

12. RISKS AND UNCERTAINTIES

An investment in the common shares of the Company involves a significant degree of risk and ought to be considered a highly speculative investment. The following is brief discussion of those factors which may have a material impact on, or constitute risk factors in respect of, the Company's future financial performance:

Exploration, Development and Production Risks - The exploration for and development of minerals involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties which are explored are ultimately developed into producing mines. There can be no guarantee that the estimates of quantities and qualities of minerals disclosed will be economically recoverable. With all mining operations there is uncertainty and, therefore, risk associated with operating parameters and costs resulting from the scaling up of extraction methods tested in pilot conditions. Mineral exploration is speculative in nature and there can be no assurance that any minerals discovered will result in an increase in Prophecy Platinum's resource base.

Platinum's operations will be subject to all of the hazards and risks normally encountered in the exploration, development and production of minerals. These include unusual and unexpected geological formations, rock falls, seismic activity, flooding and other conditions involved in the extraction of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability.

Although precautions to minimize risk will be taken, operations are subject to hazards that may result in environmental pollution, and consequent liability that could have a material adverse impact on the business, operations and financial performance of the Company.

Substantial expenditures are required to establish ore reserves through drilling, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. The economics of developing mineral properties is affected by many factors including the cost of operations, variations in the grade of ore mined, fluctuations in metal markets, costs of processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection.

The remoteness and restrictions on access of properties in which Prophecy Platinum has an interest will have an adverse effect on profitability as a result of higher infrastructure costs. There are also physical risks to the exploration personnel working in the terrain in which Platinum's properties are located, often in poor climate conditions.

The long-term commercial success of Prophecy Platinum depends on its ability to find, acquire, develop and commercially produce minerals. No assurance can be given that Prophecy Platinum will be able to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, the Company may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participations uneconomic.

Title Risks - Title to mineral properties, as well as the location of boundaries on the grounds may be disputed. Moreover, additional amounts may be required to be paid to surface right owners in connection with any mining development. At all of such properties where there are current or planned exploration activities, Platinum believes that it has either contractual, statutory, or common law rights to make such use of the surface as is reasonably necessary in connection with those activities. Although Prophecy Platinum believes it has taken reasonable measures to ensure proper title to its properties, there is no guarantee that title to its properties will not be challenged or impaired. Successful challenges to the title of Prophecy Platinum's properties could impair the development of operations on those properties.

Substantial Capital Requirements - The proposed management of Prophecy Platinum anticipates that it may make, subject to available funds, substantial capital and operation expenditures for the acquisition, exploration, development and production of its properties, in the future. As Prophecy Platinum will be in the exploration stage with no revenue being generated from the exploration activities on its mineral properties, Prophecy Platinum may have limited ability, as many factors affect same, to raise the capital necessary to undertake or complete future exploration work, including drilling programs, in addition to fund operations and for working capital. There can be no assurance that debt or equity financing will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to Prophecy

Platinum. Moreover, future activities may require Prophecy Platinum to alter its capitalization significantly. The inability of Prophecy Platinum to access sufficient capital for its operations could have a material adverse effect on its financial condition, results of operations or prospects. In particular, failure to obtain such financing on a timely basis could cause Prophecy Platinum to forfeit its interest in certain properties, miss certain acquisition opportunities and reduce or terminate its operations.

Competition - The mining industry is highly competitive. Many of Prophecy Platinum's competitors for the acquisition, exploration, production and development of minerals, and for capital to finance such activities, will include companies that have greater financial and personnel resources available to them than Prophecy Platinum.

Volatility of Mineral Prices - The market price of any mineral is volatile and is affected by numerous factors that are beyond Platinum's control. These include international supply and demand, the level of consumer product demand, international economic trends, currency exchange rate fluctuations, the level of interest rates, the rate of inflation, global or regional political events and international events as well as a range of other market forces. Sustained downward movements in mineral market prices could render less economic, or uneconomic, some or all of the mineral extraction and/or exploration activities to be undertaken by Prophecy Platinum.

Mineral Reserves / Mineral Resources - All of the properties in which Platinum will hold an interest are considered to be in the early exploration stage only and do not contain a known body of commercial minerals. Mineral reserves and resources are, in the large part, estimates and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. Reserve and resource estimates for properties that have not yet commenced production may require revision based on actual production experience. Market price fluctuations of metals, as well as increased production costs or reduced recovery rates may render mineral reserves and resources containing relatively lower grades of mineralization uneconomic and may ultimately result in a restatement of reserves and resources. Moreover, short-term operating factors relating to the mineral reserves and resources, such as the need for orderly development of the ore bodies and the processing of new or different mineral grades may cause a mining operation to be unprofitable in any particular accounting period.

Recent Global Financial Conditions - Recent global financial conditions have been subject to increased volatility and numerous financial institutions have either gone into bankruptcy or have had to be rescued by governmental authorities. Access to public financing has been negatively impacted by both sub-prime mortgages and the liquidity crisis affecting the asset-backed commercial paper market. These factors may impact the ability of Prophecy Platinum to obtain equity or debt financing in the future and, if obtained, on terms favourable to it. If these increased levels of volatility and market turmoil continue, Platinum's operations could be adversely impacted and the value and the price of the Prophecy Platinum Shares could continue to be adversely affected.

Environmental Risks - All phases of the mining business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international and Canadian conventions and provincial/territory and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with mining operations. The legislation also requires that facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on Prophecy Platinum and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in the development of new mining properties.

Additionally, the Yukon Government may require Prophecy Platinum, and any successor issuer in title, to carry out reclamation activities or pay costs of reclamation of the historical liabilities or site disturbances. In August 2010, Prophecy advised the Yukon Government that it is not legally responsible or liable for the Historic Liabilities and Prophecy Platinum has received no response to date. A determination of responsibility and liability as well as an investigation of the Historic Liabilities and design of a reclamation plan would be necessary before any fiscal determination could be made of the historic liabilities and accordingly same cannot reasonably be determined at this stage. Please see "Information Concerning the Significant Assets - Wellgreen Property - Environmental Liabilities" below for more information.

Foreign Operations - While Prophecy Platinum's principal exploration properties will be located in Canada, it will continue to hold properties in Uruguay. Its operations in Uruguay or in other countries it determines to operate in may be exposed to various levels of political, economic, and other risks and uncertainties depending on the country or countries in which it operates. These risks and uncertainties include, but are not limited to, terrorism; hostage taking; military repression; fluctuations in currency exchange rates; high rates of inflation; labour unrest; the risks of civil unrest; expropriation and nationalization; renegotiation or nullification of existing concessions, licenses, permits and contracts; illegal mining; changes in taxation policies; restrictions on foreign exchange and repatriation; and changing political conditions, currency controls, and governmental regulations that favour or require the awarding of contracts to local contractors, or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

Future political and economic conditions may result in a government adopting different policies with respect to foreign development and ownership of mineral resources. Any changes in policy may result in changes in laws affecting ownership of assets, foreign investment, taxation, rates of exchange, resource sales, environmental protection, labour relations, price controls, repatriation of income, and return of capital, which may affect both the ability of Prophecy Platinum to undertake exploration and development activities in respect of future properties in the manner currently contemplated, as well as its ability to continue to explore, develop, and operate those properties to which it has rights relating to exploration, development, and operations.

Property Interests - The agreements pursuant to which Prophecy Platinum will hold its rights to certain of its properties, including the Lynn Lake property, provided that Prophecy Platinum must make a series of cash payments over certain time periods or make minimum exploration expenditures. If Prophecy Platinum fails to make such payments or expenditures in a timely manner, Prophecy Platinum may lose its interest in those projects.

Reliance on Key Employees - The success of Prophecy Platinum will be largely dependent upon the performance of its management and key employees. In assessing the risk of an investment in the Prophecy Platinum Common Shares, potential investors should realize that they are relying on the experience, judgment, discretion, integrity and good faith of the management of Prophecy Platinum. Prophecy Platinum could be adversely affected if such individuals do not remain with the Company and or the Company is unable to attract and maintain skilled personnel.

Conflicts of Interest - Certain of the directors and officers of Prophecy Platinum will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies (including mineral resource companies) and, as a result of these and other activities, such directors and officers of Prophecy Platinum may become subject to conflicts of interest. The BCBCA provides that if a director has a material interest in a contract or proposed contract or agreement that is material to the Company, the director must disclose his interest in such contract or agreement and must refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA.

Dividends - To date, Prophecy Platinum has not paid any dividends on its outstanding shares. Any decision to pay dividends on the shares of Prophecy Platinum will be made by its board of directors on the basis of its net income, financial requirements and other conditions.

Permits and Licenses - The activities of Prophecy Platinum are subject to government approvals, various laws governing prospecting, development, land resumptions, production taxes, labour standards and occupational health, mine safety, toxic substances and other matters, including issues affecting local native populations. Although Prophecy Platinum believes its activities are carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing operations and activities of exploration and mining, or more stringent implementation thereof, could have a material adverse impact on the business, operations and financial performance of Prophecy Platinum. Further, the mining licenses and permits issued in respect of its projects may be subject to conditions which, if not satisfied, may lead to the revocation of such licenses. In the event of revocation, the value of Prophecy Platinum's investments in such projects may decline.

Potential Volatility of Share Price - In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market price of securities of many junior resource companies have experienced wide fluctuations in price. The market price of the Company's shares may be volatile and could be subject to wide fluctuations due to a number of factors, including but not limited to: actual or anticipated fluctuations in the Company's results of operations; changes in estimates of the Company`s future results of operations by management or securities analysts; and general industry changes. In addition, the financial markets have in the past experienced significant price and value fluctuations that have particularly affected the market prices of equity securities of many venture issuers and that sometimes have been unrelated to the operating performance of these companies. Broad market fluctuations, as well as economic conditions generally, may adversely affect the market price of the Company's shares.

Currency Fluctuations – **Prophecy** Platinum maintains its accounts in Canadian dollars. Prophecy Platinum's operations in Uruguay will make it subject to foreign currency fluctuations and such fluctuations may materially affect its financial position and results. Prophecy Platinum does not plan to engage in currency hedging activities.

Uninsured Risks – Prophecy Platinum, as a participant in mining and exploration activities, may become subject to liability for hazards that cannot be insured against or against which it may elect not to be so insured because of high premium costs. Furthermore, Prophecy Platinum may incur a liability to third parties (in excess of any insurance coverage) arising from negative environmental impacts or any other damage or injury.

Dilution - The number of common shares the Company is authorized to issue is unlimited. The Company may, in its sole discretion, issue additional shares from time to time, and the interests of the shareholders may be diluted thereby. The Audit Committee meets regularly to review reports and discuss significant risk areas with the internal and external auditors. Management and the Board of Directors assess risks that the Company is exposed to, and attempt to mitigate these risks where practical through a range of risk management strategies.

Other Risks and Hazards
The Company's operations are subject to a number of risks and hazards including:

- environmental hazards;
- discharge of pollutants or hazardous chemicals;
- industrial accidents;
- failure of exploration, processing and mining equipment;
- labour disputes;
- supply problems and delays;
- changes in regulatory environment;
- encountering unusual or unexpected geologic formations or other geological or grade problems;
- encountering unanticipated ground or water conditions;
- cave-ins, pit wall failures, flooding, rock bursts and fire;
- periodic interruptions due to inclement or hazardous weather conditions;
- uncertainties relating to the interpretation of drill results;

- inherent uncertainty of production and cost estimates and the potential for unexpected costs and expenses;
- results of preliminary economic study,, pre-feasibility and feasibility studies may not be realized:
- exploration or development results will not be consistent with the Company's expectations;
- the potential for delays in exploration or the completion of studies;
- other acts of God or unfavourable operating condition.

Such risks could result in damage to, or destruction of, mineral properties or processing facilities, personal injury or death, loss of key employees, environmental damage, delays in exploration, mining, monetary losses and possible legal liability. Satisfying such liabilities may be very costly and could have a material adverse effect on future cash flow, results of operations and financial condition.

13. DISCLOSURE OF OUTSTANDING SHARE DATA

Common Shares

Authorized – unlimited number of common shares without par value.
At the date of this MD&A, issued and outstanding common shares are 67,526,055, recorded at $78,941,186.

Summary of securities issued during six months ended September 30, 2012 and after the reporting period:

	Common Shares	Value
Outstanding, March 31, 2012	55,453,543	$ 64,997,398
Options exercised	100,000	147,372
Warrants exercised	279,000	314,712
Shares issued on URSA acquisition	3,185,316	5,032,800
Shares issued on private placment, net of shares issue costs	8,374,863	8,229,073
Shares issued to Kluane First Nation	83,333	129,166
Outstanding, September 30, 2012	67,476,055	$ 78,850,521
Option exercised	30,000	44,212
Warrants exercised	20,000	46,453
Outstanding, November 29, 2012	67,526,055	$ 78,941,186

Share Options

The Company has a share option plan in place under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10,120,695 common shares of the Company. The options can be granted for a maximum term of five years and vest at the discretion of the Board of Directors.

During the six months year ended September 30, 2012 and after the reporting period, the Company granted 4,397,000 share options to directors, employees, officers, and consultants of the Company for a period of five years and vest 50% in the first year and 50% in the second year, with exercise prices ranging from $1.14 to $3.09.

At the shareholders meeting on November 30, 2012 approval to amend the limit on maximum options issuable by the plan to 13,505,211 and ratification of options issued in excess of the plan will be sought.

As at the date of this report, the outstanding options of the Company are comprised as follows:

Exercise Price		Number of Options Outstanding	Expiry Date	Exercisable	Unvested
$	1.60	3,750	January 7, 2013	3,750	
$	1.00	12,500	November 6, 2014	12,500	
$	1.40	175,000	December 13, 2015	175,000	
$	0.90	5,250,000	June 17, 2016	4,435,000	815,000
$	2.25	725,000	December 12, 2016	190,000	535,000
$	2.40	90,000	January 9, 2017		90,000
$	3.68	240,000	February 3, 2017		240,000
$	3.09	70,000	April 4, 2017		70,000
$	2.67	50,000	May 9, 2017		50,000
$	1.16	1,970,000	August 7, 2017		1,970,000
$	1.14	87,000	August 16, 2017		87,000
$	1.65	165,000	September 24, 2017		165,000
$	1.24	500,000	October 17, 2017		500,000
$	1.14	800,000	November 2, 2017		800,000
$	1.25	595,000	November 5, 2017		595,000
		10,733,250		4,816,250	5,917,000

Warrants

On July 16, 2012, upon completion of URSA's acquisition, each outstanding URSA warrant has been exchanged for 0.04 of a Company warrant, with an original expiry date of January 31, 2013 maintained. In addition, there were 107,980 options and 36,117 options issued at $7.50 and $4.75 respectively.

On July 31, 2012 the Company closed a non-brokered private placement, whereby 2,533,604 warrants were issued. Each whole warrant entitled the holder thereof to acquire one additional common share at a price of $1.50 per share in the first year and $2.00 per share in the second year. The warrants are subject to 30 day accelerated conversion if the closing price of the Company's shares on the TSX Venture Exchange is $2.80 or above for a period of 10 consecutive days. 807,655 flow-through shares were issued at a price of $1.45 per share to generate gross proceeds of approximately $1,171,100.

On August 30, 2012 the Company closed a non-brokered private placement, whereby 1,250,000 warrants were issued. Each whole warrant entitles the holder thereof to acquire one additional common share at a price of $2.00 per share for a period of two years. The warrants are subject to 30 day accelerated conversion if the closing price of the Company's shares on the TSX Venture Exchange is $2.80 or above for a period of 10 consecutive days.

The following table summarizes the number of warrants outstanding as of the date of this MD&A:

Exercise Price		Number of Warrants	Expiry Date
$	1.00	863,000	January 6, 2013
$	7.50	107,980	January 31, 2013
$	4.75	36,117	January 31, 2013
$	1.50 / 2.50	2,533,604	July 31, 2013 / July 31, 2014
$	2.00	1,250,000	August 24, 2014
		4,790,701	

14. OFF-BALANCE SHEET ARRANGEMENTS

During the period ended September 30, 2012, the Company was not a party to any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations, financial condition, revenues or expenses, liquidity, capital expenditures or capital resources of the Company.

PROPHECY PLATINUM CORP.
(AN EXPLORATION STAGE COMPANY)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED

SEPTEMBER 30, 2012

(Unaudited)

(Expressed in Canadian Dollars)

Contents

Notice of No Auditor Review of Condensed Consolidated Interim Financial Statements

The accompanying unaudited condensed consolidated interim financial statements have been prepared by management and approved by the Audit Committee. The Company's independent auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established for a review of interim financial statements by an entity's auditors.

PROPHECY PLATINUM CORP. (An exploration stage company)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(Unaudited) (Expressed in Canadian Dollars)

	Note		September 30, 2012		March 31, 2012
ASSETS					
Current Assets					
Cash and cash equivalents	4	**$**	**4,353,434**	$	582,139
Available for sale investments	5		**-**		2,611,661
Amounts receivable			**900,414**		242,594
Prepaid expenses	6		**904,047**		333,948
			6,157,895		3,770,342
Restricted Cash	4		**667,524**		-
Exploration deposits			**118,278**		118,278
Available for sale investments	5		**18,750**		1,834,083
Equipment	7		**455,065**		373,874
Exploration and evaluation assets	8		**69,441,788**		56,019,080
			70,701,405		58,345,315
TOTAL ASSETS		**$**	**76,859,300**	$	62,115,657
LIABILITIES AND EQUITY					
Current Liabilities					
Accounts payable and accrued liabilities	9	**$**	**3,296,481**	$	692,956
Due to related parties	13		**6,310**		30,338
			3,302,791		723,294
Non Current Liabilities					
Provision for closure and reclamation	10		**620,322**		-
TOTAL LIABILITIES			**3,923,113**		723,294
EQUITY					
Share capital	11		**78,877,521**		64,997,398
Reserves			**8,903,361**		7,378,173
Accumulated other comprehensive income			**(10,625)**		768,896
Deficit			**(14,834,070)**		(11,752,104)
TOTAL EQUITY			**72,936,187**		61,392,363
		$	**76,859,300**	$	62,115,657

Subsequent events (Note 13)

Approved on behalf of the Board on November 26, 2012:

"Myron Manternach"	*"Greg Hall"*
Myron Manternach, Director	Greg Hall, Director

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

PROPHECY PLATINUM CORP. (An exploration company)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(Unaudited) (Expressed in Canadian Dollars)

	Three Months Ended		Six Months Ended	
	September 30, 2012	**October 31, 2011**	**September 30, 2012**	**October 31, 2011**
EXPENSES				
Business development and relations	**$ 497,924**	$ 291,639	**$ 829,049**	$ 422,347
Consulting	**367,019**	57,708	**517,656**	151,222
Depreciation	**21,963**	132	**35,974**	181
Foreign exchange loss	**6,607**	781	**18,272**	1,966
Insurance	**22,128**	10,093	**31,220**	10,093
Office	**147,532**	141,270	**270,087**	164,535
Professional fees	**300,840**	136,091	**425,180**	237,183
Property maintenace	**58,473**	-	**58,473**	-
Transfer agent and filing fees	**41,505**	25,358	**47,991**	25,535
Salaries and wages	**321,329**	25,367	**440,659**	44,454
Share-based payments	**136,102**	2,409,045	**396,358**	2,778,209
	1,921,422	3,097,484	**3,070,919**	3,835,725
Loss before other items	**(1,921,422)**	(3,097,484)	**(3,070,919)**	(3,835,725)
OTHER ITEMS				
Investment income	**8,650**	803	**8,650**	11,513
Other Income	**190,293**	-	**190,293**	-
Realized loss on available for sale investments	**-**	-	**(100,147)**	-
Loss before income taxes	**(1,722,479)**	(3,096,681)	**(2,972,123)**	(3,824,212)
Deferred income tax expense	**(41,667)**	-	**(109,842)**	0
Net loss	**(1,764,146)**	(3,096,681)	**(3,081,966)**	(3,824,212)
OTHER COMPREHENSIVE INCOME (LOSS)				
Unrealized loss on available for sale investments (net of tax)	**(291,667)**	-	**(768,896)**	-
COMPREHENSIVE LOSS	**$ (2,055,813)**	$ (3,096,681)	**$ (3,850,862)**	$ (3,824,212)
LOSS PER COMMON SHARE, BASIC AND DILUTED	**$ (0.03)**	$ (0.06)	**$ (0.05)**	$ (0.07)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	**63,485,195**	51,418,559	**59,473,490**	51,296,524

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

PROPHECY PLATINUM CORP. (An exploration stage company)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

(Unaudited) (Expressed in Canadian Dollars)

		Six Months Ended		
		September 30		**October 31**
		2012		**2011**
CASH PROVIDED BY (USED IN):				
OPERATIONS				
Net loss	$	**(3,081,966)**	$	(3,824,212)
Add (deduct) items not affecting cash:				
Deferred income tax expense		**109,842**		-
Share-based payment		**396,358**		2,630,068
Depreciation		**35,974**		181
Realized loss on available for sale investment		**100,147**		-
Investment income		**-**		(24,328)
Flow Through Share Income		**(201,913)**		-
		(2,641,558)		(1,218,291)
Changes in non-cash w orking capital balances:				
(Increase) decrease in amounts receivable		**(315,968)**		(38,575)
(Increase) decrease in prepaid expenses		**(506,497)**		(165,510)
Increase (decrease) in accounts payable		**(1,306,646)**		548,592
Restricted cash		**(667,524)**		-
Cash Used in Operating Activities		**(5,438,193)**		(873,784)
INVESTING				
Exploration expenditures		**(3,883,020)**		(3,225,349)
Purchase of equipment		**-**		(16,995)
Cash received in acquisition		**703,225**		2,000,000
Proceeds from sale of available for sale investments		**2,464,010**		105,779
(Increase) decrease in exploration deposit		**-**		(162,125)
Cash Used in Investing Activities		**(715,785)**		(1,298,690)
FINANCING				
Proceeds from share issuance		**9,553,301**		85,641
Proceeds from exercise of options		**90,000**		267,250
Proceeds from exercise of w arrants		**279,000**		683,500
Share subscriptions received		**27,000**		271,200
Due to (from) related parties		**(24,028)**		291,073
Cash Used Provided by Financing Activities		**9,925,273**		1,598,664
NET INCREASE (DECREASE) IN CASH		**3,771,295**		(573,810)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		**582,139**		837,204
CASH AND CASH EQUIVALENTS, END OF PERIOD	$	**4,353,434**	$	263,394

Supplemental cash flow information (Note 19)

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

PROPHECY PLATINUM CORP. (An exploration stage company)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited) (Expressed in Canadian Dollars)

	Number of Common Shares	Common Shares Amount	Reserves	Accumulated Other Comprehensive Income	Deficit	Total Equity
As at April 30, 2011	**5,603,484 $**	**4,866,124 $**	**1,930,092 $**	**– $**	**(4,000,465) $**	**2,795,751**
Options exercised	200,000	274,497	–	–	–	274,497
Warrants exercised	693,500	685,003	_	–	–	685,003
Share issuance cost	_	(16,691)	_	–	–	(16,691)
Exercise of options and w arrants reallocation from reserves	_	124,906	(124,906)	–	–	–
Share issue adjustment for mineral property	_	31,250	_	–	–	31,250
Fair value of options granted	_	–	2,868,156	–	–	2,868,156
Shares issued on June 13, 2011 acquisition	45,000,000	49,007,724	–	–	–	49,007,724
Adjustment on share consolidation	(163)	_	–	–	–	–
Share subscription received	_	249,950	–	–	–	249,950
Shares returned to treasury	(17,767)					–
Net loss for the period	–	–	–	–	(3,824,212)	(3,824,212)
As at October 31, 2011	**51,479,054 $**	**55,222,763 $**	**4,673,342 $**	**–**	**(7,824,677) $**	**52,071,428**
As at March 31, 2012	**55,453,543 $**	**64,997,398 $**	**7,378,173 $**	**768,896 $**	**(11,752,104) $**	**61,392,364**
Options exercised	100,000	90,000	–	–	–	90,000
Warrants exercised	279,000	279,000	–	–	–	279,000
Exercise of option and w arrants reallocation from reserves	_	93,084	(93,084)	–	–	–
Shares issued for URSA Acquisition	3,185,316	5,032,800	–	–	–	5,032,800
Private Placement - July 31, 2012 - Common Shares	5,067,208	5,335,944	–	–	–	5,335,944
Private Placement - July 31, 2012 - Flow Through Shares	807,655	969,186	–	–	–	969,186
Private Placement - August 30, 2012	2,500,000	2,622,391	–	–	–	2,622,391
Share Issue Costs	_	(698,448)	_	–	–	(698,448)
Fair value of options granted	_	_	495,957	–	–	495,957
Bifrication of July & August private placement w arrants	–	_	1,122,314	–	–	1,122,314
Issue of shares to Kluane First Nation	83,333	129,166	–	–	–	129,166
Unrealized gain on marketable securities	_	_	_	(779,521)	_	(779,521)
Share subscriptions received	_	27,000	–	–	–	27,000
Net loss for the period	–	–	–	–	(3,081,966)	(3,081,966)
As at September 30, 2012	**67,476,055 $**	**78,877,521 $**	**8,903,360 $**	**(10,625) $**	**(14,834,070) $**	**72,936,187**

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Prophecy Platinum Corp. (the "Company" or "Prophecy Platinum") (formerly Pacific Coast Nickel Corp.), incorporated in British Columbia, is a public company listed on the TSX Venture Exchange ("TSX-V") and trades under the symbol NKL. The Company maintains its head office at 342 Water Street, 2nd Floor, Vancouver, British Columbia, Canada, V6B 1B6.

These financial statements are for the period of three and six months ended September 30, 2012 with comparative figures for three and six months ended October 31, 2011. During fiscal 2012 the Company changed its year end from July 31 to March 31.

The Company is in the exploration stage and its principal business activity is the sourcing and exploration of mineral properties in North America and South America. The Company is in the process of exploring and evaluating its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable.

Prophecy Platinum as at September 30, 2012 had working capital of $2.9 million (March 31 2012: $3.0 million) and will require additional sources of funding for ongoing operations and to continue to develop its mineral properties. Sources of funding include market equity and debt financing. Many factors influence the Company's ability to raise funds, and there is no assurance that the Company will be successful in obtaining adequate financing and at favorable terms for these or other purposes including general working capital purposes. Prophecy Platinum's consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business for the foreseeable future. Realization values may be substantially different from carrying values, as shown, and these consolidated financial statements do not give effect to the adjustment that would be necessary to the carrying values, and classifications of assets and liabilities, should Prophecy Platinum be unable to continue as a going concern.

2. BASIS OF PREPARATION

Statement of compliance

These condensed interim consolidated financial statements are prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting under International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board.

The condensed interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's audited annual financial statements as at March 31, 2012.

These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as available-for-sale and fair value through profit or loss ("FVTPL"), which are stated at their fair values. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

In preparing the condensed interim consolidated financial statements for the six months ended September 30, 2012, the Company followed the same accounting policies and methods of computation as in Note 3 of the annual consolidated financial statements for the eight months ended March 31, 2012.

Approval of the financial statements

The condensed interim consolidated financial statements of Prophecy Platinum for the six months ended September 30, 2012 were reviewed and approved by the Audit Committee on November 26, 2012.

Comparative figures

Certain prior period figures have been reclassified to conform to the current period's presentation. Such reclassifications are for presentation purposes only and have no effect on previously reported results.

(Unaudited) (Expressed in Canadian Dollars)

Basis of consolidation

The condensed consolidated interim financial statements include the accounts of the Company and its 100% owned subsidiaries. All material intercompany balances and transactions have been eliminated. Details of the Company's subsidiaries at September 30, 2012 are as follows:

	Principal Activity	Place of incorporation and operation	Ownership interest
PCNC Holdings Corp.	Exploration	Canada	100%
Pacific Coast Nickel Corp., U.S.A.	Inactive	USA	100%
Pacific Nickel Sudamerica S.A.	Exploration	Uruguay	100%
0905144 B. C. Ltd.	Exploration	Canada	100%
Ursa Major Minerals Inc.	Exploration	Canada	100%

Business Combinations

Upon the acquisition of a business, the acquisition method of accounting is used, whereby the purchase consideration is allocated to the identifiable assets, liabilities and contingent liabilities (identifiable net assets) acquired on the basis of fair value at the date of acquisition. When the cost of acquisition exceeds the fair values attributable to the Company's share of the identifiable net assets, the difference is treated as purchased goodwill, which is not amortized but is reviewed for impairment annually or more frequently when there is an indication of impairment. If the fair value attributable to the Company's share of the identifiable net assets exceeds the cost of acquisition, the difference is immediately recognized in the income statement. Acquisition related costs such as investment banking fees, legal fees, accounting fees, valuation fees, and other professional or consulting fees are expensed as incurred. The costs to issue equity securities of the Company as consideration for the acquisition are deduced from share capital as share issuance costs. The costs to issue debt securities are capitalized and amortized using the effective interest method.

Upon the acquisition of control achieved in stages, any previously held interest is re-measured to fair value at the date control is obtained resulting in a gain or loss upon the acquisition of control. In addition, any change relating to an interest previously recognized in other comprehensive income is reclassified to the income statement upon the acquisition of control.

New accounting pronouncements

There has not been any change in accounting policy due to changes required by an IFRS that will be effective for these consolidated financial statements, nor are there changes that are proposed to be adopted for these financial statements, in accordance with the requirements of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors,* since the consolidated financial statements for the eight months ended March 31, 2012.

3. ACQUISITIONS

ACQUISIITION OF MINERAL PROPERTIES FROM PROPHECY COAL CORP.

On June 13, 2011, the Company purchased the Wellgreen and Lynn Lake properties from Prophecy Coal Corp. by a plan of arrangement (the "Arrangement") in consideration for 450,000,000 of the Company's pre-consolidation shares. The balances in acquisition costs for the Wellgreen and Lynn Lake properties represent the estimated fair value of these properties at the time of the acquisition.

Under the Arrangement, Prophecy Coal Corp. spun out its Wellgreen and Lynn Lake mineral properties along with $2,000,000 cash into a newly incorporated company named 0905144 BC Ltd. Prophecy Coal Corp. then transferred all the issued and outstanding shares of 0905144 BC Ltd shares to the Company in consideration for 450,000,000 of the Company's pre-consolidation shares. Subsequent to the transaction, the Company changed its name to Prophecy Platinum Corp. and consolidated its share capital on a 10 old for 1 new common share basis. This transaction has been accounted for as an acquisition of assets rather than a business combination because the acquisition does not meet the definition of a business as outlined in the IFRS 3 *Business Combinations*. The operations of 0905144 BC Ltd. have been included in these consolidated financial statements from the date of acquisition.

(Unaudited) (Expressed in Canadian Dollars)

The following is a summary of the acquisition cost allocation at the date of purchase based upon the estimated fair values of the assets acquired and liabilities assumed:

Purchase price of 450,000,000 (45,000,000 post share-consolidation) common shares issued	$49,007,724
Transaction costs	126,730
Acquisition cost	$49,134,454
Purchase price allocation:	
Cash	$ 2,000,000
Mineral properties – Wellgreen	14,783,596
Mineral properties – Lynn Lake	32,350,858
Assets acquired	$49,134,454

ACQUISIITION OF URSA MAJOR MINERALS INC.

On July 16, 2012, the Company acquired URSA Major Minerals Incorporated (“URSA”) through an Arrangement. Pursuant to the terms of the Arrangement, the Company issued 3,186,916 common shares to acquire all of the outstanding shares in URSA. On March 8, 2012, the Company had subscribed for 16,666,667 common shares of URSA at $0.06 per share for a total cost of $1,000,000 representing 17.3% of URSA’s common shares. These shares of URSA were cancelled pursuant to the terms of the Arrangement on completion of the acquisition. The Company assumed all outstanding warrants of URSA, which were converted to 144,097 warrants of the Company and are of nominal fair value.

The Arrangement has been accounted for as an acquisition under IFRS 3 *Business Combinations*. The results of URSA’s operations from the July 16, 2012 date of acquisition to the end of the current period have been included in these interim consolidated financial statements. The total fair value amount of $5,032,800 assigned to the 3,186,916 common shares issued by the Company in the Arrangement is based on the quoted market price as of July 16, 2012. The transaction costs related to the acquisition was $55,640 and was expensed through professional fees and transfer agent and filing fees at the time of the transaction.

URSA owns a 100% interest in the Shakespeare project located near Sudbury, Ontario, which was in production from 2010 to 2011. URSA also owns numerous other platinum nickel exploration properties in Ontario.

The following is a summary of allocation of the purchase price to assets acquired and liabilities assumed:

Cash paid (purchase of URSA shares)	$	1,000,000
Shares issued for acquisition		5,032,800
Acquisition Costs	$	6,032,800
Fair value of assets acquired and liabilities assumed:		
Mineral Properties	$	7,401,348
Cash and cash equivalents		703,225
Receivables		341,854
Prepaids expenses		63,602
Available for sale investments		29,375
Property and equipment		149,148
Accounts payable and accrued liabilities		(2,655,752)
	$	6,032,800

URSA's production was suspended in January 2012. From the date of the acquisition of July 16, 2012 until the end of the quarter the revenue and net loss of URSA included in the consolidated statement of income were $Nil and $323,949 respectively.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents of the Company are comprised of bank balances and short term money market instruments with original maturities of three months or less. The Company's cash and cash equivalents are denominated in the following currencies:

		September 30, 2012		March 31, 2012
Cash				
Denominated in Canadian dollars	$	316,936	$	399,264
Denominated in US dollars		7,514		167,397
Denominated in Uruguayan pesos		2,694		15,233
Short-term deposits				
Denominated in Canadian dollars		4,026,290		245
	$	4,353,434	$	582,139

Restricted Cash Equivalents

URSA has guaranteed by pledge of a GIC, an irrevocable standby letter of credit for $667,524 to the Ministry of Northern Development and Mines ("MNDM") as a financial assurance guarantee in connection with the Stage One Mining Closure Plan on the Shakespeare Project, (Note 10).

5. AVAILABLE FOR SALE INVESTMENTS

In December 2011, the Company purchased platinum and palladium ETFs in the amounts of $1,969,407 USD ($2,004,263 CAD) and $1,969,234 USD ($2,004,211 CAD) respectively. At June 30, 2012, the Company had sold all of its platinum ETFs and palladium ETFs on hand and received proceeds for a realized loss of $100,147 for the six months ended September 30, 2012.

On March 8, 2012, the Company subscribed for 16,666,667 common shares of Ursa Major Minerals Incorporated ("URSA") (TSX: UML) at $0.06 per share for a total cost of $1,000,000 representing 17.3% of URSA's common shares. These shares were subsequently cancelled upon acquisition of URSA; no gain/loss was recognized in net income. Common shares of Auriga Gold Corp. were acquired as part of the assets transferred upon acquisition.

(Unaudited) (Expressed in Canadian Dollars)

These investments are classified as available for sale financial instruments and are detailed as follows:

Available for sale investments		Cost		Balance	September 30, 2012 FV Change		September 30, 2012 Fair Value
Non Current Assets							
Auriga Shares	$	10,000	$	10,000 $	8,750	$	18,750

6. PREPAID EXPENSES

		September 30, 2012		March 31, 2012
Prepaid insurance	$	82,175	$	10,608
Prepaid geological service contracts		318,314		172,597
Prepaid promotional services		62,932		113,388
Prepaid general business and other services contracts		440,626		37,355
	$	904,047	$	333,948

7. EQUIPMENT

		Computer equipment		Computer software		Exploration equipment		Shelter		Total
Cost										
Balance, March 31, 2012	$	1,572	$	59,087	$	33,889	$	325,000	$	419,548
Additions for the period		–		–		–		–		–
Acquisition of URSA		–		–		349,395		–		349,395
Balance, September 30, 2012		**1,572**		**59,087**		**383,284**		**325,000**		**768,943**
Accumulated depreciation										
Balance, March 31, 2012		(1,244)		(15,373)		(18,225)		(10,832)		(45,674)
Depreciation for the period		(49)		(24,400)		(1,566)		(31,418)		(57,432)
Acquisition of URSA		–		–		(210,772)		–		(210,772)
Balance, September 30, 2012		**(1,293)**		**(39,773)**		**(230,563)**		**(42,250)**		**(313,878)**
Net book value										
As at March 31, 2012	$	328	$	43,715	$	15,664	$	314,167	$	373,874
As at September 30, 2012	**$**	**279**	**$**	**19,314**	**$**	**152,721**	**$**	**282,750**	**$**	**455,065**

(Unaudited) (Expressed in Canadian Dollars)

8. EXPLORATION AND EVALUATION ASSETS

	EXPLORATION AND EVALUATION ASSETS											
	Wellgreen	**Lynn Lake**	**Burwash**	**Cerro Chato, Molles North, Molles South, Quebracho and Polanco, Uruguay**	**Las Aguilas, Argentina**	**Stumpy Bay Option**	**Porter Baldwin**	**Porter Option**	**Shining Tree**	**Fox Mountain**	**Shakespeare**	**Total**
Acquisition costs												
Balance, March 31, 2012	$ 14,783,596	$ 33,350,858	$ 1,126,500	$ 7,048	$ 280,123	$ –	$ –	$ –	$ –	$ –	$ –	$ 49,548,125
Option payment	–	450,000	–	–	–	–	–	–	–	–	–	450,000
Acquisition of URSA	–	–	–	–	–	316,433	473,554	118,576	439,568	108,557	5,944,660	7,401,348
Balance, September 30, 2012	14,783,596	33,800,858	1,126,500	7,048	280,123	316,433	473,554	118,576	439,568	108,557	5,944,660	57,399,473
Exploration and evaluation												
Balance, March 31, 2012	4,448,257	404,108	756,565	710,497	151,528	–	–	–	–	–	–	6,470,955
Amortization	31,417	–	59	507	–	–	–	–	–	–	–	31,983
Assay	102	–	–	–	–	–	–	–	–	–	–	102
Camp and general	929,967	4,917	16,650	–	–	–	–	–	–	–	–	951,534
Claims	1,800	–	–	–	–	–	–	–	–	–	–	1,800
Drilling	2,855,829	–	–	–	–	–	–	–	–	–	–	2,855,829
Geophysical	952,196	6,680	–	30,288	–	–	–	–	–	–	–	989,164
Leases and licensing	3,986	11,923	–	–	22,361	–	–	–	–	–	–	38,270
Legal	33,056	–	–	–	3,477	–	–	–	–	–	–	36,533
Mapping	4,246	–	–	–	–	–	–	–	–	–	–	4,246
Recovery	–	(50,851)	–	–	–	–	–	–	–	–	–	(50,851)
Share-based payments	99,599	–	–	–	–	–	–	–	–	–	–	99,599
Survey & estimates	202,158	–	–	–	–	–	–	–	–	–	–	202,158
Travel	44,194	–	–	–	3,355	–	–	–	–	–	–	47,549
Wages	363,444	–	–	–	–	–	–	–	–	–	–	363,444
Expenditures April 1 to September 30, 2012	5,521,994	(27,331)	16,709	30,795	29,193	–	–	–	–	–	–	5,571,360
Balance, September 30, 2012	9,970,251	376,777	773,274	741,292	180,721		–	–	–	–	–	12,042,315
Total	**$ 24,753,847**	**$ 34,177,635**	**$ 1,899,774**	**$ 748,340**	**$ 460,844**	**$ 316,433**	**$ 473,554**	**$ 118,576**	**$ 439,568**	**$ 108,557**	**$ 5,944,660**	**$ 69,441,788**

Prophecy Platinum Properties

Burwash Property, Yukon Territories, Canada

On August 4, 2011 the Company entered into a letter agreement with Strategic Metals Ltd. to acquire a 100% interest in the Burwash property for $1,000,000 (paid). The agreement replaces the Burwash option agreement dated February 23, 2010 and letter agreement entered into on April 1, 2011.

Cerro Chato, Molles North, Molles South, Quebracho and Polanco, Uruguay

The Company has five prospecting licences in Uruguay and performed some initial exploration activities on the properties amounting to $717,545; however, no further work is on-going, while the Company is re-evaluating these properties.

Las Aguilas Property, Argentina

On December 10, 2010, further amended March 21, 2012 the Company entered into a letter Agreement with Marifil Mines Limited ("Marifil") with an option to acquire up to a 70% interest in the Las Aguilas Nickel-Copper-PGM property located in San Luis Province, Argentina. The Agreement with Marifil provides for cash and share payments and work commitments to earn a 49% interest in the property as follows:

Cash and common shares

- $25,000 upon signing and 250,000 shares (paid and issued; 25,000 post consolidation)
- $125,000 and 250,000 shares on or before April 1, 2012 (paid and issued; 25,000 post consolidation)
- $100,000 and 250,000 shares on or before April 1, 2013 (25,000 post consolidation)
- $100,000 and 250,000 shares on or before April 1, 2014 (25,000 post consolidation)

Work Commitments

- On or before 3 months from the Agreement date, complete a resource estimate (completed)
- On or before November 1, 2012 incur $500,000 in exploration expenditures,
- On or before October 1, 2013 incur $500,000 in exploration expenditures,
- On or before July 1, 2014 incur $1,000,000 in exploration expenditures,

The Agreement also provides for the Company to earn an additional 11% by preparing a pre-feasibility study on the property and issuing an aggregate of 2,000,000 common shares (200,000 post consolidation) from April 1, 2014 to April 1, 2015. A further 10% can be earned by completing a feasibility study on the property, making cash payment of $100,000 and issuing an aggregate of 1,000,000 common shares from April 1, 2015 to April 1, 2016.

The Agreement also provides for granting of a 3% NSR to Marifil of which 0.5% can be purchased for $1,000,000 and a further 0.5% of the royalty purchased at any time upon the payment of a further $2,000,000. The Company retains the option of buying Marifil's 30% interest for $5,000,000.

On November 1, 2012, the Company terminated its option agreement with Marifil Mines Ltd. on the Las Aguilas property.

Wellgreen Property, Yukon Territory, Canada

The Wellgreen property, a nickel-copper and platinum group metals project, located in southwestern Yukon Territory, Canada, approximately 35 km northwest of Burwash Landing in the Yukon, and about 400 km from Alaska's deep sea port at Haines was acquired from Prophecy Coal Corp. on June 13, 2011 by way of a plan of arrangement, in which 45,000,000 common shares of the Company was provided as consideration for the transaction. Based on the ascribed market value of the Company shares amounting to $49,134,454, the purchase price allocation to the acquisition cost, of a 100% interest in the Wellgreen mineral property amounted to $14,783,596, and the option to acquire a 100% interest in the Lynn Lake property amounted to $32,350,858 (note 3).

Lynn Lake Property, Manitoba, Canada

The Company has an option to acquire 100% of the Lynn Lake property which is a nickel project located in northern Manitoba, Canada. In June 2011 the Company purchased the Lynn Lake option from Prophecy Coal Corp. in the June 2011 acquisition (Note 3). The Company has assumed the original terms of the October 20, 2009 option agreement that Prophecy Coal Corp. entered into with Victory Nickel Inc. ("Victory").

The Company has the right to earn a 100% interest in the Lynn Lake property by paying Victory an aggregate of $4,000,000 and by incurring an aggregate of $3,000,000 in exploration expenditures at Lynn Lake project and by issuing 2,419,548 common shares to Victory (issued by Prophecy Coal Corp.). The option agreement also provided Victory with a right to participate in future financings or acquisitions on a pro-rata basis so that Victory may maintain its 10% interest in the number of outstanding shares of the Company. Pursuant to the option agreement, the Company is subject to a 3% net smelter return royalty.

Pursuant to the option agreement, all cash payments have been paid, with the final $1,000,000 due before March 1, 2013.

On August 3, 2012 the Company signed a Settlement Agreement with Victory to provide for one time cash payment of $450,000 (paid) in full settlement for the Company's obligation to incur the remaining balance of exploration expenditures of $1,188,877 pursuant to the Option Agreement on or before November 1, 2012.

URSA Major Minerals Inc. ("URSA") Properties

Due to the amalgamation with the Company, URSA has re-valued its mineral properties and deferred exploration expenditures by recording an impairment charge of $5,919,796 during the financial year ended January 31, 2012. The impairment charge was pro-rated over all the properties.

Shakespeare Township, Ontario Canada

URSA has a 100% interest in the nickel, copper, and PGM Shakespeare Property after issuing 350,000 common shares and completing $1,200,000 in exploration expenditures under an option agreement with Xstrata Nickel, a business unit of Xstrata Canada Corporation ("Xstrata"). Xstrata has retained a 1.5% Net Returns Royalty and certain mineral processing rights. During the financial year ended January 31, 2011, URSA declared commercial production at the Shakespeare Mine. At the beginning of 2012, URSA suspended production at the Shakespeare Mine.

Stumpy Bay Option, Ontario, Canada

The Company has earned a 100% interest in certain claims known as the Stumpy Bay Property, located in Shakespeare and Baldwin Townships, Ontario. The optionor has retained a 2% Net Returns Royalty. Advance royalty payments of $30,000 per year commenced March 21, 2006. URSA has the right to purchase one-half of the royalty for $750,000. Xstrata has elected to include this property as part of the Shakespeare agreement and accordingly holds a 25% interest in URSA's interest in the Stumpy Bay Property.

Porter Baldwin, Ontario, Canada

URSA has staked mining claims in the Agnew Lake area that are contiguous with the Shakespeare Property noted above and are 100% owned by the URSA.

(Unaudited) (Expressed in Canadian Dollars)

Porter Option, Ontario, Canada

URSA has earned a 100% interest in certain mineral claims known as the Porter Option, located in Shakespeare, Dunlop and Porter Townships, Ontario. The optionor has retained a 2% Net Returns Royalty. Advance royalty payments of $24,000 per year commenced January 15, 2007. URSA has the right to purchase one-half of the royalty for $1,000,000.

Shining Tree, Ontario, Canada

URSA has earned a 100% interest in certain mineral claims known as the Shining Tree claims, located in Fawcett Township, Ontario. The optionor has retained a 1% Net Returns Royalty. URSA has the right to purchase one-half of the royalty for $500,000.

Fox Mountain, Ontario, Canada

URSA has staked mining claims in the Thunder Bay Mining Division of Ontario, which are 100% owned. On November 19, 2010, URSA entered into a purchase agreement to own a 100% interest in certain mining claims located in the Thunder Bay Mining Division of Ontario. The seller has retained a back in right to convert to a joint venture (seller 51%) or a 2% Net Smelter Revenue Royalty. In December 2011, a portion of the non-core claims were cancelled by URSA.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		September 30, 2012		March 31, 2012
Trade accounts payable	$	2,801,792	$	338,201
Accrued expenses		151,709		354,755
Royalties payable		342,980		-
	$	**3,296,481**	**$**	**692,956**

Working Capital Facility

On February 28, 2011, URSA renewed the credit facility agreement with Auramet Trading, LLC ("Auramet") to maintain a US$2,500,000 In-Process Working Capital Facility (the "Facility") for the nickel and copper concentrate produced by URSA from the Shakespeare Mine. Per the Facility, these nickel and copper quantities are forward sold at the prevailing spot prices and settled on delivery. The facility carries an interest rate of Libor plus 5%. As at September 30, 2012, the outstanding balance drawn down from the Facility was $Nil.

10. PROVISION FOR CLOSURE AND RECLAMATION

URSA has provided a letter of credit in the amount of $667,524 to the MNDM under the terms of Closure Plan on the Shakespeare Mine for stage one mining (Note 4). The Company's provision for closure and reclamation costs are based on management's estimates of costs to abandon and reclaim mineral properties and facilities as well as an estimate of the future timing of the costs to be incurred. The Company has estimated its total provision for closure and reclamation to be $620,322 at September 30, 2012 based on a discounted total future liability of approximately $722,000, at an inflation rate of 2.1% and a discount rate of 1.84%.

(Unaudited) (Expressed in Canadian Dollars)

Reclamation is expected to take place in the year 2022. The following is an analysis of the provision for closure and reclamation:

Balance March 31, 2012	-
Addition during the period	615,579
Accretion incurred in the current period	4,743
Balance September 30, 2012	620,322

11. SHARE CAPITAL

The Company is authorized to issue an unlimited number of common voting shares without par value. Disclosures on any common shares issued are provided in the Statements of Changes in Shareholders' Equity.

On June 13, 2011, the Company enacted a one new for ten old common share consolidation and all share amounts presented have been retroactively restated.

On July 31, 2012 the Company closed a non-brokered private placement of units and flow through shares totaling $7.25 million. 5,067,208 units were issued at a price of $1.20 per unit to generate gross proceeds of approximately $6,080,650. Each unit comprised one common share and a half share purchase warrant exercisable until July 31, 2014. Each whole warrant entitled the holder thereof to acquire one additional common share at a price of $1.50 per share in the first year and $2.00 per share in the second year. The warrants are subject to 30 day accelerated conversion if the closing price of the Company's shares on the TSX Venture Exchange is $2.80 or above for a period of 10 consecutive days. 807,655 flow-through shares were issued at a price of $1.45 per share to generate gross proceeds of approximately $1,171,100.

On August 1, 2012 the Company entered into an Exploration Agreement with the Kluane First Nation in relation to the ongoing development of the Wellgreen project. On September 13, 2012 83,333 shares were issued to the Kluane First Nation at an ascribed value equal to the market price of $1.55 per share.

On August 30, 2012 the Company closed a $3.0 million non-brokered private placement of 2,500,000 units at a price of $1.20 per unit. Each unit comprised one common share and a half share purchase warrant. Each whole warrant entitles the holder thereof to acquire one additional common share at a price of $2.00 per share for a period of two years. The warrants are subject to 30 day accelerated conversion if the closing price of the Company's shares on the TSX Venture Exchange is $2.80 or above for a period of 10 consecutive days.

At September 30, 2012, there were 9,535,855 common shares held in escrow. All escrowed shares will be fully released by December 17, 2012.

12. SHARE PURCHASE OPTION PLAN AND SHARE-BASED PAYMENTS

The Company has a share purchase option plan in place under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10,120,695 common shares of the Company. The options can be granted for a maximum term of ten years and vest at the discretion of the Board of Directors. The following table summarizes the share purchase option plan transactions to September 30, 2012.

(Unaudited) (Expressed in Canadian Dollars)

	Number of Options		Weighted Average Exercise Price
Outstanding, March 31, 2012	6,706,250	$	1.19
Granted	2,337,000		1.38
Exercised	(100,000)		0.90
Forfeited	(225,000)		2.85
Outstanding, September 30, 2012	8,718,250	$	1.24

The following table summarizes the share options outstanding at September 30, 2012:

Exercise Price	Number of Options Outstanding	Exercisable	Expiry Date
$1.60	3,750	3,750	January 7, 2013
$1.00	12,500	12,500	November 6, 2014
$1.40	175,000	175,000	December 13, 2015
$0.90	5,295,000	4,447,500	June 17, 2016
$2.25	725,000	190,000	December 12, 2016
$2.40	90,000	-	January 9, 2017
$3.68	240,000	20,420	February 3, 2017
$3.09	70,000	-	April 4, 2017
$2.67	50,000	-	May 9, 2017
$1.16	1,970,000	-	August 7, 2017
$1.14	87,000	-	August 16, 2017
	8,718,250	4,849,170	

For the three and six month periods ended September 30, 2012 share-based payments were recorded as follows:

		Three Months Ended				**Six Months Ended**		
		September 30, 2012		**October 31, 2011**		**September 30, 2012**		**October 31, 2011**
Consolidated Statement of Operations								
Share-based payments	$	136,102	$	2,409,045	$	396,358	$	2,778,209
Consolidated Statement of Financial Position								
Lynn Lake exploration		-		15,643		-		20,465
Wellgreen exploration		38,482		74,304		99,599		97,211
Share-based payments		38,482		89,947		99,599		117,676
Total	$	174,584	$	2,498,992	$	495,957	$	2,895,885

During the six months ended September 30, 2012, the Company granted a total of 2,337,000 options (six months ended October 31, 2011 – 6,120,000 options) to employees, officers and consultants of the Company. The options vest as to 50% in year one and 50% in year two. For the six months ended September 30, 2012, the Company charged $396,358 to operations as share-based compensation and capitalized $99,600 to the Wellgreen property costs.

The aggregate number of shares issuable pursuant to options granted under the plan is limited to 10% of the Company's issued shares at the time the options are granted. The aggregate number of options granted to any one optionee in a 12-month period is limited to 5% of the issued shares of the Company.

(Unaudited) (Expressed in Canadian Dollars)

Warrants

The following table summarizes the warrant transactions to September 30, 2012:

	Number of Warrants	Weighted Avg Exercise Price
Outstanding, March 31, 2012	1,142,000	1.00
Granted	3,927,701	2.02
Exercised	(279,000)	1.00
Outstanding, September 30, 2012	4,790,701	1.79

At September 30, 2012, there were 4,790,701 (October 31, 2011 – 1,217,000) warrants outstanding enabling holders to acquire common shares of the Company at prices ranging from $1.00 to $7.50 per share.

Exercise Price		Number of Warrants	Expiry Date
$	1.00	863,000	January 6, 2013
$	7.50	107,980	January 31, 2013
$	4.75	36,117	January 31, 2013
$	1.50 / 2.50	2,533,604	July 31, 2013 / July 31, 2014
$	2.00	1,250,000	August 24, 2014
		4,790,701	

13. RELATED PARTY TRANSACTIONS

a) The Company has identified its directors and certain senior officers as its key management personnel and the compensation costs for key management personnel and companies related to them were recorded at their exchange amounts as agreed upon by transacting parties.

During the six months period ended September 30, 2012:

	Three months ended		Six months ended	
	September 30, 2012	**October 31, 2011**	**September 30, 2012**	**October 31, 2011**
Consulting Fees	$ 168,250	$ 57,708	$ 237,250	$ 155,425
Director Fees	12,000	8,693	21,500	10,420
Shared Office Costs	120,000	84,000	240,000	84,000
	$ 300,250	$ 150,401	$ 498,750	$ 249,845

b) As at September 30, 2012, due to related parties was $6,310 (March 31, 2012 - $15,000) owing to directors for director fees. The amounts due to related parties are non-interest bearing and are due upon demand.

Subsequent to the period end,

On November 5, 2012, Prophecy Platinum terminated the consulting agreement that it had with its CEO, and as a result of the termination, Prophecy Platinum made a severance payment of $240,000 to Linx Partners Ltd. Furthermore, subsequent to period end, 800,000 share options, with a 5 year term, were issued to Greg Johnson, who was appointed CEO on November 5, 2012, at an exercise price of $1.14, vesting 25% at the end of each six month period for two years. (note 13).

On October 31, 2012, Prophecy Platinum granted a severance payment of $125,000 to Mr. Joseph Li (50% of such payment has been paid to JWL Investments Corp., a private company controlled by Mr. Li) in connection with Mr. Li’s termination with Prophecy Platinum.

(Unaudited) (Expressed in Canadian Dollars)

Subsequent to period end, 1,095,000 share options, with a 5 year term, were issued to new executives that have joined the Company, with exercise prices ranging from $1.24 to $1.25, vesting as to 50% at the end of year one and year two.

14. KEY MANAGEMENT COMPENSATION

The key management of the Company comprises executives and non-executive directors and senior management. The remuneration of directors and other members of key management were as follows:

	Three months ended		Six months ended	
	September 30, 2012	**October 31, 2011**	**September 30, 2012**	**October 31, 2011**
Renumeration and short-term benefits	$ 180,250	$ 66,401	$ 258,750	$ 165,845
Share-based payment compensation	126,537	1,733,483	180,083	1,835,927
	$ 306,787	$ 1,799,884	$ 438,833	$ 2,001,772

15. FINANCIAL INSTRUMENTS

The Company's financial assets and financial liabilities are categorized as follows:

	September 30, 2012	March 31, 2012
Fair value through profit or loss		
Cash and cash equivalents	$ 4,353,434	$ 582,139
Available for sale investments		
Platinum ETF	-	1,343,841
Palladium ETF	-	1,267,820
URSA Shares	-	1,334,083
Auriga Shares	18,750	-
	$ 4,372,184	$ 4,527,883
Other financial liabilities		
Accounts payable and due to related parties	$ 2,765,667	$ 368,539
	$ 2,765,667	$ 368,539

Fair Value – The estimated fair values of cash and cash equivalent, accounts payable and due to related parties approximate their respective carrying values due to the immediate or short period to maturity. The marketable securities are carried at fair values based on the published or electronic market price quotation..

The Company utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value as follows:

Level 1 - Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets.

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 - Significant unobservable inputs which are supported by little or no market activity.

(Unaudited) (Expressed in Canadian Dollars)

As at September 30, 2012	Level 1	Level 2	Level 3	Total
Financial assets				
Fair value through profit or loss	$ 4,353,434	$ -	$ -	$ 4,353,434
Available for sale investments	18,750	-	-	18,750
	$ 4,372,184	$ -	$ -	$ 4,372,184

As at March 31, 2012	Level 1	Level 2	Level 3	Total
Financial assets				
Fair value through profit or loss	$ 582,139	$ -	$ -	$ 582,139
Available for sale investments	4,445,744	-	-	4,445,744
	$ 5,027,883	$ -	$ -	$ 5,027,883

16. FINANCIAL RISK MANAGEMENT DISCLOSURES

Credit Risk - The Company does not currently generate any revenues from sales to customers nor does it hold derivative type instruments that would require a counterparty to fulfil a contractual obligation. The Company does not have any asset-backed commercial instruments. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash and cash equivalents. To minimize the credit risk the Company places these instruments with a high credit quality financial institution.

Liquidity Risk - Liquidity risk is the risk that the Company cannot meet its financial obligations. The Company manages liquidity risk by maintaining sufficient cash and cash equivalent balances. Liquidity requirements are managed based on expected cash flow to ensure that there is sufficient capital in order to meet short term obligations. As at September 30, 2012, the Company has cash and cash equivalents of $4,353,434 and financial liabilities of $2,796,558 which have contractual maturities of 90 days or less.

Foreign Exchange Risk - The Company has operations in Canada, Argentina and in Uruguay and undertakes transactions in various foreign currencies. The Company is therefore exposed to foreign currency risk arising from transactions denominated in a foreign currency. The Company’s reporting and functional currency is Canadian dollars. Based on the above, a 5% strengthening (weakening) of the Argentine peso and Uruguayan peso will have an insignificant impact on total assets and loss. The Company currently does not use any foreign exchange contracts to hedge this currency risk.

Interest Rate Risk - The Company manages its interest rate risk by obtaining the best commercial deposit interest rates available in the market by the major Canadian financial institutions on its cash and cash equivalents.

Market risk - Market risk is the risk that the fair value of, or future cash flows from, the Company’s financial instruments will significantly fluctuate due to changes in market prices. The sale of the financial instruments can be affected by changes in interest rates, foreign exchange rates, and equity prices. The Company is exposed to market risk in trading its investments, and unfavorable market conditions could result in dispositions of investments at less than favourable prices. The Company’s investments are accounted for at estimated fair values and are sensitive to changes in market prices, such that changes in market prices result in a proportionate change in the carrying value of the Company’s investments. The Company’s ability to raise capital to fund mineral resource exploration is subject to risks associated with fluctuations in mineral resource prices. Management closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Based on the Company’s investment position at September 30, 2012, a 10% increase (decrease), net of tax of the market price of the available for sale Auriga shares held would have resulted in an increase (decrease) to comprehensive income (loss) of approximately $1,875.

17. CAPITAL RISK MANAGEMENT

The Company considers its capital structure to consist of share capital, share options and warrants. The

(Unaudited) (Expressed in Canadian Dollars)

Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative returns on capital criteria for management.

The properties in which the Company currently has an interest are in the exploration stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and development and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the six months ended September 30, 2012. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements. The Company's investment policy is to invest its surplus cash in highly liquid short-term interest-bearing investments with maturities of 90 days or less from the original date of acquisition, all held within major Canadian financial institutions.

18. OPERATING SEGMENT INFORMATION

The Company's operations are limited to a single industry segment being the acquisition, exploration and development of mineral properties. The Company has mineral properties located in Canada and South America.

September 30, 2012		Canada		South America		Total
Current assets	$	6,150,772	$	7,123	$	6,157,895
Non-current assets		70,112,327		589,078		70,701,405
Total assets		76,263,099		596,201		76,859,300
Current liabilities		(3,919,606)		(3,507)		(3,923,113)
Non-current liabilities		-		-		-
Total liabilities	$	(3,919,606)	$	(3,507)	$	(3,923,113)

March 31, 2012		Canada		South America		Total
Current assets	$	3,750,862	$	19,480	$	3,770,342
Non-current assets		57,786,525		558,790		58,345,315
Total assets		61,537,387		578,270		62,115,657
Current liabilities		712,380		10,914		723,294
Non-current liabilities		-		-		-
Total liabilities	$	712,380	$	10,914	$	723,294

19. SUPPLEMENTAL CASH FLOW INFORMATION

		September 30, 2012		October 31, 2011
Non-cash Financing and Investing Activities:				
Mineral property expenditures included in accounts payable	$	1,877,591	$	-
Capitalized amortization of equipment		31,417		889
Capitalized share-based compensation		99,599		89,947

20. COMMITMENTS

The Company has entered into a cooperation and benefits agreement with Kluane First Nation in the Yukon to support Prophecy's exploration program and environmental studies for the development of the

Wellgreen Project. As part of the agreement annual payments in each calendar year is payable in which exploration activities are carried out.

The Company is committed to spending approximately $355,000 by December 31, 2012, as part of the flow through funding agreements related to URSA mineral properties. The Company indemnifies the subscribers of flow-through shares from any tax consequences arising from the failure of the Company to meet its commitments under the flow-through subscription agreements.

The Company's exploration activities are subject to various federal, provincial and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and are generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to continue to make in the future, filings and expenditures to comply with such laws and regulations.