Alexandria Minerals Corporation

Interim Financial Statements

(Unaudited)

Three and six months ended October 31, 2010

(Expressed in Canadian Dollars)

(A Development Stage Company)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited interim financial statements of Alexandria Minerals Corporation (A Development Stage Entity) were prepared by management in accordance with Canadian generally accepted accounting principles. Management acknowledges responsibility for the preparation and presentation of the financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company’s circumstances.

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the unaudited interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited interim financial statements and (ii) the unaudited interim financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited interim financial statements.

The Board of Directors is responsible for reviewing and approving the financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited interim financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company’s affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these unaudited interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

ALEXANDRIA MINERALS CORPORATION
INTERIM BALANCE SHEETS
(Unaudited)
(Expressed in Canadian Dollars)
(A Development Stage Company)

	October 31, 2010	April 30, 2010
	$	$
ASSETS		
Current assets		
Cash	**833,711**	1,036,098
Sales tax and sundry receivable	**214,937**	118,544
Prepaid expenses	**12,935**	22,984
Quebec refundable tax credits and mining duties refund receivable	**1,428,307**	1,428,307
Short term investments (Note 5)	**3,000,000**	1,000,000
Investment in available for sale securities	**605,884**	454,476
	6,095,774	4,060,409
Equipment (Note 6)	**15,290**	10,398
Mining rights and deferred exploration expenditures (Note 7)	**11,527,663**	9,559,363
	17,638,727	13,630,170
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	**139,647**	245,889
Future income tax	**743,365**	743,365
	883,012	989,254
SHAREHOLDERS' EQUITY		
Share capital (Note 8(b))	**12,606,459**	9,813,540
Warrants (Note 10)	**3,680,983**	2,049,667
Contributed surplus	**5,939,101**	5,125,372
Accumulated other comprehensive income	**246,434**	164,976
Deficit	**(5,717,262)**	(4,512,639)
	16,755,715	12,640,916
	17,638,727	13,630,170

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

Going concern (Note 1)
Commitments (Note 12)

ALEXANDRIA MINERALS CORPORATION
INTERIM STATEMENTS OF LOSS
(Unaudited)
(Expressed in Canadian Dollars)
(A Development Stage Company)

	Three months ended October 31, 2010	Three months ended October 31, 2009	**Six months ended October 31, 2010**	Six months ended October 31, 2009	Cumulative since inception of development stage on May 27, 2002
	$	$	**$**	$	$
Expenses					
Stock-option compensation	**529,200**	3,000	**549,907**	14,922	1,853,300
Investor and public relations	**74,426**	41,963	**125,339**	93,149	999,486
Business development	**63,573**	3,455	**125,282**	25,024	686,877
Professional fees	**25,674**	38,406	**107,455**	86,484	1,059,747
Wages	**74,103**	67,604	**112,120**	122,690	790,449
Office and general	**74,470**	34,099	**151,031**	65,379	1,476,678
Seminars and conferences	**6,707**	-	**23,372**	-	345,880
Accounting and corporate services	**9,594**	15,348	**15,850**	32,578	309,325
Amortization	**1,053**	915	**1,878**	1,808	24,914
General exploration	**-**	372	**-**	1,072	257,218
	858,800	205,162	**1,212,234**	443,106	7,803,874
Net operating loss before the following	**(858,800)**	(205,162)	**(1,212,234)**	(443,106)	(7,803,874)
Interest income	**6,906**	(2,068)	**7,611**	(1,422)	233,679
Loss on disposal of equipment	**-**	-	**-**	-	(1,717)
Loss for the period before taxes	**(851,894)**	(207,230)	**(1,204,623)**	(444,528)	(7,571,912)
Income tax recovery	**-**	-	**-**	-	1,854,650
Net loss for the period	**(851,894)**	(207,230)	**(1,204,623)**	(444,528)	(5,717,262)
Basic and diluted loss per share	**(0.01)**	(0.00)	**(0.01)**	(0.01)	
Weighted average number of shares outstanding	**118,484,869**	77,752,902	**105,215,326**	77,377,413	

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

ALEXANDRIA MINERALS CORPORATION
INTERIM STATEMENTS OF OTHER COMPREHENSIVE LOSS
(Unaudited)
(Expressed in Canadian Dollars)
(A Development Stage Company)

	Three months ended October 31, 2010	Three months ended October 31, 2009	**Six months ended October 31, 2010**	Six months ended October 31, 2009	Cumulative since inception of development stage on May 27, 2002
	$	$	**$**	$	$
Net loss for the period	**(851,894)**	(207,230)	**(1,204,623)**	(444,528)	(5,717,262)
Other comprehensive loss					
Increase in unrealized gain on available-for-sale investments	**141,848**	78,902	**81,458**	54,719	246,434
Comprehensive loss	**(710,046)**	(128,328)	**(1,123,165)**	(389,809)	(5,470,828)

INTERIM STATEMENTS OF DEFICIT
(Unaudited)
(Expressed in Canadian Dollars)
(A Development Stage Company)

	Three months ended October 31, 2010	Three months ended October 31, 2009	**Six months ended October 31, 2010**	Six months ended October 31, 2009	Cumulative since inception of development stage on May 27, 2002
	$	$	**$**	$	$
Net loss for the period	**(851,894)**	(207,230)	**(1,204,623)**	(444,528)	(5,717,262)
Deficit, beginning of the period	**(4,865,368)**	(4,243,527)	**(4,512,639)**	(4,006,229)	-
Deficit, end of the period	**(5,717,262)**	(4,450,757)	**(5,717,262)**	(4,450,757)	(5,717,262)

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

ALEXANDRIA MINERALS CORPORATION
INTERIM STATEMENTS OF SHAREHOLDERS' EQUITY
(Unaudited)
(Expressed in Canadian Dollars)
(A Development Stage Company)

	Share Capital	Warrants	Contributed Surplus	Accumulated Deficit	Accumulated other Comprehensive Income	Total
Balance, April 30, 2009	**$ 9,092,826**	**$ 281,072**	**$ 5,050,337**	**$ (4,006,229)**	**$ 30,276**	**$ 10,448,282**
Issuance of shares for mining rights	234,780	-	-	-	-	234,780
Issuance of warrants for mining rights	(16,800)	16,800	-	-	-	-
Stock-option compensation	-	-	14,922	-	-	14,922
Unrealized loss on available for sale investments	-	-	-	-	54,719	54,719
Net loss for the period	-	-	-	(444,528)	-	(444,528)
Balance, October 31, 2009	**9,310,806**	**297,872**	**5,065,259**	**(4,450,757)**	**84,995**	**10,308,175**
Non-flow through shares issued for cash	1,820,000	-	-	-	-	1,820,000
Flow through shares issued for cash	629,620	-	-	-	-	629,620
Issuance of shares for mining rights	11,040	-	-	-	-	11,040
Share issue costs - cash	(48,726)	-	-	-	-	(48,726)
Fair value of warrants issued	(1,751,795)	1,751,795	-	-	-	-
Renunciation of flow through expenditures	(157,405)	-	-	-	-	(157,405)
Stock-option compensation	-	-	60,113	-	-	60,113
Unrealized gain on available for sale investments	-	-	-	-	79,981	79,981
Net loss for the period	-	-	-	(61,882)	-	(61,882)
Balance, April 30, 2010	**9,813,540**	**2,049,667**	**5,125,372**	**(4,512,639)**	**164,976**	**12,640,916**
Non-flow through shares issued for cash	5,000,000	-	-	-	-	5,000,000
Share issue costs	(356,943)	-	-	-	-	(356,943)
Fair value of warrants issued	(1,912,388)	1,912,388	-	-	-	-
Exercise of options	45,000	-	-	-	-	45,000
Fair value of options exercised	17,250	-	(17,250)	-	-	-
Warrants expired	-	(281,072)	281,072	-	-	-
Stock-option compensation	-	-	549,907	-	-	549,907
Unrealized gain on available for sale investments	-	-	-	-	81,458	81,458
Net loss for the period	-	-	-	(1,204,623)	-	(1,204,623)
Balance, October 31, 2010	**$ 12,606,459**	**$ 3,680,983**	**$ 5,939,101**	**$ (5,717,262)**	**$ 246,434**	**$ 16,755,715**

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

ALEXANDRIA
ΑΛΕΞΑΝΔΡΕΙΑ
Minerals Corporation

ALEXANDRIA MINERALS CORPORATION
INTERIM STATEMENTS OF CASH FLOWS
(Unaudited)
(Expressed in Canadian Dollars)
(A Development Stage Company)

	Three months ended October 31, 2010	Three months ended October 31, 2009	**Six months ended October 31, 2010**	Six months ended October 31, 2009	Cumulative since inception of development stage on May 27, 2002
	$	$	**$**	$	$
Cash provided by (used in) operating activities					
Net loss	**(851,894)**	(207,230)	**(1,204,623)**	(444,528)	(5,717,262)
Items not involving cash:					
Stock-option compensation	**529,200**	3,000	**549,907**	14,922	1,853,300
Amortization	**1,053**	915	**1,878**	1,808	24,914
Loss on disposal of equipment	**-**	-	**-**	-	1,717
Future income tax recovery	**-**	-	**-**	-	(1,854,650)
Changes in non-cash working capital:					
Quebec sales tax, GST, HST and sundry receivable	**(18,089)**	(7,370)	**(96,393)**	37,963	(214,937)
Prepaid expenses	**45,006**	(41,858)	**10,049**	(54,907)	(12,935)
Quebec refundable tax credit and mining duty receivable	**-**	397,777	**-**	800,774	(1,222,344)
Accounts payable and accrued liabilities	**(281,154)**	76,029	**(106,242)**	3,116	139,648
	(575,878)	221,263	**(845,424)**	359,148	(7,002,549)
Cash flows provided by (used in) investing activities					
Acquisition of mining rights	**(454)**	(14,957)	**(20,078)**	(27,028)	(843,652)
Exploration expenditures	**(1,011,340)**	(713,777)	**(2,018,172)**	(1,133,997)	(13,575,765)
Quebec refundable tax credits and mining duties	**-**	-	**-**	-	3,961,285
Acquisition of equipment	**(3,032)**	(602)	**(6,770)**	(602)	(44,879)
Proceeds from disposal of equipment	**-**	-	**-**	-	2,958
Disposition (purchase) of short term investment	**(2,500,000)**	1,025,376	**(2,000,000)**	1,025,376	(3,000,000)
	(3,514,826)	296,040	**(4,045,020)**	(136,251)	(13,500,053)

ALEXANDRIA MINERALS CORPORATION
INTERIM STATEMENTS OF CASH FLOWS (Continued)
(Unaudited)
(Expressed in Canadian Dollars)
(A Development Stage Company)

	Three months ended October 31, 2010	Three months ended October 31, 2009	**Six months ended October 31, 2010**	Six months ended October 31, 2009	Cumulative since inception of development stage on May 27, 2002
	$	$	**$**	$	$
Cash flows provided by financing activities					
Promissory notes	**-**	-	**-**	-	100,175
Due to shareholder	**-**	-	**-**	-	50,000
Issue of common shares	**5,000,000**	-	**5,000,000**	-	21,173,309
Exercise of warrants	**-**	-	**-**	-	1,609,359
Exercise of options	**-**	-	**45,000**	-	45,000
Share issuance costs	**(356,943)**	-	**(356,943)**	-	(1,641,530)
	4,643,057	-	**4,688,057**	-	21,336,313
Net change in cash during the period	**552,353**	517,303	**(202,387)**	222,897	833,711
Cash, beginning of period	**281,358**	333,986	**1,036,098**	628,392	-
Cash, end of period	**833,711**	851,289	**833,711**	851,289	833,711
Supplement schedule of non-cash transactions					
Share issuance on acquisition of mining rights	**-**	9,438	**-**	234,780	1,634,945
Share issue on conversion of debenture	**-**	-	**-**	-	100,175
Share issue on repayment of shareholders loan	**-**		**-**	-	6,257,752
Option payments received	**-**	-	**(69,950)**	-	(359,450)

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

1. NATURE OF BUSINESS AND GOING CONCERN

Alexandria Minerals Corporation ("Alexandria" or the "Company") is engaged in the acquisition, exploration and development of mineral resource properties in Canada. The Company is in the process of exploring, and has not yet determined whether there is an economically viable ore deposit on its properties. The Company was incorporated on May 27, 2002. To date, the Company has not earned revenue from its mineral properties and is considered to be a development stage entity as defined by the Canadian Institute of Chartered Accountants (the "CICA") Accounting Guideline 11.

In order to meet future expenditures and cover administrative costs, the Company will need to raise additional financing. The Company has had recurring losses and will require additional financing to fund its continuing exploration efforts. Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or available under terms favourable to the Company. These unaudited interim financial statements have been prepared on a going concern basis that assumes the Company will be able to continue to realize its assets and discharge its liabilities in the normal course of business. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Other than the current economic slowdown, management is not aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern.

In the event the Company is not able to obtain adequate funding, there is uncertainty as to whether the Company will be able to maintain and complete the acquisition and development of its property interests. These unaudited interim financial statements do not reflect the adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to obtain adequate financing. Changes in future conditions could require material write downs of the carrying values of certain assets.

2. BASIS OF PRESENTATION AND NEW ACCOUNTING POLICIES

The unaudited interim financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). The preparation of the unaudited interim financial statements is based on accounting policies and practices consistent with those used in the preparation of the audited annual financial statements except as noted below. The accompanying unaudited interim financial statements should be read in conjunction with the notes to the Company's audited financial statements for the year ended April 30, 2010, since they do not contain all disclosures required by Canadian GAAP for annual financial statements. These unaudited interim financial statements reflect all normal and recurring adjustments which are, in the opinion of management, necessary for a fair presentation of the respective unaudited interim periods presented.

2. BASIS OF PRESENTATION AND NEW ACCOUNTING POLICIES (continued)

Future Accounting Changes

International Financial Reporting Standards [“IFRS”]
In January 2006, the CICA’s Accounting Standards Board [“AcSB”] formally adopted the strategy of replacing Canadian GAAP with IFRS for Canadian enterprises with public accountability. On February 13, 2008 the AcSB confirmed that the use of IFRS will be required in 2011 for publicly accountable profit-oriented enterprises. For these entities, IFRS will be required for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. While the Company has begun assessing the impact of the adoption of IFRS on its financial statements, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

3. CAPITAL MANAGEMENT

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

The Company considers its capital to be equity, which is comprised of share capital, warrants, contributed surplus, accumulated other comprehensive income and deficit which at October 31, 2010 totaled $16,755,715 (April 30, 2010 - $12,640,916). The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on its exploration activities. Selected information is provided to the Board of Directors of the Company. The Company’s capital management objectives, policies and processes have remained unchanged during the three and six months ended October 31, 2010. The Company is not subject to any capital requirements imposed by a lending institution.

4. PROPERTY AND FINANCIAL RISK FACTORS

(a) Property risk

The Company’s significant projects are the Orenada, Akasaba, Sleepy and Other Cadillac Break Properties together with the Other Quebec Properties and, in Ontario, the Matachewan Property. Unless the Company acquires or develops additional significant properties, the Company will be solely dependent upon these properties. If no additional mineral resource properties are acquired by the Company, any adverse development affecting these properties would have a material adverse effect on the Company’s financial condition and results of operations.

(b) Financial risk factors

The Company’s activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign exchange rate and commodity and equity price risk). Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Credit risk

Credit risk is the risk of loss associated with a counterparty’s inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, sales tax and sundry receivable (includes GST and HST), Quebec refundable tax credits and mining duties receivable and short term investment. Cash and short-term investment are held with a reputable Canadian chartered bank, from which management believes the risk of loss to be minimal.

Financial instruments included in sales tax and sundry receivable comprise of sales tax receivable from government authorities (includes GST and HST) in Canada and deposits held with service providers. Sales tax and sundry receivable are in good standing as of October 31, 2010. Management believes that the credit risk concentration with respect to financial instruments included in sales tax and sundry receivable is minimal.

Financial instruments included in Quebec refundable tax credits and mining duties receivable comprise of mining expenditure refunds from the Quebec Government (Canada). Quebec refundable tax credits and mining duties receivable are in good standing as of October 31, 2010. Management believes that the credit risk concentration with respect to financial instruments included in Quebec refundable tax credits and mining duties receivable is minimal.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at October 31, 2010, the Company had cash and short-term investments of \$3,833,711 (April 30, 2010 - \$2,036,098) to settle current liabilities of \$139,647 (April 30, 2010 - \$245,889). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

4. PROPERTY AND FINANCIAL RISK FACTORS (continued)

(b) Financial risk factors (continued)

Market risk

Interest rate risk

The Company has cash and cash equivalent balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by the Company's Canadian chartered bank. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its bank.

Commodity and equity price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, as it relates to precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

The Company's investments in NioGold Mining Corporation ("Niogold"), Aurizon Mines Ltd. ("Aurizon") and Kalahari Resources Inc. ("Kalahari") are subject to fair value fluctuations arising from changes in the Canadian mining sector and equity markets and currently amount to $605,884 (April 30, 2010 - $454,476).

Sensitivity analysis

The Company has, for accounting purposes, designated its cash and short-term investment as held for trading, which is measured at fair value. Sales tax and sundry receivable and Quebec refundable tax credits and mining duties receivable are classified for accounting purposes as loans and receivables, which are measured at amortized cost which equals fair value. Investments are classified for accounting purposes as available-for-sale, which are measured at fair value. Accounts payable and accrued liabilities are classified for accounting purposes as other financial liabilities, which are measured at amortized cost which also equals fair value.

As of October 31, 2010, the carrying and fair value amounts of the Company's financial instruments are equivalent.

(Expressed in Canadian Dollars)

4. PROPERTY AND FINANCIAL RISK FACTORS (continued)

(b) Financial risk factors (continued)

Sensitivity analysis (continued)

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a six month period:

(i) The Company's other investments amounting to $605,884 are subject to fair value fluctuations. As at October 31, 2010, if the fair value of the Company's other investments had decreased/increased by 50% with all other variables held constant, comprehensive loss for the six months ended October 31, 2010 would have been approximately $302,900 higher/lower. Similarly, as at October 31, 2010, reported shareholders' equity would have been approximately $302,900 lower/higher as a result of a 50% decrease/increase in the fair value of the Company's other investments.

(c) Other risk factors

(i) Mineral property risk is significant. In particular, if an economic ore body is not found, the Company cannot enter into commercial production and generate sufficient revenues to fund its continuing operations. There can be no assurance that the Company will generate any revenues or achieve profitability or provide a return on investment in the future from any of the properties it may have an interest in.

(ii) Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability of development depends upon the world market price of precious metals. Precious metal prices have fluctuated widely in recent years. There is no assurance that, even as commercial quantities of precious metals may be produced in the future, a profitable market will exist for them. A decline in the market price of precious metals also will require the Company to reduce its mineral resources, which could have a material and adverse effect on the Company's value. As of October 31, 2010, the Company was not a precious metals producer. As a result, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

Fair Value Hierarchy

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at October 31, 2010.

	Level 1	Level 2	Level 3	Total
Cash	$ 833,711	$ -	$ -	$ 833,711
Short term investments	3,000,000	-	-	3,000,000
Investments	605,884	-	-	605,884
	$4,439,595	**$ -**	**$ -**	**$4,439,595**

(Expressed in Canadian Dollars)

5. SHORT TERM INVESTMENT

	Maturity date	Interest rate		Cost
Royal Bank Guaranteed Investment Certificate	August 19, 2011	0.75%	$	3,000,000
Carrying value of short term investments as at October 31, 2010			$	3,000,000

	Maturity date	Interest rate		Cost
Royal Bank Guaranteed Investment Certificate	April 7, 2011	0.25%	$	1,000,000
Carrying value of short term investments as at April 30, 2010			$	1,000,000

6. EQUIPMENT

			October 31, 2010	April 30, 2010
	Cost	**Accumulated Amortization**	**Net book Value**	Net book Value
	$	**$**	**$**	$
Computer equipment	**30,170**	**18,284**	**11,886**	6,615
Office equipment	**9,209**	**5,805**	**3,404**	3,783
	39,379	**24,089**	**15,290**	10,398

(Expressed in Canadian Dollars)

7. MINING RIGHTS AND DEFERRED EXPLORATION EXPENDITURES

As at October 31, 2010, the Company has acquired interests, or has acquired options to earn interests, in the following properties:

	Three months ended October 31, 2010	Three months ended October 31, 2009	**Six months ended October 31, 2010**	Six months ended October 31, 2009	Cumulative from May 27, 2002
	$	$	**$**	$	$
Cadillac Break Property Group					
Orenada					
Opening balance	**4,091,487**	3,682,773	**3,962,746**	3,515,473	-
Acquisition costs	**-**	-	**-**	(2,501)	-
Assays and maps	**2,221**	155	**4,923**	6,021	413,358
Drilling	**-**	-	**-**	-	1,970,570
Geophysics	**750**	5,650	**1,875**	8,300	182,204
Geology/ geochemistry	**12,042**	46,514	**14,968**	125,930	562,929
Research	**7,250**	43,454	**92,200**	85,580	284,696
Staking claims	**2,610**	2,623	**2,610**	2,663	34,958
Travel	**4,228**	4,784	**5,635**	12,365	255,675
General expenses	**601**	70,350	**36,232**	102,472	416,799
Closing balance	**4,121,189**	3,856,303	**4,121,189**	3,856,303	4,121,189
Akasaba					
Opening balance	**2,685,652**	526,291	**1,825,542**	351,085	-
Acquisition costs	**454**	-	**454**	-	481
Assays and maps	**126,732**	23,743	**253,752**	47,920	525,587
Drilling	**475,326**	-	**952,783**	-	1,558,172
Geophysics	**5,000**	31,045	**12,993**	47,031	150,053
Geology and geochemistry	**129,985**	84,515	**201,039**	160,389	537,218
Research	**278**	-	**553**	-	553
Staking claims	**-**	430	**-**	7,716	10,425
Travel	**12,861**	15,608	**24,175**	29,002	83,261
Trenching	**-**	62,814	**-**	62,814	63,018
General expenses	**210,425**	62,365	**375,422**	100,854	717,945
Closing balance	**3,646,713**	806,811	**3,646,713**	806,811	3,646,713

(Expressed in Canadian Dollars)

7. MINING RIGHTS AND DEFERRED EXPLORATION EXPENDITURES (continued)

	Three months ended October 31, 2010	Three months ended October 31, 2009	**Six months ended October 31, 2010**	Six months ended October 31, 2009	Cumulative from May 27, 2002
	$	$	**$**	$	$
Sleepy					
Opening balance	**941,509**	885,472	**940,829**	870,265	-
Assays and maps	**336**	-	**336**	4,648	114,845
Drilling	**-**	-	**-**	-	539,566
Geophysics	**-**	245	**-**	395	21,095
Geology and geochemistry	**275**	22,987	**653**	27,220	129,339
Staking claims	**-**	-	**-**	775	3,396
Travel	**256**	2,546	**558**	4,782	21,148
General expenses	**519**	9,188	**519**	12,353	113,506
Closing balance	**942,895**	920,438	**942,895**	920,438	942,895
Other Cadillac Break Properties					
Opening balance	**4,908,272**	4,696,052	**4,923,634**	4,413,522	-
Acquisition costs	**-**	(10,000)	**-**	215,342	1,312,439
Assays and maps	**4,447**	17,413	**4,447**	20,975	248,168
Drilling	**-**	2,222	**-**	5,058	1,219,180
Geophysics	**-**	16,005	**-**	18,829	380,758
Geology and geochemistry	**5,241**	44,633	**4,496**	63,556	810,144
Research	**-**	295	**-**	295	12,061
Staking/claims	**-**	4,828	**104**	9,601	35,814
Travel	**4,256**	15,810	**6,555**	21,644	(3,978)
General	**2,573**	89,072	**9,303**	107,508	951,953
Option payments	**-**	**-**	**(23,750)**	-	(41,750)
Closing balance	**4,924,789**	4,876,330	**4,924,789**	4,876,330	4,924,789
Total Cadillac Break Properties	**13,635,586**	10,459,882	**13,635,586**	10,459,882	13,635,586

(Expressed in Canadian Dollars)

7. MINING RIGHTS AND DEFERRED EXPLORATION EXPENDITURES (continued)

	Three months ended October 31, 2010	Three months ended October 31, 2009	**Six months ended October 31, 2010**	Six months ended October 31, 2009	Cumulative from May 27, 2002
	$	$	**$**	$	$
Other Quebec Properties					
Opening balance	**1,946,908**	1,839,533	**1,978,521**	1,840,067	-
Acquisition costs	**-**	24,438	**19,624**	24,438	700,260
Staking/claims	**-**	1,916	**-**	2,006	31,753
Assays	**-**	-	**-**	-	78,334
Consulting	**-**	-	**-**	-	55,518
Drilling	**-**	-	**-**	-	395,843
Geophysics	**-**	-	**-**	-	517,170
Geology and geochemistry	**1,528**	660	**2,802**	(50)	246,489
Research	**-**	-	**-**	-	10,676
Reports	**-**	-	**1,045**	-	9,504
General expenses	**4,225**	6,477	**6,869**	6,563	444,814
Option payments	**-**	-	**(56,200)**	-	(537,700)
Closing balance	**1,952,661**	1,873,024	**1,952,661**	1,873,024	1,952,661
Matachewan Property					
Opening balance	**1,331,633**	1,275,357	**1,317,683**	1,257,433	-
Acquisition costs	**-**	-	**-**	-	288,463
Staking and claims	**-**	160	**-**	1,768	21,295
Assays and maps	**-**	5,429	**-**	5,429	76,411
Consulting	**-**	-	**-**	-	9,125
Drilling	**-**	-	**-**	-	428,058
Geophysics	**-**	-	**-**	-	141,846
Geology and geochemistry	**-**	13,160	**-**	20,525	180,820
General	**(2,625)**	16,638	**11,325**	25,589	182,990
Closing balance	**1,329,008**	1,310,744	**1,329,008**	1,310,744	1,329,008

(Expressed in Canadian Dollars)

7. MINING RIGHTS AND DEFERRED EXPLORATION EXPENDITURES (continued)

		Three months ended October 31, 2010	Three months ended October 31, 2009	**Six months ended October 31, 2010**	Six months ended October 31, 2009	Cumulative from May 27, 2002
		$	$	**$**	$	$
Subtotal		**16,917,255**	13,643,650	**16,917,255**	13,643,650	16,917,255
Less:	Grants received	**(3,961,285)**	(2,427,786)	**(3,961,285)**	(2,427,786)	(3,961,285)
	Quebec refundable tax credits and mining duties refunds receivable	**(1,428,307)**	(1,071,551)	**(1,428,307)**	(1,071,551)	(1,428,307)
Total		**11,527,663**	10,144,313	**11,527,663**	10,144,313	11,527,663

For the three and six months ended October 31, 2010, the Company paid $454 and $20,078 respectively (three and six months ended October 31, 2009 - $14,957 and $27,028 respectively) in cash and issued common shares of the Company equivalent to $nil (three and six months ended October 31, 2009 - $9,438 and $234,780 respectively) to acquire mining rights. For the three and six months ended October 31, 2010, the Company incurred $1,011,340 and $2,018,172 respectively (three and six months ended October 31, 2009 - $713,777 and $1,133,997 respectively) in exploration expenditures on its mineral properties before the contra of option payments received of $nil and $69,950 respectively (three and six months ended October 31, 2009 - $nil).

The Company has retained an interest in, through option agreement or through staking, several gold exploration properties in Ontario and Quebec, Canada. All properties are located in areas adjacent to past or present mines, and all have indications of gold on the surface and in the subsurface. The properties are considered to be early stage exploration properties, and there are uncertainties with regard to the discovery of economically viable ore deposits on them.

On a quarterly basis, management of the Company review exploration costs to ensure deferred expenditures include only costs and projects that are eligible for capitalization. For a description of the mining rights and deferred exploration expenditures owned by the Company, refer to Note 7 of the audited financial statements as at April 30, 2010. Specific changes to mining rights and deferred exploration expenditures that occurred from May 1, 2010 to October 31, 2010 are as follows:

i) On June 4, 2010, the Company received $10,000 and 250,000 shares (valued at $13,750) of Kalahari pursuant to the terms of the agreement with Kalahari for the Airport Property in Val d'Or signed on September 30, 2009.

ii) On July 5, 2010, the Company received 200,000 shares (valued at $56,200) of NioGold pursuant to the terms of the option/joint venture agreement signed on June 25, 2008 between Niogold and the Company.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL

(a) Authorized capital - unlimited number of common shares

(b) Issued

	Number of Shares	Stated Value $
Balance, May 27, 2002 (Date of incorporation)	1	1
Shares issued for cash	4,922,150	46,260
Balance, April 30, 2003	4,922,151	46,261
Shares issued for cash	3,693,700	508,598
Issuance of shares for mineral rights	400,000	20,000
Balance, April 30, 2004	9,015,851	574,859
Shares issued for cash	103,700	19,366
Issuance of shares for mineral rights	300,000	58,000
Balance, April 30, 2005	9,419,551	652,225
Flow through shares issued for cash	2,000,000	240,000
Issuance of shares for mineral rights	125,000	22,500
Non-Flow through shares issued for cash	1,219,900	182,985
Flow through shares issued for cash	100,000	15,000
Warrant valuation	-	(137,849)
Shares issued on conversion of debenture	393,213	50,175
Shares issued on repayment of shareholders loan	333,333	50,000
Warrant valuation	-	(36,667)
Flow-through renunciation	-	(92,708)
Non-flow through IPO	6,050,000	1,512,500
Warrant valuation	-	(1,188,000)
Exercise of warrants	10,000	4,980
Issued of shares for mineral rights	50,000	16,000
Share issuance costs	-	(524,641)
Balance, April 30, 2006	19,700,997	766,500

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (continued)

(b) Issued (continued)

	Number of Shares	Stated Value $
Balance, April 30, 2006	19,700,997	766,500
Non-flow through shares issued for cash	1,699,666	509,900
Warrant valuation	-	(142,772)
Non-flow through shares issued for cash	4,909,000	932,710
Warrant valuation	-	(240,541)
Shares issued to brokers as compensation	115,480	21,941
Flow through shares issued for cash	6,904,499	1,657,080
Warrant valuation	-	(414,270)
Shares issued to brokers as compensation	9,520	2,285
Flow-through tax effect	-	(598,537)
Issuance of shares for mining rights	50,000	14,750
Issuance of shares for mining rights	75,000	24,000
Issuance of shares for mining rights	1,000,000	300,000
Issuance of shares for mining rights	265,674	50,000
Issuance of shares for mining rights	100,000	23,000
Issuance of shares for mining rights	100,000	20,500
Shares issued on conversion of debenture	500,000	50,000
Exercise of warrants	238,500	68,425
Fair value of exercise of warrants	-	29,074
Share issuance costs - non-cash	-	(30,456)
Share issuance costs - cash	-	(211,893)
Balance, April 30, 2007	35,668,336	2,831,696

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (continued)

(b) Issued (continued)

	Number of Shares	Stated Value $
Balance, April 30, 2007	35,668,336	2,831,696
Non-flow through shares issued for cash	12,783,750	4,090,800
Fair value of warrants issued	-	(703,106)
Flow-through shares issued for cash	9,637,119	3,662,105
Fair value of warrants issued	-	(713,147)
Share issuance costs - non-cash	-	(188,512)
Share issuance costs - cash	-	(542,205)
Issuance of shares for mining rights	100,000	36,000
Issuance of shares for mining rights	263,713	83,333
Issuance of shares for mining rights	157,233	50,000
Issuance of shares for mining rights	50,000	11,000
Issuance of shares for mining rights	75,000	16,125
Issuance of shares for mining rights	125,000	27,250
Issuance of shares for mining rights	3,000,000	450,000
Exercise of warrants	639,720	178,418
Fair value of exercise of warrants	-	99,861
Renunciation of flow-through expenditures	-	(1,290,904)
Balance, April 30, 2008	62,499,871	8,098,714
Non-flow through shares issued for cash	1,250,000	125,000
Warrant valuation	-	(51,250)
Flow-through shares issued for cash	12,160,771	1,580,900
Warrant valuation	-	(229,822)
Share issuance costs - cash	-	(138,922)
Issuance of shares for mining rights	641,026	166,667
Renunciation of flow-through expenditures	-	(458,461)
Balance, April 30, 2009	76,551,668	9,092,826
Issuance of shares for mining rights	1,401,897	245,820
Warrant valuation	-	(16,800)
Non-flow through shares issued for cash	9,100,000	1,820,000
Flow-through shares issued for cash	4,497,286	629,620
Warrant valuation	-	(1,751,795)
Renunciation of flow-through expenditures	-	(157,405)
Share issuance costs - cash	-	(48,726)
Balance, April 30, 2010	91,550,851	9,813,540

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (continued)

(b) Issued (continued)

	Number of Shares	Stated Value $
Balance, April 30, 2010	91,550,851	9,813,540
Brokered private placement (i)	27,777,777	5,000,000
Warrant valuation (i)	-	(1,912,388)
Exercise of stock options	450,000	45,000
Fair value of stock options exercised	-	17,250
Share issuance costs	-	(356,943)
Balance, October 31, 2010	**119,778,628**	**12,606,459**

(i) On August 5, 2010, the Company completed a brokered private placement of 27,777,777 non flow-through units at $0.18 per unit for gross proceeds of $5,000,000. Each unit is comprised of one common share of the Company and one common share purchase warrant ("Warrant"), entitling the holder to acquire one additional common share of the Company at a price of $0.22 for a period of one year from closing. A commission of $236,442 and 1,313,567 Warrants, where each Warrant is exercisable at $0.22 for a period of one year, were paid to Pollitt & Co. Inc., representing 6% of the brokered portion of the financing. Additionally, the Company has paid Pollitt & Co. Inc. a fiscal advisory fee of $59,400 and 330,000 Warrants, where each Warrant is exercisable at $0.22 for a period of one year.

The fair value of the 27,777,777 non-flow-through warrants was estimated using the Black-Scholes option pricing model based on the following assumptions: dividend yield of 0%; risk-free interest rate of 1.48%; expected life of one year; and expected volatility of 108%. A fair value of $1,805,556 was estimated.

The fair value of the 1,643,567 broker warrants was estimated using the Black-Scholes option pricing model based on the following assumptions: dividend yield of 0%; risk-free interest rate of 1.48%; expected life of one year; and expected volatility of 108%. A fair value of $106,832 was estimated.

(Expressed in Canadian Dollars)

9. STOCK OPTIONS

(a) The following table reflects the continuity of stock options for the six months ended October 31, 2010:

	Number of Stock options	Weighted average exercise price ($)
Balance, April 30, 2010	7,723,000	0.18
Granted [1]	2,700,000	0.17
Exercised	(450,000)	0.10
Expired	(220,000)	0.16
Cancelled	(224,000)	0.19
Balance, October 31, 2010	9,529,000	0.18

[1] On October 12, 2010, the Company issued 2,700,000 incentive stock options to directors, officers, employees and consultants of the Company exercisable at a price of $0.17 for a period of five years. The incentive stock options vest immediately.

For the purposes of the 2,700,000 incentive stock options, the fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 134.76%; risk-free interest rate of 1.90% and an expected average life of 5 years. The estimated value of $529,200 was charged to stock-option compensation and credited to contributed surplus for three and six months ended October 31, 2010.

The weighted average fair value of the total options granted in fiscal 2011 on the grant date was $0.20.

(Expressed in Canadian Dollars)

9. STOCK OPTIONS (continued)

The following table reflects the actual stock options issued and outstanding as of October 31, 2010:

	Options outstanding			Options exercisable	
Expiry Date	**Number of Options**	**Weighted average remaining contractual life**	**Weighted average exercise price**	**Number of Options**	**Weighted average exercise price**
January 15, 2011	10,000	0.21	$ 0.21	10,000	$ 0.21
May 29, 2011	200,000	0.58	0.10	200,000	0.10
September 15, 2011	20,000	0.87	0.23	20,000	0.23
October 19, 2011	250,000	0.97	0.21	250,000	0.21
January 29, 2012	1,330,000	1.25	0.265	1,330,000	0.265
April 29, 2012	30,000	1.50	0.10	30,000	0.10
January 15, 2013	2,420,000	2.21	0.21	2,420,000	0.21
February 11, 2013	519,000	2.28	0.15	519,000	0.15
May 28, 2013	70,000	2.58	0.21	70,000	0.21
June 4, 2013	300,000	2.59	0.21	300,000	0.21
April 29, 2014	1,480,000	3.50	0.10	1,480,000	0.10
May 29, 2014	200,000	3.58	0.10	200,000	0.10
October 12, 2015	2,700,000	4.95	0.17	2,700,000	0.17
	9,529,000	3.03 years	$ 0.18	9,529,000	$ 0.18

(Expressed in Canadian Dollars)

10. WARRANTS

The following table summarizes warrants that have been issued, exercised or have expired in each of the periods presented:

	Number of Warrants	Fair value ($)
Balance, April 30, 2005	-	-
Issued on private placement	1,219,900	137,849
Issued as part of debt settlement	333,333	36,667
Issued pursuant to the IPO	6,000,000	1,188,000
Broker warrants issued pursuant to the IPO	900,000	181,800
Warrants exercised	(10,000)	(1,980)
Balance, April 30, 2006	8,443,233	1,542,336
Issued on private placement	849,833	142,772
Issued on private placement	2,454,500	240,541
Broker warrants issued on private placement	57,740	5,659
Issued on private placement	3,452,250	414,270
Broker warrants issued on private placement	4,760	571
Warrants exercised	(238,500)	(29,074)
Balance, April 30, 2007	15,023,816	2,317,075
Issued on private placement	11,210,433	1,416,253
Broker warrants issued on private placement	1,300,088	188,512
Warrants exercised	(639,720)	(99,861)
Transfer to contributed surplus on expiry of warrants	(14,384,096)	(2,217,214)
Balance, April 30, 2008	12,510,521	1,604,765
Issued on non-brokered private placement	7,330,386	281,072
Transfer to contributed surplus on expiry of warrants	(12,510,521)	(1,604,765)
Balance, April 30, 2009	7,330,386	281,072
Issued for mining rights	400,000	16,800
Warrants issued on private placement	11,348,643	1,723,799
Broker warrants issued on private placement	252,210	27,996
Balance, April 30, 2010	19,331,239	2,049,667
Warrants expired	(7,330,386)	(281,072)
Warrants issued on private placement	27,777,777	1,805,556
Broker warrants issued on private placement	1,643,567	106,832
Balance, October 31, 2010	**41,422,197**	**3,680,983**

(Expressed in Canadian Dollars)

10. WARRANTS (continued)

As at October 31, 2010, the following warrants were outstanding. The warrants entitle the holders to purchase the stated number of common shares at the exercise price on or before the expiry date:

Fair Value	Expiry date	Number of warrants	Exercise price
$ 13,650	July 8, 2011	325,000	$ 0.15
3,150	July 29, 2011	75,000	0.15
277,595	June 23, 2011	2,500,853	0.20
1,912,388	August 5, 2011	29,421,344	0.22
1,474,200	March 23, 2012	9,100,000	0.21
$ 3,680,983		41,422,197	

11. SEGMENTED INFORMATION

The Company's operations comprise a single reporting operating segment engaged in mineral exploration in Canada. As the operations comprise a single reporting segment, amounts disclosed in the financial statements as loss for the period also represent segment amounts. All of the Company's operations and assets are located in Canada.

12. COMMITMENTS

(i) The Company is obligated under an operating lease for rental of office property in Toronto, Ontario to an amount of approximately $2,000 per month expiring May 31, 2011.

(ii) The Company is obligated under an operating lease for rental of office space in Val-d'Or, Quebec, in the amount of $3,600 per month expiring August 1, 2012.

(iii) The Company has drilling commitments of $430,000 and expects to complete those commitments in 2011.