



# ALEXANDRIA

## MINERALS CORPORATION

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### **Alexandria Minerals Corporation**

Condensed Interim Financial Statements

Three and Six Months ended October 31, 2011

(Expressed in Canadian Dollars)

(Unaudited)

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## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The accompanying unaudited condensed interim financial statements of Alexandria Minerals Corporation (the "Company") are the responsibility of management and the Board of Directors.

The unaudited condensed interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed interim financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the balance sheets date. In the opinion of management, the unaudited condensed interim financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34, Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards appropriate in the 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 condensed 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 condensed interim financial statements and (ii) the unaudited condensed 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 condensed interim financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited condensed interim 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 unaudited condensed interim 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 condensed 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.

(signed)  
Eric Owens  
Chief Executive Officer

(signed)  
Mario A. Miranda  
Chief Financial Officer

Toronto, Canada  
December 14, 2011

**ALEXANDRIA MINERALS CORPORATION**  
**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**  
(Expressed in Canadian Dollars)  
(Unaudited)

	October 31, 2011	April 30, 2011 (Note 14)	May 1, 2010 (Note 14)
	\$	\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	3,325,362	910,112	1,036,098
Short-term investments (Note 5)	-	2,000,000	1,000,000
Investment in available-for-sale securities (Note 4 (b))	26,637	1,403,885	454,476
Sales tax and sundry receivable	390,296	253,964	118,544
Prepaid expenses	71,115	11,901	22,984
Deposit on account	71,820	-	-
Quebec refundable tax credits and mining duties refund receivable (Note 7)	2,212,259	2,212,259	1,428,307
	<b>6,097,489</b>	<b>6,792,121</b>	<b>4,060,409</b>
<b>Non-current assets</b>			
Fixed assets (Note 6)	28,546	33,405	10,398
Mining rights and deferred exploration expenditures (Note 7)	13,763,351	11,231,002	9,559,363
	<b>19,889,386</b>	<b>18,056,528</b>	<b>13,630,170</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	489,826	508,525	245,889
Flow-through share liability (Note 8 (iii))	71,904	-	-
	<b>561,730</b>	<b>508,525</b>	<b>245,889</b>
<b>Non-current liabilities</b>			
Deferred income tax liability	550,837	550,837	743,365
	<b>1,112,567</b>	<b>1,059,362</b>	<b>989,254</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital (Note 8(b))	16,651,725	15,184,327	12,366,460
Reserves	10,987,346	9,517,845	7,340,015
Deficit	(8,862,252)	(7,705,006)	(7,065,559)
	<b>18,776,819</b>	<b>16,997,166</b>	<b>12,640,916</b>
<b>Total liabilities and shareholders' equity</b>	<b>19,889,386</b>	<b>18,056,528</b>	<b>13,630,170</b>

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

Nature of business and going concern (Note 1)  
Commitments (Note 13)

**Approved by the Board:**

"Eric O. Owens" \_\_\_\_\_ Director  
"Charles E. Page" \_\_\_\_\_ Director

**ALEXANDRIA MINERALS CORPORATION**  
**CONDENSED INTERIM STATEMENTS OF LOSS**  
(Expressed in Canadian Dollars)  
(Unaudited)

	Three months ended		Six months ended	
	October 31,		October 31,	
	2011	2010	2011	2010
	\$	\$	\$	\$
<b>Expenses</b>				
Business development	42,659	56,573	60,678	113,127
Investor and public relations	104,461	72,676	181,707	123,589
Wages	62,639	74,103	109,330	112,120
Management fees	88,223	64,200	166,472	96,464
Stock-option compensation	2,357	529,200	39,371	549,907
Seminars and conferences	763	6,707	3,791	23,372
Office and general	63,094	33,020	125,321	82,472
Professional fees	38,467	11,674	98,045	93,455
Accounting and corporate services	19,200	9,594	28,604	15,850
Amortization	2,429	1,053	4,858	1,878
	<b>424,292</b>	<b>858,800</b>	<b>818,177</b>	<b>1,212,234</b>
<b>Net operating loss before the following</b>	<b>(424,292)</b>	<b>(858,800)</b>	<b>(818,177)</b>	<b>(1,212,234)</b>
Interest income	4,870	6,906	11,103	7,611
Loss on sale of investment in available-for-sale securities	(127,469)	-	(350,563)	-
Other income	391	-	391	-
<b>Net loss for the period</b>	<b>(546,500)</b>	<b>(851,894)</b>	<b>(1,157,246)</b>	<b>(1,204,623)</b>
<b>Basic and diluted loss per share</b>	<b>(0.00)</b>	<b>(0.01)</b>	<b>(0.01)</b>	<b>(0.01)</b>
<b>Weighted average number of shares outstanding</b>	<b>121,311,046</b>	<b>118,484,869</b>	<b>120,699,196</b>	<b>105,215,326</b>

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

**ALEXANDRIA MINERALS CORPORATION**  
**CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS**  
(Expressed in Canadian Dollars)  
(Unaudited)

	Three months ended October 31,		Six months ended October 31,	
	2011	2010	2011	2010
	\$	\$	\$	\$
<b>Net loss for the period</b>	<b>(546,500)</b>	(851,894)	<b>(1,157,246)</b>	(1,204,623)
<b>Other comprehensive income (loss)</b>				
Increase in unrealized (loss) gain on available-for-sale investments	<b>(2,027)</b>	141,848	<b>(102,392)</b>	81,458
Reclassification of realized loss on available-for-sale investments, net of tax	<b>186,457</b>	-	<b>304,920</b>	-
<b>Comprehensive loss</b>	<b>(362,070)</b>	(710,046)	<b>(954,718)</b>	(1,123,165)

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

**ALEXANDRIA MINERALS CORPORATION**  
**CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
(Expressed in Canadian Dollars)  
(Unaudited)

	Share Capital	Reserves			Accumulated Deficit	Total
		Warrants	Contributed Surplus	Accumulated Other Comprehensive Income (loss)		
<b>Balance, May 1, 2010</b>	<b>\$ 12,366,460</b>	<b>\$ 2,049,667</b>	<b>\$ 5,125,372</b>	<b>\$ 164,976</b>	<b>\$ (7,065,559)</b>	<b>\$ 12,640,916</b>
Non-flow through shares issued for cash	5,000,000	-	-	-	-	5,000,000
Share issue costs - cash	(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 loss on available-for-sale investments	-	-	-	81,458	-	81,458
Net loss for the period	-	-	-	-	(1,204,623)	(1,204,623)
<b>Balance, October 31, 2010</b>	<b>15,159,379</b>	<b>3,680,983</b>	<b>5,939,101</b>	<b>246,434</b>	<b>(8,270,182)</b>	<b>16,755,715</b>
Share issue costs - cash	(1,881)	-	-	-	-	(1,881)
Exercise of options	10,000	-	-	-	-	10,000
Fair value of options exercised	3,300	-	(3,300)	-	-	-
Exercise of warrants	8,700	-	-	-	-	8,700
Fair value of warrants exercised	4,829	(4,829)	-	-	-	-
Warrants expired	-	-	41,922	-	-	41,922
Stock-option compensation	-	-	54,600	-	-	54,600
Unrealized loss on available-for-sale investments	-	-	-	(228,615)	-	(228,615)
Reclassification of realized gain on available-for-sale investments, net of tax	-	-	-	(208,451)	-	(208,451)
Net loss for the period	-	-	-	-	565,176	565,176
<b>Balance, April 30, 2011</b>	<b>\$ 15,184,327</b>	<b>\$ 3,676,154</b>	<b>\$ 6,032,323</b>	<b>\$ (190,632)</b>	<b>\$ (7,705,006)</b>	<b>\$ 16,997,166</b>

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

**ALEXANDRIA MINERALS CORPORATION**  
**CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
(Expressed in Canadian Dollars)  
(Unaudited)

	Share Capital	Reserves			Accumulated Deficit	Total
		Warrants	Contributed Surplus	Accumulated Other Comprehensive Income (loss)		
<b>Balance, April 30, 2011</b>	<b>\$ 15,184,327</b>	<b>\$ 3,676,154</b>	<b>\$ 6,032,323</b>	<b>\$ (190,632)</b>	<b>\$ (7,705,006)</b>	<b>\$ 16,997,166</b>
Exercise of options	30,000	-	-	-	-	30,000
Fair value of options exercised	21,200	-	(21,200)	-	-	-
Warrants extension	(972,222)	972,222	-	-	-	-
Warrants expired	-	(396,398)	396,398	-	-	-
Common shares issued in private placement	814,489	-	-	-	-	814,489
Flow-through shares issued in private placement	2,185,511	-	-	-	-	2,185,511
Private placement transaction costs	(263,096)	-	-	-	-	(263,096)
Valuation of warrants issued	(221,452)	221,452	-	-	-	-
Valuation of broker warrants issued	(55,128)	55,128	-	-	-	-
Premium on flow-through shares	(71,904)	-	-	-	-	(71,904)
Stock-option compensation	-	-	39,371	-	-	39,371
Unrealized loss on available-for-sale investments	-	-	-	(102,392)	-	(102,392)
Reclassification of realized loss on available-for-sale investments, net of tax	-	-	-	304,920	-	304,920
Net loss for the period	-	-	-	-	(1,157,246)	(1,157,246)
<b>Balance, October 31, 2011</b>	<b>\$ 16,651,725</b>	<b>\$ 4,528,558</b>	<b>\$ 6,446,892</b>	<b>\$ 11,896</b>	<b>\$ (8,862,252)</b>	<b>\$ 18,776,819</b>

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



**ALEXANDRIA MINERALS CORPORATION**  
**CONDENSED INTERIM STATEMENTS OF CASH FLOWS**  
(Expressed in Canadian Dollars)  
(Unaudited)

	Six months ended October 31,	
	2011	2010
	\$	\$
<b>Cash (used in) provided by operating activities</b>		
Net loss	(1,157,246)	(1,204,623)
Items not involving cash:		
Stock-option compensation	39,371	549,907
Amortization	4,858	1,878
Loss on sale of investment in available-for-sale securities	350,563	-
Changes in non-cash working capital:		
Sale tax and sundry receivable	(136,332)	(96,393)
Prepaid expenses	(59,214)	10,049
Deposit on account	(71,820)	-
Accounts payable and accrued liabilities	(18,698)	(106,242)
	<b>(1,048,518)</b>	<b>(845,424)</b>
<b>Cash flows (used) provided by investing activities</b>		
Acquisition of mining rights	-	(20,078)
Exploration expenditures	(2,423,549)	(2,018,172)
Acquisition of equipment	-	(6,770)
Disposition of short-term investment	2,000,000	(2,000,000)
Proceeds from sale of available- for-sale investments	1,120,413	-
	<b>696,864</b>	<b>(4,045,020)</b>
<b>Cash flows provided by financing activity</b>		
Issue of common shares	3,000,000	5,000,000
Exercise of options	30,000	45,000
Share issuance costs	(263,096)	(356,943)
	<b>2,766,904</b>	<b>4,688,057</b>
<b>Net change in cash during the period</b>	<b>2,415,250</b>	<b>(202,387)</b>
<b>Cash, beginning of period</b>	<b>910,112</b>	<b>1,036,098</b>
<b>Cash, end of period</b>	<b>3,325,362</b>	<b>833,711</b>
<b>Supplement schedule of non-cash transactions</b>		
Share issuance on acquisition of mining rights	108,800	-
Option payments received	-	(69,950)

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



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**ALEXANDRIA MINERALS CORPORATION**  
**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**  
**October 31, 2011**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

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**1. NATURE OF BUSINESS AND GOING CONCERN**

Alexandria Minerals Corporation (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. The Company's common shares are listed on the TSX Ventures Exchange under the symbol AZX, on the Frankfurt Stock Exchange under the symbol A9D and on the Pink Sheets USA under the symbol ALXDF. The primary office is located at 1 Toronto Street, Suite 201, Toronto, Ontario, M5C 3B2. The Company's year end is April 30th.

The unaudited condensed interim financial statements were approved by the Board of Directors on December 14, 2011.

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 condensed 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. 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 condensed 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NEW ACCOUNTING STANDARDS NOT YET ADOPTED, JUDGMENTS AND ESTIMATION UNCERTAINTY**

The significant accounting policies used in the preparation of these unaudited condensed interim financial statements are described below.

**(a) Basis of preparation and adoption of IFRS**

These are the Company's second IFRS unaudited condensed interim financial statements for the second quarter of the first IFRS annual financial statements to be presented in accordance with IFRS for the year ending April 30, 2012. Previously, the Company prepared its annual and interim financial statements in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"). IFRS 1, First-Time Adoption of IFRS ("IFRS 1") has been applied and the impact of the transition from Canadian GAAP to IFRS is explained in note 14.

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**ALEXANDRIA MINERALS CORPORATION**  
**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**  
**October 31, 2011**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NEW ACCOUNTING STANDARDS NOT YET ADOPTED, JUDGMENTS AND ESTIMATION UNCERTAINTY (CONTINUED)**

**(a) Basis of preparation and adoption of IFRS (Continued)**

These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The accounting policies set out below have been applied consistently to all periods presented in these unaudited condensed interim financial statements. They also have been applied in preparing an opening IFRS financial position at May 1, 2010 (Note 14) for the purposes of the transition to IFRS, as required by IFRS 1.

The policies applied in these unaudited condensed interim financial statements are based on IFRS issued and outstanding as at December 14, 2011, the date the Board of Directors approved these unaudited condensed interim financial statements for issue. Any subsequent changes to IFRS that are issued and effective as at April 30, 2012 could result in a restatement of these unaudited condensed interim financial statements, including the transition adjustments recognized on conversion to IFRS.

**(b) Basis of measurement**

These unaudited condensed interim financial statements have been prepared on a historical cost basis except for the revaluation of certain financial instruments to fair value. In addition, these unaudited condensed interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

**(c) Financial instruments**

All financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial assets and liabilities are offset and the net amount is reported in the financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

At initial recognition, the Company classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired:

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NEW ACCOUNTING STANDARDS NOT YET ADOPTED, JUDGMENTS AND ESTIMATION UNCERTAINTY (CONTINUED)**

**(c) Financial instruments (Continued)**

- (i) Financial assets and liabilities at fair value through profit or loss ("FVTPL"): A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short-term. Derivatives are also included in this category unless they are designated as hedges. Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the statement of loss. Gains and losses arising from changes in fair value are presented in the statement of loss within other gains and losses in the period in which they arise. Financial assets and liabilities at fair value through profit or loss are classified as current except for the portion expected to be realized or paid beyond twelve months of the reporting date, which is classified as non-current.
- (ii) Available-for-sale investments: Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories. Available-for-sale investments are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. Gains or losses arising from changes in fair value are recognized in other comprehensive loss. Available-for-sale investments are classified as non-current, unless the investment matures within twelve months, or management expects to dispose of them within twelve months. Interest on available-for-sale investments, calculated using the effective interest method, is recognized in the statement of loss as part of interest income. Dividends on available-for-sale equity instruments are recognized in the statement of loss as part of other gains and losses when the Company's right to receive payment is established. When an available-for-sale investment is sold or impaired, the accumulated gains or losses are moved from accumulated other comprehensive loss to the statement of loss and are included in other gains and losses.
- (iii) Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognized at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.
- (iv) Other financial liabilities: Other financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest and any transaction costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or (where appropriate) to the net carrying amount on initial recognition. Other financial liabilities are de-recognized when the obligations are discharged, cancelled or expired.

**ALEXANDRIA MINERALS CORPORATION**  
**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**  
**October 31, 2011**  
**(Expressed in Canadian Dollars)**  
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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NEW ACCOUNTING STANDARDS NOT YET ADOPTED, JUDGMENTS AND ESTIMATION UNCERTAINTY (CONTINUED)**

**(c) Financial instruments (Continued)**

The Company's financial instruments consist of the following:

<b>Financial assets:</b>	<b>Classification:</b>
Cash	FVTPL
Short-term investments	FVTPL
Investment in available-for-sale securities	Available-for-sale investments
Sales tax and sundry receivable	Loans and receivables
Quebec refundable tax credits and mining duties receivable	Loans and receivable

  

<b>Financial liabilities:</b>	<b>Classification:</b>
Accounts payable and accrued liabilities	Other financial liabilities

**Impairment of financial assets**

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognizes an impairment loss, as follow:

- (i) Financial assets carried at amortized cost: The loss is the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.
- (ii) Available-for-sale financial assets: The impairment loss is the difference between the original cost of the asset and its fair value at the measurement date, less any impairment losses previously recognized in the statement of comprehensive loss. This amount represents the cumulative loss in accumulated other comprehensive loss that is reclassified to net loss.
- (iii) Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and can be related objectively to an event occurring after the impairment was recognized. Impairment losses on available-for-sale equity instruments are not reversed.

**(d) Cash**

Cash comprise cash at banks and on hand.

**(e) Short-term investments**

Short-term investments are liquid investments with a maturity greater than three months but less than one year.

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**ALEXANDRIA MINERALS CORPORATION**  
**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**  
**October 31, 2011**  
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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NEW ACCOUNTING STANDARDS NOT YET ADOPTED, JUDGMENTS AND ESTIMATION UNCERTAINTY (CONTINUED)**

**(f) Quebec refundable tax credits and mining duties receivable**

The Company is entitled to a credit on duties refundable for loss under the Mining Duties Act. This credit on duties refundable for loss on exploration costs incurred in the Province of Quebec at tax rates ranging from 12% to 15% has been applied against the costs incurred (Note 7).

Furthermore, the Company is entitled to a refundable tax credit for resources for mining companies on qualified expenditures incurred. The refundable tax credit for resources may reach 35% of qualified expenditures incurred. This tax credit has been applied against the costs incurred (Note 7).

**(g) Fixed assets**

Fixed assets are recorded at cost, less accumulated amortization and accumulated impairment loss. Amortization is provided using the following rate:

Computer equipment:	30%
Office equipment	20%
Computer software	30%
Leasehold improvement	Straight-line 5 years

Fixed assets are assessed for future recoverability or impairment on an annual basis by estimating future net discounted cash flows and residual values or by estimating replacement values. When the carrying amount of fixed assets exceeds the estimated net recoverable amount, the asset is written down to the extent the estimated net recoverable amount exceeds the carrying amount with a charge to income in the period that such determination is made.

**(h) Mineral rights and deferred exploration expenditures**

The Company capitalizes all exploration costs that result in the acquisition and retention of resource properties or an interest therein. The amount shown for mineral rights and deferred exploration expenditures represents costs to date, including acquisition, maintenance, exploration, salaries based on time spent, and management fees. All other costs are expensed as incurred.

**(i) Restoration, rehabilitation and environmental obligations**

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pretax rate that reflects the time value of money are used to calculate the net present value. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NEW ACCOUNTING STANDARDS NOT YET ADOPTED, JUDGMENTS AND ESTIMATION UNCERTAINTY (CONTINUED)**

**(j) Provisions**

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

The Company has no material provisions at October 31, 2011, April 30, 2011 and May 1, 2010.

**(k) Impairment of non-financial asset**

At each date of the statement of financial position, 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 to which the assets belong.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of loss.

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

**(l) Flow-through shares**

The Company finances some exploration expenditures through the issuance of flow-through shares. The resource expenditure deductions for income tax purposes are renounced to investors in accordance with the appropriate income tax legislation. The Company recognizes a deferred tax liability for flow-through shares and a deferred tax expense, at the moment the eligible expenditures are incurred. The difference between the quoted price of the common shares or the amount recognized in common shares and the amount the investors pay for the shares is recognized as an other liability which is reversed as a deferred tax recovery when eligible expenditures have been made.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NEW ACCOUNTING STANDARDS NOT YET ADOPTED, JUDGMENTS AND ESTIMATION UNCERTAINTY (CONTINUED)**

**(m) Share issue costs**

Incremental costs directly attributable to the issuance of shares or warrants are recognized as a deduction from the proceeds in equity in the period where the transaction occurs.

**(n) Stock-option compensation**

The fair value of the stock options granted is determined using the Black-Scholes option pricing model and management's assumptions and recorded as stock-option compensation expense over the vesting period of the stock options, with the offsetting credit recorded as an increase in contributed surplus. If the stock options are exercised, the proceeds are credited to share capital and the fair value at the date of grant is reclassified from contributed surplus to share capital.

**(o) Income taxes**

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in other comprehensive income or in equity, in which case it is recognized in other comprehensive income or in equity, respectively.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.



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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NEW ACCOUNTING STANDARDS NOT YET ADOPTED, JUDGMENTS AND ESTIMATION UNCERTAINTY (CONTINUED)**

**(o) Income taxes (Continued)**

Deferred tax is provided using the liability method, providing for temporary differences at the date of the statement of financial position between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The following temporary differences are not provided for if it arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the date of the statement of financial position.

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

Deferred income tax assets and liabilities are presented as non-current and are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Tax on income in interim periods accrued using the tax rate that would be applicable to expected annual earnings.

**(p) Loss per common share**

Basic loss per share is computed by dividing the loss for the period by the weighted average number of common shares outstanding during the period, including contingently issuable shares which are included when the conditions necessary for the issuance have been met. Diluted earnings per share is calculated in a similar manner, except that the weighted average number of common shares outstanding is increased to include potentially issuable common shares from the assumed exercise of common share purchase options and warrants, if dilutive. The number of additional shares included in the calculation is based on the treasury stock method for options and warrants.

**(q) Segment disclosures**

The Company currently operates in a single segment - the acquisition, exploration and development of mineral properties. All of the Company's activities are conducted in Canada.

**(r) Significant judgments in applying accounting policies and key sources of estimation uncertainty**

Many of the amounts included in the unaudited condensed interim financial statements require management to make judgments and/or estimates. These judgments and estimates are continuously evaluated and are based on management's experience and knowledge of the relevant facts and circumstances. Actual results may differ from the amounts included in the unaudited condensed interim financial statements.

Areas of significant judgment and estimates affecting the amounts recognized in the unaudited condensed interim financial statements include:



**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NEW ACCOUNTING STANDARDS NOT YET ADOPTED, JUDGMENTS AND ESTIMATION UNCERTAINTY (CONTINUED)**

**(r) Significant judgments in applying accounting policies and key sources of estimation uncertainty (Continued)**

(i) Impairment of non-financial assets

The Company's fair value measurement with respect to the carrying amount of non-financial assets is based on numerous assumptions and may differ significantly from actual fair values. The fair values are based, in part, on certain factors that may be partially or totally outside of the Company's control. This evaluation involves a comparison of the estimated fair values of non-financial assets to their carrying values. The Company's fair value estimates are based on numerous assumptions. The fair value estimates may differ from actual fair values and these differences may be significant and could have a material impact on the Company's financial position and result of operations. Assets are reviewed for an indication of impairment at each date of the statement of financial position. This determination requires significant judgment. Factors which could trigger an impairment review include, but are not limited to, significant negative industry or economic trends, interruptions in exploration and evaluation activities and significant drop in precious metal prices.

(ii) Recognition of deferred income tax assets and the measurement of income tax expense

Periodically, we evaluate the likelihood of whether some portion of the deferred tax assets will not be realized. Once the evaluation is completed, if we believe that it is probable that some portion of the deferred tax assets will fail to be realized, the Company records only the remaining portion for which it is probable that there will be available future taxable profit against which the temporary differences can be utilized. Assessing the recoverability of deferred income tax assets requires management to make significant judgment. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statement of financial position could be impacted.

(iii) Valuation of share-based payments

The Company records all share based payments using the fair value method. The Company uses the Black-Scholes model to determine the fair value of stock options, warrants and broker warrants and a binomial model for compensation options. The main factor affecting the estimates of the fair value of stock options, warrants, broker warrants and compensation options is the stock price expected volatility used. The Company currently estimates the expected volatility of its common shares based on comparable information derived from the trading history of guideline public companies which are in a similar situation to the Company taking into consideration the expected life of the options.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NEW ACCOUNTING STANDARDS NOT YET ADOPTED, JUDGMENTS AND ESTIMATION UNCERTAINTY (CONTINUED)**

**(r) Significant judgments in applying accounting policies and key sources of estimation uncertainty (Continued)**

- (iv) The estimated useful lives and residual values of equipment and the measurement of depreciation expense

Management estimates the useful lives of equipment based on the period during which the assets are expected to be available for use. The amounts and timing of recorded expenses for depreciation of equipment for any period are affected by these estimated useful lives. The estimates are reviewed at least annually and are updated if expectations change as a result of physical wear and tear, technical or commercial obsolescence and legal or other limits to use. It is possible that changes in these factors may cause significant changes in the estimated useful lives of the Company's equipment in the future.

**(s) New accounting standards not yet adopted**

The IASB issued the following standards which are relevant but have not yet been adopted by the Company: IFRS 9, Financial instruments, IFRS 10, Consolidated Financial Statement, IFRS 11, Joint Arrangements, IFRS 12, Disclosure of Interests In Other Entities, IFRS 13, Fair Value Measurement, and amended IAS 1, Presentation of Financial Statements and IAS 27, Separate Financial Statements. Each of the new standards is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its financial statements or whether to early adopt any of the new requirements.

The following is a brief summary of the new standards:

*IFRS 9 - Financial instruments - classification and measurement*

IFRS 9, Financial Instruments, was issued in November 2009. It addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39, Financial Instruments – Recognition and Measurement, for debt instruments with a new mixed measurement model with only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends, to the extent not clearly representing a return of investment, are recognized in profit or loss; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income. IFRS 9 is required to be applied for accounting periods beginning on or after January 1, 2013, with earlier adoption permitted. The Company has not yet assessed the impact of the standard or determined whether it will adopt it early.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NEW ACCOUNTING STANDARDS NOT YET ADOPTED, JUDGMENTS AND ESTIMATION UNCERTAINTY (CONTINUED)**

**(s) New accounting standards not yet adopted (Continued)**

*IFRS 10 – Consolidation*

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12, Consolidation—Special Purpose Entities and parts of IAS 27, Consolidated and Separate Financial Statements.

*IFRS 11 -- Joint Arrangements*

IFRS 11 – Joint arrangements (“IFRS 11”) was issued by the IASB in May 2011. IFRS 11 is a new standard which focuses on classifying joint arrangements by their rights and obligations rather than their legal form. Entities are classified into two groups: parties having rights to the assets and obligations for the liabilities of an arrangement, and rights to the net assets of an arrangement. Entities in the former case account for assets, liabilities, revenues and expenses in accordance with the arrangement, whereas entities in the latter case account for the arrangement using the equity method. IFRS 11 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

*IFRS 12 -- Disclosure of Interest In Other Entities*

IFRS 12 – Disclosure of interests in other entities (“IFRS 12”) was issued by the IASB in May 2011. IFRS 12 is a new standard which provides disclosure requirements for entities reporting interests in other entities, including joint arrangements, special purpose vehicles, and off balance sheet vehicles. IFRS 12 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

*IFRS 13 - Fair Value Measurement*

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

*IAS 1 - Presentation of financial statements*

IAS 1 was amended by the IASB in June 2011 in order to align the presentation of items in other comprehensive income with US GAAP standards. Items in other comprehensive income will be required to be presented in two categories: items that will be reclassified into profit or loss and those that will not be reclassified. The flexibility to present a statement of comprehensive income as one statement or two separate statements of profit and loss and other comprehensive income remains unchanged. The amendments to IAS 1 are effective for annual periods beginning on or after July 1, 2012.

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**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 loss and deficit which at October 31, 2011 totaled \$18,776,819 (April 30, 2011 - \$16,997,166 and May 1, 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, 2011. 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 may 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 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.

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**4. PROPERTY AND FINANCIAL RISK FACTORS (continued)**

(b) Financial risk factors (continued)

**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 HST), Quebec refundable tax credits and mining duties receivable and short-term investments. Cash and short-term investments 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 are comprised of sales tax receivable from government authorities (includes HST) in Canada and deposits held with service providers. Sales tax and sundry receivable are in good standing as of October 31, 2011. 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 are comprised 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, 2011. 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, 2011, the Company had cash and short-term investments of \$3,325,362 (April 30, 2011 - \$2,910,112 and May 1, 2010 - \$2,036,098) to settle current liabilities of \$489,826 (April 30, 2011 - \$508,525 and May 1, 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.

**Market risk**

*Interest rate risk*

The Company has cash and short-term investments 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.

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**4. PROPERTY AND FINANCIAL RISK FACTORS (continued)**

(b) Financial risk factors (continued)

**Market risk (continued)**

*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 Aurizon Mines Ltd. ("Aurizon") and Integra Gold Corp. (formerly Kalahari Resources Inc.) ("Integra") are subject to fair value fluctuations arising from changes in the Canadian mining sector and equity markets and currently amount to \$26,637 (April 30, 2011 - \$1,403,885 and May 1, 2010 - \$454,476).

**Sensitivity analysis**

The Company has, for accounting purposes, designated its cash and short-term investments 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, 2011, the carrying and fair value amounts of the Company's financial instruments are equivalent.

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**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 \$26,637 are subject to fair value fluctuations. As at October 31, 2011, 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 three and six months ended October 31, 2011 would have been approximately \$13,000 higher/lower. Similarly, as at October 31, 2011, reported shareholders' equity would have been approximately \$13,000 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, 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, 2011, 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, 2011.

	Level 1	Level 2	Level 3	Total
Cash	\$3,325,362	\$ -	\$ -	\$3,325,362
Investment in available-for-sale securities	26,637	-	-	26,637
	<b>\$3,351,999</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$3,351,999</b>

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**5. SHORT-TERM INVESTMENTS**

	Maturity date	Interest rate	Cost
Royal Bank Guaranteed Investment Certificate	August 19, 2011	0.75%	\$ 2,000,000
Carrying value of short-term investments as at April 30, 2011			\$ 2,000,000

The Guaranteed Investment Certificate matured on August 19, 2011 and no short-term investments are outstanding as at October 31, 2011.

**6. FIXED ASSETS**

			October 31, 2011	April 30, 2011
	Cost	Accumulated Amortization	Net book Value	Net book Value
	\$	\$	\$	\$
Computer equipment	47,355	24,468	22,887	26,926
Office equipment	9,209	6,485	2,724	3,027
Computer software	3,587	652	2,935	3,452
	<b>60,151</b>	<b>31,605</b>	<b>28,546</b>	<b>33,405</b>



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**7. MINING RIGHTS AND DEFERRED EXPLORATION EXPENDITURES**

As at October 31, 2011, the Company has acquired interests, or has acquired options to earn interests, in the following properties:

	Three months ended October 31, 2011	Six months ended October 31, 2011	Year ended April 30, 2011	Year ended April 30, 2010
	\$	\$	\$	\$
<b>Cadillac Break Property Group</b>				
<b>Orenada</b>				
Opening balance	4,277,801	4,268,364	3,962,746	3,515,473
Acquisition costs	-	-	-	(2,501)
Assays and maps	-	-	4,923	18,569
Drilling	4,777	5,071	1,874	3,508
Geophysics	-	-	3,000	9,300
Geology and geochemistry	(4,864)	-	21,735	149,150
Research	9,453	9,453	146,817	115,451
Staking claims	-	-	2,635	3,313
Travel	-	-	7,653	16,672
General expenses	(4,279)	-	116,981	133,811
Closing balance	4,282,888	4,282,888	4,268,364	3,962,746
<b>Akasaba</b>				
Opening balance	5,666,987	4,841,303	1,825,541	351,085
Acquisition costs	-	-	454	-
Assays and maps	-	-	255,993	237,673
Drilling	397,936	1,104,985	1,950,946	486,632
Geophysics	(4,260)	31,780	95,561	80,227
Geology and geochemistry	3,441	37,427	285,608	263,851
Research	-	-	8,005	-
Staking claims	-	-	-	7,820
Travel	-	-	24,175	50,283
Trenching	-	-	-	63,018
General expenses	16,818	65,427	395,020	284,952
Closing balance	6,080,922	6,080,922	4,841,303	1,825,541

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**7. MINING RIGHTS AND DEFERRED EXPLORATION EXPENDITURES (CONTINUED)**

	Three months ended October 31, 2011	Six months ended October 31, 2011	Year ended April 30, 2011	Year ended April 30, 2010
	\$	\$	\$	\$
<b>Sleepy</b>				
Opening balance	1,725,411	1,293,562	940,830	870,265
Assays and maps	-	-	336	5,523
Drilling	242,311	630,149	301,062	-
Geophysics	-	-	-	395
Geology and geochemistry	(565)	25,869	24,609	30,989
Staking claims	-	-	-	775
Travel	(361)	-	558	7,382
General expenses	7,838	25,054	26,167	25,501
Closing balance	1,974,634	1,974,634	1,293,562	940,830
<b>Other Cadillac Break Properties</b>				
Opening balance	5,175,521	5,007,535	4,923,634	4,413,522
Acquisition costs	-	-	-	225,342
Assays and maps	-	-	4,447	45,341
Drilling	(73)	-	6,900	823
Geophysics	92,996	195,741	5,375	20,436
Geology and geochemistry	(300)	-	8,900	83,121
Research	-	-	-	295
Staking claims	-	-	2,652	13,319
Travel	-	-	14,420	30,649
General expenses	(9,104)	55,764	69,957	108,786
Option payments	-	-	(28,750)	(18,000)
Closing balance	5,259,040	5,259,040	5,007,535	4,923,634
<b>Total Cadillac Break Properties</b>	<b>17,597,484</b>	<b>17,597,484</b>	<b>15,410,764</b>	<b>11,652,751</b>

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**7. MINING RIGHTS AND DEFERRED EXPLORATION EXPENDITURES (CONTINUED)**

	Three months ended October 31, 2011	Six months ended October 31, 2011	Year ended April 30, 2011	Year ended April 30, 2010
	\$	\$	\$	\$
<b>Other Quebec Properties</b>				
Opening balance	1,819,879	1,653,470	1,978,521	1,840,067
Acquisition costs	-	-	19,624	45,478
Staking claims	-	-	8,172	20,599
Assays	-	-	-	5,965
Drilling	27	211	45,073	35,577
Geophysics	308	308	3,226	10,540
Geology and geochemistry	-	-	3,957	3,095
Research	-	-	-	908
Reports	-	-	10,915	3,403
General expenses	177,355	234,780	352,442	48,889
Option payments	-	108,800	(1,656,200)	(36,000)
Write-off of mining claims	-	-	(562,616)	-
Gain on disposition	-	-	1,450,356	-
Closing balance	1,997,569	1,997,569	1,653,470	1,978,521
<b>Matachewan Property</b>				
Opening balance	1,330,050	1,329,408	1,317,683	1,257,433
Staking claims	-	-	-	1,608
Assays and maps	-	-	-	5,429
Geology and geochemistry	-	-	-	28,170
General expenses	888	1,530	11,725	25,043
Closing balance	1,330,938	1,330,938	1,329,408	1,317,683

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**7. MINING RIGHTS AND DEFERRED EXPLORATION EXPENDITURES (CONTINUED)**

	Three months ended October 31, 2011	Six months ended October 31, 2011	Year ended April 30, 2011	Year ended April 30, 2010
	\$	\$	\$	\$
<b>Subtotal</b>	<b>20,925,991</b>	<b>20,925,991</b>	18,393,642	14,948,955
<b>Less:</b> Grants received	<b>(4,950,381)</b>	<b>(4,950,381)</b>	(4,950,381)	(3,961,285)
Quebec refundable tax credits and mining duties refunds receivable	<b>(2,212,259)</b>	<b>(2,212,259)</b>	(2,212,259)	(1,428,307)
<b>Total</b>	<b>13,763,351</b>	<b>13,763,351</b>	11,231,002	9,559,363

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 reviews 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, 2011. There was no change to mining rights and deferred exploration expenditures from May 1, 2011 to October 31, 2011.

**8. SHARE CAPITAL**

(a) Authorized capital - unlimited number of common shares

(b) Issued

	Number of Shares	Stated Value \$
<b>Balance, April 30, 2011</b>	<b>119,922,128</b>	<b>15,184,327</b>
Exercise of stock options	200,000	30,000
Fair value of stock options exercised	-	21,200
Warrants extension (i)	-	(972,222)
Common shares issued in Private Placement (ii)	6,265,300	814,489
Flow-through shares issued in Private Placement (ii)	15,610,793	2,185,511
Transaction costs (ii)	-	(263,096)
Valuation of warrants (ii)	-	(221,452)
Valuation of broker warrants (ii)	-	(55,128)
Premium on flow-through shares (iii)	-	(71,904)
<b>Balance, October 31, 2011</b>	<b>141,998,221</b>	<b>16,651,725</b>

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**8. SHARE CAPITAL (CONTINUED)**

(i) The Company made an application to the TSX Venture Exchange (the "Exchange") to amend certain terms of 27,777,777 warrants which were issued by the Company on August 5, 2010. Each warrant was exercisable at a price of \$0.22 per share until August 5, 2011. On July 25, 2011, the Exchange agreed that the Company could amend the terms of the warrants as follows: (i) extend the term of the warrants by one year until August 5, 2012.

The fair value of the amendment terms of the warrants of \$972,222 was estimated using the Black-Scholes option pricing model based on the following assumptions: dividend yield of 0%; risk-free interest rate of 1.50%; expected life of one year; and expected volatility of 79.75%. This amount was added to the previously calculated Black-Scholes option pricing model of \$1,805,556 for a combined total of \$2,777,778.

(ii) On October 26, 2011, the Company completed a \$3,000,000 private placement financing (the "Private Placement"). The Private Placement was completed by a syndicate of agents, led by Union Securities Ltd. and including Stonecap Securities Inc. (the "Agent"). The Private Placement consisted of 6,265,300 units ("Units") and 15,610,793 flow-through units ("FT Units") of the Company at a price of \$0.13 per Unit and \$0.14 per FT Units.

Each Unit consists of one common share of the Company and one transferable common share purchase warrant (a "Warrant"). Each whole Warrant entitles the holder to purchase one additional common share of the Company (a "Warrant Share") at a price of \$0.22 per Warrant Share for a period of 12 months from the completion of the Private Placement. Each FT Unit consists of one "flow-through" common share of the Company and one-half of one Warrant. The grant date fair value of \$221,452 was assigned to the 14,070,697 Warrant issued as part of the Private Placement estimated using a fair value market technique incorporating the Black-Scholes option valuation model with the following assumptions: expected dividend yield of 0%, expected volatility of 89.69%, risk-free rate of return of 1.09% and an expected maturity of 1 year.

The Company paid the Agents a commission equal to 7% of the gross proceeds raised under the Private Placement and incurred additional transaction costs of \$53,096. In addition, the Agents received compensation options ("Broker Warrants") entitling the Agents to purchase such number of Units that is equal to 7% of the total number of Units and FT Units sold under the Private Placement. Each compensation option entitles the holder to purchase one Unit at a price of \$0.13 per Unit for a period of 12 months from completion of the Private Placement. The grant date fair value of \$55,128 was assigned to the 1,531,327 Broker Warrants estimated using a fair value market technique incorporating the Black-Scholes option valuation model with the following assumptions: expected dividend yield of 0%, expected volatility of 89.69%, risk-free rate of return of 1.09% and an expected maturity of 1 year.

All securities are subject to a four month hold period expiring on February 27, 2012.

(iii) The flow-through common shares issued in the Private Placement completed on October 26, 2011 were issued at a premium to the market price in recognition of the tax benefits accruing to subscribers. The flow-through premium was calculated to be \$71,904.

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**9. STOCK OPTIONS**

The following table reflects the continuity of stock options for the period ended October 31, 2011:

	<b>Number of stock options</b>	<b>Weighted average exercise price (\$)</b>
<b>Balance, April 30, 2011</b>	9,769,000	0.18
Granted (i)(ii)	500,000	0.25
Exercised	(200,000)	0.15
Expired	(370,000)	0.18
Cancelled	(35,000)	0.17
<b>Balance, October 31, 2011</b>	<b>9,664,000</b>	<b>0.19</b>

The weighted average fair value of the total options granted during the period on the grant date was \$0.08.

(i) On May 9, 2011, the Company issued 250,000 incentive stock options to consultants of the Company exercisable at a price of \$0.19 for a period of 3 years. The incentive stock options vest immediately.

For the purpose of the 250,000 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%; risk-free interest rate of 2.00%; expected average life of three years; and expected volatility of 142.73%. The estimated value of \$35,250 was charged to stock-option compensation and credited to contributed surplus for the six months ended October 31, 2011.

(ii) On July 13, 2011, the Company issued 250,000 incentive stock options to consultants of the Company exercisable at a price of \$0.30 for a period of 1 year. Of these 50,000 vest immediately. The remaining 200,000 vest as follow: 25% vest three months from the issuance date, 25% vest six months from the issuance date, 25% vest nine months from the issuance date and 25% vest twelve months from the issuance date.

For the purpose of the 250,000 incentive stock options, the fair value of \$6,250 was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; risk-free interest rate of 1.43%; expected average life of three years; and expected volatility of 79.71%. The estimated value of \$2,357 and \$4,121 was charged to stock-option compensation and credited to contributed surplus respectively for the three and six months ended October 31, 2011.

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**9. STOCK OPTIONS (CONTINUED)**

The following table reflects the actual stock options issued and outstanding as of October 31, 2011:

Expiry Date	Options outstanding			Options exercisable	
	Number of options	Weighted average remaining contractual life	Weighted average exercise price	Number of options	Weighted average exercise price
January 29, 2012	1,330,000	0.25	0.265	1,330,000	0.265
April 29, 2012	30,000	0.50	0.10	30,000	0.10
July 13, 2012	250,000	0.70	0.30	100,000	0.30
January 15, 2013	2,420,000	1.21	0.21	2,420,000	0.21
February 11, 2013	319,000	1.28	0.15	319,000	0.15
May 28, 2013	70,000	1.58	0.21	70,000	0.21
June 4, 2013	300,000	1.59	0.21	300,000	0.21
January 6, 2014	350,000	2.19	0.195	350,000	0.195
April 29, 2014	1,480,000	2.50	0.10	1,480,000	0.10
May 9, 2014	250,000	2.52	0.19	250,000	0.19
May 29, 2014	200,000	2.58	0.10	200,000	0.10
October 12, 2015	2,665,000	3.95	0.17	2,665,000	0.17
	<b>9,664,000</b>	<b>2.13 years</b>	<b>\$ 0.19</b>	<b>9,514,000</b>	<b>\$ 0.18</b>

**10. WARRANTS**

The following table summarizes warrants that have been issued, exercised or have expired during the three months ended October 31, 2011:

	Number of warrants	Fair value (\$)
<b>Balance, April 30, 2011</b>	<b>41,378,697</b>	<b>3,676,154</b>
Warrants expired	(4,500,920)	(396,398)
Warrants extension (Note 8(i))	-	972,222
Warrants issued in Private Placement (Note 8(ii))	14,070,697	221,452
Broker Warrants issued Private Placement (Note 8(ii))	1,531,327	55,128
<b>Balance, October 31, 2011</b>	<b>52,479,801</b>	<b>4,528,558</b>

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**10. WARRANTS (CONTINUED)**

As at October 31, 2011, 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 \$
94,753	October 26, 2012	6,265,300	0.22
126,699	October 26, 2012	7,805,397	0.22
55,128	October 26, 2012	1,531,327	0.13
1,474,200	March 23, 2012	9,100,000	0.21
2,777,778	August 5, 2012	27,777,777	0.22
<b>4,528,558</b>		<b>52,479,801</b>	

**11. RELATED PARTY TRANSACTIONS**

Related party transactions reflected below are in the normal course of operations and were made on terms equivalent to those that prevail in arm's length transactions.

Related party transactions conducted in the normal course of operations are measured at the exchange value (the amount established and agreed to by the related parties).

The following transactions were carried out with related parties:

a) Purchase of services:

The following schedule shows expenses incurred during the three and six month period ended October 31, 2011 and 2010 to this company.

	Three months ended October 31,		Six months ended October 31,	
	2011	2010	2011	2010
Yarnell Companies Inc. (i)	\$ 6,250	\$ 6,250	\$ 12,500	\$ 12,500
Owens & Co. Ltd. (ii)	42,000	53,000	42,000	53,000
Finterra Consulting Inc. (iii)	23,288	-	23,288	-

(i) During the three and six months ended October 31, 2011 and 2010, the Company paid director fees to Yarnell Companies Inc., a company controlled by the chairman of the Company.

(ii) During the three and six months ended October 31, 2011, the Company paid management fees to Owens & Co. Ltd., a company controlled by the Chief Executive Officer ("CEO") of the Company.

(iii) During the three and six months ended October 31, 2011, the Company paid management fees to Finterra Consulting Inc., a company controlled by the Chief Financial Officer ("CFO") of the Company.



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**11. RELATED PARTY TRANSACTIONS (CONTINUED)**

b) Key management compensation:

Key management includes directors (executive and non-executive), and senior officers (Chief Executive Officer and Chief Financial Officer). The compensation paid or payable to key management for employment services is shown below:

	Three months ended October 31,		Six months ended October 31,	
	2011	2010	2011	2010
Salaries and fees	\$ 1,825	\$ 14,560	\$ 49,671	\$ 58,240
Director fees	\$ 10,000	\$ 6,000	\$ 20,000	\$ 10,000

c) Period end balances owed to related parties:

	As at October 31, 2011	As at April 30, 2011
Key management	\$ 7,763	\$ -
Entity controlled by a director	-	4,000
	\$ 7,763	\$ 4,000

**12. 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 unaudited condensed interim financial statements as loss for the period also represent segment amounts. All of the Company's operations and assets are located in Canada.

**13. COMMITMENTS**

- (i) 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.
- (ii) The Company is obligated under an operating lease for rental of office space in Toronto, in the amount of \$6,844 per month expiring October 31, 2016.
- (iii) The Company is committed to spending approximately \$2,185,511 associated with its flow-through offerings by December 31, 2012

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**14. CONVERSION TO IFRS**

**(i) Overview**

As stated in Significant Accounting Policies (Note 2), these unaudited condensed interim financial statements are prepared in accordance with IFRS as issued by the IASB.

The policies set out in the Significant Accounting Policies section have been applied in preparing the unaudited condensed interim financial statements for the three and six months period ended October 31, 2011 and in the preparation of an opening IFRS financial position at May 1, 2010 (the Company's Transition Date).

**(ii) First-time adoption of IFRS**

The adoption of IFRS requires the application of IFRS 1, which provides guidance for an entity's initial adoption of IFRS. IFRS 1 generally requires retrospective application of IFRS as effective at the end of its first annual IFRS reporting period. However, IFRS 1 also provides certain optional exemptions and mandatory exceptions to this retrospective treatment.

The Company has elected to apply the following optional exemptions in its preparation of an opening IFRS balance sheet as at May 1, 2010, the Company's Transition Date.

- To apply IFRS 2, Share based Payments only to equity instruments that were granted after November 7, 2002 and had not vested by the Transition Date.
- To apply IFRS 3, Business Combinations prospectively from the Transition Date, therefore not restating business combinations that took place prior to the Company's Transition Date.
- To apply IFRIC 1, Changes in Existing Decommissioning, Restoration and Similar Liabilities prospectively from the Company's Transition Date. IFRIC 1 provides guidance regarding the treatment of changes in decommissioning, restoration and similar liabilities.
- To apply IAS 23, Borrowing Costs prospectively from the Company's Transition Date. IAS 23 requires the capitalization of borrowing costs directly attributable to the acquisition, production or construction of certain assets.

IFRS 1 does not permit changes to estimates that have been made previously. Accordingly, estimates used in the preparation of the Company's opening IFRS balance sheet as at the Transition Date are consistent with those that were made under Canadian GAAP.

The Company's Transition Date IFRS unaudited balance sheet is included as comparative information in the unaudited condensed interim statements of financial position in these unaudited condensed interim financial statements.

#### **14. CONVERSION TO IFRS (CONTINUED)**

##### **(iii) Changes to accounting policies**

The Company has changed certain accounting policies to be consistent with IFRS as is expected to be effective or available on April 30, 2012, the Company's first annual IFRS reporting date. The changes to its accounting policies have resulted in certain changes to the recognition and measurement of assets, liabilities, equity, revenue and expenses within its financial statements.

The following summarizes the significant changes to the Company's accounting policies on adoption of IFRS.

##### **(a) Impairment of (non-financial) assets**

IFRS requires a write down of assets if the higher of the fair market value and the value in use of a group of assets is less than its carrying value. Value in use is determined using discounted estimated future cash flows. Current Canadian GAAP requires a write down to estimated fair value only if the undiscounted estimated future cash flows of a group of assets are less than its carrying value.

The Company's accounting policies related to impairment of non-financial assets have been changed to reflect these differences. There was no impact on the unaudited condensed interim financial statements.

##### **(b) Decommissioning liabilities (asset retirement obligations)**

IFRS requires the recognition of a decommissioning liability for legal or constructive obligations, while current Canadian GAAP only requires the recognition of such liabilities for legal obligations. A constructive obligation exists when an entity has created reasonable expectations that it will take certain actions.

The Company's accounting policies related to decommissioning liabilities have been changed to reflect these differences. There is no impact on the unaudited condensed interim financial statements.

##### **(c) Equipment**

IAS 16, Property, Plant and Equipment ("IAS 16") requires the Company to choose, for each class of capital assets, between the cost model or the revaluation model. The Company has selected the cost model in accounting for all of its capital assets.

The Company has changed its accounting policies to reflect the requirement under IAS 16 that when an item of property, plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of property, plant and equipment and amortized over their respective useful lives. This change in accounting policies did not have a significant impact on the Company's unaudited condensed interim financial statements.

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**14. CONVERSION TO IFRS (CONTINUED)**

**(iii) Changes to accounting policies (continued)**

(d) Flow-through shares

Under Canadian GAAP, when flow-through shares are issued, they are initially recorded in share capital at their issue price. On the date the expenses are renounced (by filing the prescribed forms) to the investors, a future tax liability is recognized as a cost of issuing the shares (a reduction in share capital). Under IFRS, flow-through shares are recognized based on the quoted price of the existing shares on the date of the issue or based on the share price of the last private placement of non-flow-through common shares. The difference between the amount recognized in common shares and the amount the investors pays for the shares ("premium") is recognized as an other liability which is reversed into earnings as deferred tax recovery when eligible expenditures have been made. The tax effect resulting from the renunciation is recorded - when eligible expenditures have been made - as a deferred tax expense.

**Impact on Condensed Interim Statements of Financial Position**

	<b>May 1 2010</b>	<b>October 31, 2010</b>	<b>April 30, 2011</b>
Adjustment to share capital	\$ 2,552,920	\$ 2,552,920	\$ 2,552,920
Adjustment to deficit	\$ (2,552,920)	\$ (2,552,920)	\$ (2,552,920)

(e) Presentation

Certain amounts in the unaudited condensed interim statements of financial position, statements of comprehensive loss and statements of cash flows have been reclassified to conform to the presentation adopted under IFRS.

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**14. CONVERSION TO IFRS (CONTINUED)**

**(iv) Reconciliation between IFRS and Canadian GAAP**

The May 1, 2010 Canadian GAAP balance sheet has been reconciled to IFRS as follows:

	Canadian GAAP	May 1, 2010 Effect of transition to IFRS	IFRS
	\$	\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	1,036,098	-	1,036,098
Short-term investments	1,000,000	-	1,000,000
Investment in available-for-sale securities	454,476	-	454,476
Sales tax and sundry receivable	118,544	-	118,544
Prepaid expenses	22,984	-	22,984
Quebec refundable tax credits and mining duties refund receivable	1,428,307	-	1,428,307
	4,060,409	-	4,060,409
<b>Non-current assets</b>			
Equipment	10,398	-	10,398
Mining rights and deferred exploration expenditures	9,559,363	-	9,559,363
<b>Total assets</b>	<b>13,630,170</b>	<b>-</b>	<b>13,630,170</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	245,889	-	245,889
<b>Non-current liabilities</b>			
Deferred income tax liability	743,365	-	743,365
<b>Total liabilities</b>	<b>989,254</b>	<b>-</b>	<b>989,254</b>
<b>CAPITAL AND RESERVES</b>			
Share capital	9,813,540	2,552,920	12,366,460
Reserves	7,340,015	-	7,340,015
Deficit (Note 14(iii)(d))	(4,512,639)	(2,552,920)	(7,065,559)
<b>Total equity</b>	<b>12,640,916</b>	<b>-</b>	<b>12,640,916</b>
<b>Total liabilities and equity</b>	<b>13,630,170</b>	<b>-</b>	<b>13,630,170</b>

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**14. CONVERSION TO IFRS (CONTINUED)**

**(iv) Reconciliation between IFRS and Canadian GAAP (Continued)**

The October 31, 2010 Canadian GAAP balance sheet has been reconciled to IFRS as follows:

	October 31, 2010		
	Canadian GAAP	Effect of transition to IFRS	IFRS
	\$	\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	833,711	-	833,711
Short-term investments	3,000,000	-	3,000,000
Investment in available-for-sale securities	605,884	-	605,884
Sales tax and sundry receivable	214,937	-	214,937
Prepaid expenses	12,935	-	12,935
Quebec refundable tax credits and mining duties refund receivable	1,428,307	-	1,428,307
	6,095,774	-	6,095,774
<b>Non-current assets</b>			
Equipment	15,290	-	15,290
Mining rights and deferred exploration expenditures	11,527,663	-	11,527,663
<b>Total assets</b>	<b>17,638,727</b>	<b>-</b>	<b>17,638,727</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	139,647	-	139,647
<b>Non-current liabilities</b>			
Deferred income tax liability	743,365	-	743,365
<b>Total liabilities</b>	<b>883,012</b>	<b>-</b>	<b>883,012</b>
<b>CAPITAL AND RESERVES</b>			
Share capital	12,606,459	2,552,920	15,159,379
Reserves	9,866,518	-	9,866,518
Deficit (Note 14(iii)(d))	(5,717,262)	(2,552,920)	(8,270,182)
<b>Total equity</b>	<b>16,755,715</b>	<b>-</b>	<b>16,755,715</b>
<b>Total liabilities and equity</b>	<b>17,638,727</b>	<b>-</b>	<b>17,638,727</b>

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**14. CONVERSION TO IFRS (CONTINUED)**

**(iv) Reconciliation between IFRS and Canadian GAAP (Continued)**

The April 30, 2011 Canadian GAAP balance sheet has been reconciled to IFRS as follows:

	<b>April 30, 2011</b>		
	<b>Canadian GAAP</b>	<b>Effect of transition to IFRS</b>	<b>IFRS</b>
	\$	\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	910,112	-	910,112
Short-term investments	2,000,000	-	2,000,000
Investment in available-for-sale securities	1,403,885	-	1,403,885
Sales tax and sundry receivable	253,964	-	253,964
Prepaid expenses	11,901	-	11,901
Quebec refundable tax credits and mining duties refund receivable	2,212,259	-	2,212,259
	6,792,121	-	6,792,121
<b>Non-current assets</b>			
Equipment	33,405	-	33,405
Mining rights and deferred exploration expenditures	11,231,002	-	11,231,002
<b>Total assets</b>	<b>18,056,528</b>	<b>-</b>	<b>18,056,528</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	508,525	-	508,525
<b>Non-current liabilities</b>			
Deferred income tax liability	550,837	-	550,837
<b>Total liabilities</b>	<b>1,059,362</b>	<b>-</b>	<b>1,059,362</b>
<b>CAPITAL AND RESERVES</b>			
Share capital	12,631,407	2,552,920	15,184,327
Reserves	9,517,845	-	9,517,845
Deficit (Note 14(iii)(d))	(5,152,086)	(2,552,920)	(7,705,006)
<b>Total equity</b>	<b>16,997,166</b>	<b>-</b>	<b>16,997,166</b>
<b>Total liabilities and equity</b>	<b>18,056,528</b>	<b>-</b>	<b>18,056,528</b>

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**14. CONVERSION TO IFRS (CONTINUED)**

**(iv) Reconciliation between IFRS and Canadian GAAP (Continued)**

The Canadian GAAP interim statements of loss and comprehensive loss for the six months period ended October 31, 2010 has been reconciled to IFRS as follows:

	<b>Six months ended October 31, 2010</b>		
	<b>Canadian GAAP</b>	<b>Effect of transition to IFRS</b>	<b>IFRS</b>
	\$	\$	\$
<b>Expenses</b>			
Business development	113,127	-	113,127
Investor and public relations	123,589	-	123,589
Wages	112,120	-	112,120
Management fees	96,464	-	96,464
Stock-option compensation	549,907	-	549,907
Seminars and conferences	23,372	-	23,372
Office and general	82,472	-	82,472
Professional fees	93,455	-	93,455
Accounting and corporate services	15,850	-	15,850
Amortization	1,878	-	1,878
	1,212,234	-	1,212,234
<b>Net operating loss before the following</b>	(1,212,234)	-	(1,212,234)
Interest income	7,611	-	7,611
<b>Net loss for the period</b>	(1,204,623)	-	(1,204,623)
<b>Other comprehensive loss</b>			
Increase in unrealized gain on available-for-sale investments	81,458	-	81,458
<b>Comprehensive loss</b>	(1,123,165)	-	(1,123,165)



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**(Unaudited)**

**14. CONVERSION TO IFRS (CONTINUED)**

**(iv) Reconciliation between IFRS and Canadian GAAP (Continued)**

The Canadian GAAP interim statements of loss and comprehensive loss for the three months period ended October 31, 2010 has been reconciled to IFRS as follows:

	Three months ended October 31, 2010		
	Canadian GAAP	Effect of transition to IFRS	IFRS
	\$	\$	\$
<b>Expenses</b>			
Business development	56,573	-	56,573
Investor and public relations	72,676	-	72,676
Wages	74,103	-	74,103
Management fees	64,200	-	64,200
Stock-option compensation	529,200	-	529,200
Seminars and conferences	6,707	-	6,707
Office and general	33,020	-	33,020
Professional fees	11,674	-	11,674
Accounting and corporate services	9,594	-	9,594
Amortization	1,053	-	1,053
	858,800	-	858,800
<b>Net operating loss before the following</b>	(858,800)	-	(858,800)
Interest income	6,906	-	6,906
<b>Net loss for the period</b>	(851,894)	-	(851,894)
<b>Other comprehensive loss</b>			
Increase in unrealized gain on available-for-sale investments	141,848	-	141,848
<b>Comprehensive loss</b>	(710,046)	-	(710,046)

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**14. CONVERSION TO IFRS (CONTINUED)**

**(iv) Reconciliation between IFRS and Canadian GAAP (Continued)**

The Canadian GAAP statements of loss and comprehensive loss for the year ended April 30, 2011 has been reconciled to IFRS as follows:

	<b>Year ended April 30, 2011</b>		
	<b>Canadian GAAP</b>	<b>Effect of transition to IFRS</b>	<b>IFRS</b>
	\$	\$	\$
<b>Expenses</b>			
Business development	387,138	-	387,138
Investor and public relations	212,805	-	212,805
Wages	191,659	-	191,659
Stock-option compensation	604,507	-	604,507
Seminars and conferences	71,495	-	71,495
Office and general	256,248	-	256,248
Professional fees	173,928	-	173,928
Accounting and corporate services	44,990	-	44,990
Amortization	4,536	-	4,536
	1,947,306	-	1,947,306
<b>Net operating loss before the following</b>	(1,947,306)	-	(1,947,306)
Interest income	19,643	-	19,643
Gain on sale of investment in available-for-sale securities	277,103	-	277,103
Gain on disposition of mining rights	1,450,356	-	1,450,356
Write-off of mining rights	(562,616)	-	(562,616)
Loss for the period before taxes	(762,820)	-	(762,820)
Income tax recovery	123,373	-	123,373
<b>Net loss for the period</b>	(639,447)	-	(639,447)
<b>Other comprehensive loss</b>			
Increase in unrealized loss on available-for-sale investments	(147,157)	-	(147,157)
Reclassification of realized gain on available-for-sale investments, net of tax	(208,451)	-	(208,451)
<b>Comprehensive loss</b>	(995,055)	-	(995,055)

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**14. CONVERSION TO IFRS (CONTINUED)**

**(iv) Reconciliation between IFRS and Canadian GAAP (Continued)**

The Canadian GAAP interim statements of cash flows for the six months period ended October 31, 2010 has been reconciled to IFRS as follows:

	<b>Six months ended October 31, 2010</b>		
	<b>Canadian GAAP</b>	<b>Effect of transition to IFRS</b>	<b>IFRS</b>
	\$	\$	\$
<b>Cash (used in) provided by operating activities</b>			
Net loss	(1,204,623)	-	(1,204,623)
Items not involving cash:			
Stock-option compensation	549,907	-	549,907
Amortization	1,878	-	1,878
Changes in non-cash working capital:			
Sale tax and sundry receivable	(96,393)	-	(96,393)
Prepaid expenses	10,049	-	10,049
Accounts payable and accrued liabilities	(106,242)	-	(106,242)
	(845,424)	-	(845,424)
<b>Cash flows (used in) provided by investing activities</b>			
Acquisition of mining rights	(20,078)	-	(20,078)
Exploration expenditures	(2,018,172)	-	(2,018,172)
Acquisition of equipment	(6,770)	-	(6,770)
Purchase of short-term investment	(2,000,000)	-	(2,000,000)
	(4,045,020)	-	(4,045,020)
<b>Cash flows provided by financing activity</b>			
Issue of common shares	5,000,000	-	5,000,000
Exercise of options	45,000	-	45,000
Share issuance costs	(356,943)	-	(356,943)
	4,688,057	-	4,688,057
<b>Net change in cash during the period</b>	(202,387)	-	(202,387)
<b>Cash, beginning of period</b>	1,036,098	-	1,036,098
<b>Cash, end of period</b>	833,711	-	833,711

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**14. CONVERSION TO IFRS (CONTINUED)**

**(iv) Reconciliation between IFRS and Canadian GAAP (Continued)**

The Canadian GAAP statements of cash flows for the year ended April 30, 2011 has been reconciled to IFRS as follows:

	<b>Year ended April 30, 2011</b>		
	<b>Canadian GAAP</b>	<b>Effect of transition to IFRS</b>	<b>IFRS</b>
	\$	\$	\$
<b>Cash (used in) provided by operating activities</b>			
Net loss	(639,447)	-	(639,447)
Items not involving cash:			
Stock-option compensation	604,507	-	604,507
Amortization	4,536	-	4,536
Gain on sale of investment in available-for-sale securities	(277,103)	-	(277,103)
Gain on disposition of mining rights	(1,450,356)	-	(1,450,356)
Write-off of mineral rights	562,616	-	562,616
Future income tax recovery	(123,373)	-	(123,373)
Changes in non-cash working capital:			
Sale tax and sundry receivable	(135,420)	-	(135,420)
Prepaid expenses	11,083	-	11,083
Quebec refundable tax credits and mining duties refund receivable	(783,952)	-	(783,952)
Accounts payable and accrued liabilities	262,638	-	262,638
	(1,964,271)	-	(1,964,271)
<b>Cash flows (used in) provided by investing activities</b>			
Acquisition of mining rights	(20,078)	-	(20,078)
Exploration expenditures	(4,172,898)	-	(4,172,898)
Quebec refundable tax credits and mining duties	1,739,125	-	1,739,125
Acquisition of equipment	(27,543)	-	(27,543)
Purchase of short-term investment	(1,000,000)	-	(1,000,000)
Proceeds from sale of available-for-sale investments	614,803	-	614,803
	(2,866,591)	-	(2,866,591)
<b>Cash flows provided by (used in) financing activities</b>			
Issue of common shares	5,000,000	-	5,000,000
Exercise of warrants	8,700	-	8,700
Exercise of options	55,000	-	55,000
Share issuance costs	(358,824)	-	(358,824)
	4,704,876	-	4,704,876
<b>Net change in cash during the period</b>	(125,986)	-	(125,986)
<b>Cash, beginning of period</b>	1,036,098	-	1,036,098
<b>Cash, end of period</b>	910,112	-	910,112

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**15. COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform to the current period's presentation. These reclassifications did not affect prior period's net losses.