MEDALLION RESOURCES LTD.

(An Exploration-Stage Company)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2011
(Unaudited)

Notice of No Auditor Review of Interim Financial Statements

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

The accompanying unaudited interim condensed 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 the financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of financial statements by an entity's auditor.

MEDALLION RESOURCES LTD.
(An Exploration-Stage Company)
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31, 2011	March 31, 2011 (Note 13)
Current		
Cash	$ 123,091	$ 326,532
Short-term Investments (Note 4)	2,400,000	3,250,000
Other Receivables	100,839	36,651
Prepaid Expenses	53,837	73,365
	2,677,767	3,686,548
Mineral Properties (Note 5)	269,839	745,160
Reclamation Bond (Note 6)	-	11,951
Equipment (Note 7)	1,507	2,275
	$ 2,949,113	$ 4,445,934
Current		
Accounts Payable and Accrued Liabilities	$ 294,716	$ 37,576
Due to Related Parties (Note 9)	3,638	40,376
	298,354	77,952
Share Capital (Note 8)	$ 15,155,215	$ 15,083,614
Warrants (Note 8)	1,257,408	1,292,736
Contributed Surplus (Note 8)	1,220,622	1,156,151
Deficit	(14,982,486)	(13,164,519)
	2,650,759	4,367,982
	$ 2,949,113	$ 4,445,934

Continuance of Operations (Note 1)
Subsequent Events (Note 14)

Approved on behalf of the Board:

/s/ Donald M. Lay
Donald M. Lay – Director

/s/ William H. Bird
William H. Bird – Director

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

MEDALLION RESOURCES LTD.
(An Exploration-Stage Company)
INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited)

	For the Three Months Ended December 31		For the Nine Months Ended December 31	
	2011	2010 (Note 13)	2011	2010 (Note 13)
Expenses				
Depreciation	$ 256	$ 266	$ 768	$ 798
Consulting Fees (Note 9)	18,054	58,229	74,043	102,672
Investor Relations	109,069	40,070	220,376	121,858
Management Fees (Note 9)	66,000	31,800	200,000	77,750
Office and General	58,636	12,186	125,317	33,790
Professional Fees (Note 9)	16,295	9,488	62,114	52,297
Exploration Expenditures on Written Off Properties and Property Investigations	469,623	3,742	526,422	4,618
Rent	6,058	5,454	17,019	16,590
Share-based Compensation	18,747	-	69,494	210,925
Transfer Agent and Filing Fees	10,944	24,680	32,414	34,307
	(773,682)	(185,915)	(1,327,967)	(655,605)
Other Items				
Interest Income and Other	13,624	4,381	27,410	4,421
Government Assistance	-	70,838	58,674	70,838
Write off of Mineral Property (Note 5)	-	-	(576,084)	-
Net Loss and Comprehensive Loss for the Period	$ (760,058)	$ (110,696)	$ (1,817,967)	$ (580,346)
Loss per Share				
Basic and Diluted	$ (0.02)	$ (0.00)	$ (0.04)	$ (0.02)
Weighted Average Shares Outstanding	44,764,435	41,576,166	44,715,546	31,498,610

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

MEDALLION RESOURCES LTD.
(An Exploration-Stage Company)
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Nine Month Period Ended December 31
(Unaudited)

	2011	2010
Cash Flow Provided By (Used in)		
Operating Activities		
Net Loss For the Period	$ (1,817,967)	$ (580,346)
Adjusted for items not involving cash:		
Depreciation	768	798
Share-based Compensation	69,494	210,925
Write off of Mineral Property	576,084	-
Net change in non-cash working capital items:		
Other Receivables	(64,188)	(12,310)
Prepaid Expenses	19,528	5,942
Accounts Payable and Accrued Liabilities	257,140	(21,102)
Accrued Interest on Promissory Notes	-	(1,290)
Due to Related Parties	(36,738)	(11,007)
	(995,879)	(408,390)
Investing Activities		
Short-term Investments	850,000	(3,250,000)
Mineral Properties	(100,763)	(545,195)
Reclamation Bond	11,951	-
	761,188	(3,795,195)
Financing Activities		
Issuance of Share Capital	31,250	4,739,852
Share Issue Costs	-	(333,887)
Repayment of Promissory Note	-	(50,000)
	31,250	4,355,965
Increase (Decrease) in Cash	(203,441)	152,380
Cash – Beginning of Period	326,532	230,669
Cash – End of Period	$ 123,091	$ 383,049
Supplementary Net Cash-flow Information:		
Net interest paid	$ -	$ -
Income taxes paid	$ -	$ -

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

MEDALLION RESOURCES LTD.
(An Exploration-Stage Company)
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIT)
For the Year Ended March 31, 2011 and the Nine Months Ended December 31, 2010 and 2011
(Unaudited)

	Number of Common Shares	**Amount**	**Warrants**	**Contributed Surplus**	**Deficit**	**Total Shareholders' Equity**
Balance – April 1, 2010	23,338,583	$ 11,372,638	$ 362,979	$ 544,581	$ (11,941,978)	$ 338,220
Shares issued on:						
Stock options exercised (Note 8h)	475,000	225,598	-	(147,698)	-	77,900
Warrants exercised (Note 8j)	5,098,475	1,353,543	(237,329)	-		1,116,214
Private placement (Note 8a)	1,000,000	150,000	-	-	-	150,000
Private placement (Note 8a)	1,999,999	300,000	-	-	-	300,000
Private placement (Note 8b)	2,120,000	169,394	95,606	-	-	265,000
Private placement (Note 8c)	9,000,000	1,946,858	753,142	-	-	2,700,000
Property acquisition (Note 8m)	200,000	46,000	-	-	-	46,000
Finders' options exercised (Note 8k)	286,000	54,186	12,526	(38,112)	-	28,600
Finders units issued (Note 8c)	187,127	40,665	15,473	-		56,138
Share issuance costs (Notes 8a, b and c)	-	(685,513)	351,626	-	-	(333,887)
Share-based compensation (Note 8d)	-	-	-	210,925	-	210,925
Expiry of warrants	-	-	(839)	839	-	-
Net loss for the Period	-	-	-	-	(580,346)	(580,346)
Balance – December 31, 2010	43,705,184	14,973,369	1,353,184	570,535	(12,522,324)	4,374,764
Shares issued on:						
Stock options exercised		(61,551)		61,551		-
Warrants exercised (Note 8j)	887,751	292,589	(51,975)	-	-	240,614
Finders' options exercised (Note 8k)	6,500	9,260	(12,526)	3,916	-	650
Finders' warrants issued (Note 8k)	-	(12,811)	12,811	-	-	-
Share issuance costs (Note 8a, b and c)	-	8,758	(8,758)	-	-	-
Share-based compensation (Note 8d)	-	-	-	520,149	-	520,149
Tax benefit renounced to flow-through shares	-	(126,000)	-	-	-	(126,000)
Net loss for the Year	-	-	-	-	(642,195)	(642,195)
Balance – March 31, 2011 – carried forward	44,599,435	$ 15,083,614	$ 1,292,736	$ 1,156,151	$ (13,164,519)	$ 4,367,982

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

MEDALLION RESOURCES LTD.
(An Exploration-Stage Company)
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIT) (cont'd)
For the Year Ended March 31, 2011 and the Nine Months Ended December 31, 2010 and 2011
(Unaudited)

	Number of Common Shares	**Amount**	**Warrants**	**Contributed Surplus**	**Deficit**	**Total Shareholders' Equity**
Balance – March 31, 2011 - brought forward	44,599,435	$ 15,083,614	$ 1,292,736	$ 1,156,151	$ (13,164,519)	$ 4,367,982
Shares Issued On:						
Stock options exercised (Note 8i)	100,000	52,721	-	(37,721)	-	15,000
Finders' options exercised (Note 8l)	22,500	4,880	-	(2,630)	-	2,250
Property acquisition (Note 8n)	50,000	14,000	-	-	-	14,000
Share-based compensation (Notes 8e, f and g)	-	-	-	69,494	-	69,494
Expiry of warrants	-	-	(35,328)	35,328	-	-
Net loss for the period	-	-	-	-	(1,817,967)	(1,817,967)
Balance – December 31, 2011	44,771,935	$ 15,155,215	$ 1,257,408	$ 1,220,622	$ (14,982,486)	$ 2,650,759

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

NOTE 1 - NATURE AND CONTINUANCE OF OPERATIONS

The Company is in the business of acquisition and exploration of mineral properties. The Company's operations consist generally of mineral exploration and evaluation of new property acquisitions. This includes acquiring mineral properties, evaluating the merits of these properties using various techniques such as sampling, trenching and geophysical and geochemical methods as well as drilling. The Company has not yet determined whether its properties contain mineral reserves that are economically recoverable. The recoverability of amounts recorded for mineral properties and related deferred costs is dependent upon the discovery of economically recoverable mineral reserves, confirmation of the Company's interest in the properties, the ability of the Company to obtain necessary financing to complete the development, and future profitable production from the properties or proceeds from the disposition thereof.

These interim condensed consolidated financial statements have been prepared on a going-concern basis, which implies the Company will continue to realize the carrying value of assets and discharge its liabilities in the normal course of business. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. The Company's activities have been funded through equity financings, and the Company expects that it will continue to be able to utilize these sources of financing until it develops cash flow from operations. If such funds are not available or cannot be obtained, the Company will be forced to curtail its activities to a level for which funding is available or can be obtained. The Company has experienced recurring losses since inception and the continuation of the Company as a going concern is dependent upon its ability to obtain financing for the continuing acquisition, exploration and development of mineral properties and to sustain operations. There can be no assurance, however, that the Company will be able to meet the above objectives.

NOTE 2 – BASIS OF PRESENTATION

Statement of Compliance

The financial statements of the Company for the year ended March 31, 2012 will be prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), having previously prepared its financial statements in accordance with pre-changeover Canadian Generally Accepted Accounting Principles ("pre-changeover Canadian GAAP"). These condensed interim financial statements for the nine months ended December 31, 2011 have been prepared in accordance with IAS 34 – "Interim Financial Reporting", and as they are part of the Company's first IFRS annual reporting period, IFRS 1 "First-time Adoption of International Reporting Standards" has been applied.

Certain disclosures that are required to be included in annual financial statements prepared in accordance with IFRS that were not included in the Company's most recent annual financial statements prepared in accordance with pre-changeover Canadian GAAP have been included in these financial statements for the comparative annual period. However, these condensed interim financial statements do not include all of the information required for full annual financial statements prepared under IFRS.

These interim consolidated financial statements should be read in conjunction with the Company's Canadian Generally Accepted Accounting Principles ("GAAP") based audited financial statements for the year ended March 31, 2011 and the explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Company as provided in Note 13.

Basis of Measurement

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

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

These financial statements have been prepared on a consolidated basis and include the accounts of the Company and its wholly owned subsidiary Medallion Resources (USA) Inc.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (cont'd)

In June 2006, the Company incorporated Medallion Resources (USA) Inc., in the State of Nevada, USA, as a wholly-owned subsidiary. The purpose of the new subsidiary was to hold the Company's USA properties and to carry on such business in the USA as is necessary to maintain, explore and develop the Company's properties. However, the subsidiary currently has no material assets, liabilities or operations.

Estimates, Assumptions and Measurement Uncertainty
The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Significant estimates and assumptions include those related to the recoverability of capitalized mineral property expenditures, assessment of asset retirement obligations, valuation allowance on future income taxes and share-based compensation valuations. Actual results could differ from these estimates. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

Foreign Currency Translation
The consolidated financial statements are presented in Canadian dollars. Foreign denominated monetary assets and liabilities are translated to their Canadian-dollar equivalents using foreign exchange rates that prevailed at the balance sheet date. Non-monetary items that are measured at historical cost are translated into Canadian dollars by using the exchange rate in effect at the date of the initial transaction are not subsequently restated. Non-monetary assets and liabilities that are measured at fair value or a revalued amount are translated into Canadian dollars by using the exchange rate in effect at the date the value is determined and the related translation differences are recognized in net income or loss or other comprehensive loss consistent with where the gain or loss on the underlying non-monetary asset or liability has been recognized.

Cash and Cash Equivalents
Cash equivalents consist of highly liquid investments, which are readily convertible into cash with maturities of three months or less when acquired**.**

Equipment
Equipment is initially recorded at cost. The Company provides for amortization of its equipment on a declining balance with one-half of the rate taken in the year of acquisition and disposition.

Mineral Properties
The Company capitalizes the acquisition costs of mineral properties and related exploration and development costs. The amounts shown for mineral properties represent costs incurred to date, less write-downs, and do not necessarily reflect present or future values. These costs will be amortized over the estimated productive lives of the properties upon commencement of commercial production using the unit-of-production method. Costs relating to mineral properties that are sold or abandoned are written off when such events occur or are written down to a nominal amount when management decides not to commit to any further exploration or development of the property. Interests acquired under option agreements, whereby option payments are made at the sole discretion of the Company, are recorded in the accounts at such time as the payments are made. The proceeds from options granted are applied to the cost of the related property and any excess is included in earnings for the period. Although the Company has taken steps to verify title to mineral properties in which it has or is acquiring an interest, according to the usual industry standards for the stage of exploration of such properties, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected title defects.

Government Assistance
Government assistance relates to the recovery of a portion of eligible expenditures on mineral properties from various government authorities and is recorded in the period in which it is received. Amounts received that relate to mineral properties that have previously been written off are recorded as Other Income. Amounts received that relate to existing mineral properties are used to reduce the carrying amount of the related mineral property.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment of Long-lived Assets

The Company conducts its impairment test on long-lived assets when events or changes in circumstances indicate that the carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less cost to sell, the asset is written down accordingly. An impairment loss is charged to the profit or loss of the Company in the period in which the determination of the impairment was made.

Asset Retirement Obligation

The Company is required to recognize the fair value of the obligation associated with the retirement of tangible long-lived assets and that the cost be recorded in the period in which the liability is incurred, with a corresponding increase in the carrying value of the related asset. The liability is accreted over time for changes in the fair value of the liability through changes to accretion expenses. The costs capitalized to the related assets are depleted to earnings in a manner consistent with the underlying asset. No asset retirement obligation has been recognized by the Company.

Share Capital

The Company records proceeds from share issuances net of commissions and issue costs. Proceeds from unit private placements are allocated between shares and warrants issued according to their relative fair value. The value of the share component is credited to share capital and the value of the warrant component is credited to warrants, a separate component of shareholders' equity (deficit). Upon exercise of the warrants, consideration paid by the warrant holder together with the amount previously recognized in warrants is recorded as an increase to share capital. Upon expiration of the warrants, the amount previously recognized in warrants is removed and recorded as an increase to contributed surplus.

The Company recognizes all transactions in which goods or services are the consideration received for the issuance of equity instruments based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable.

Shares to be issued which are contingent upon future events or actions are recorded by the Company when it is reasonably determinable that the shares will be issued.

Loss per Share

The loss-per-share figure is calculated by dividing the net loss by the weighted-average number of shares outstanding during the respective fiscal periods. Diluted loss per share is calculated using the Treasury-Stock method which, for outstanding stock options and warrants, assumes that the proceeds to be received on the exercise of the stock options and warrants are applied to repurchase common shares at the average market price for the period, for purposes of determining the weighted average number of shares outstanding. Basic and diluted loss per share are the same in these financial statements as the inclusion of common share equivalents would be anti-dilutive.

Flow-through Shares

Canadian tax legislation permits a company to issue flow-through shares whereby the deduction for income tax purposes for qualified resource expenditures can be renounced and claimed by the flow-through share subscribers. The Company records issuances of flow-through shares by crediting share capital for the full value of cash consideration received. When resource expenditures are renounced to the investors and the Company has reasonable assurance that the expenditures will be completed, a future income tax liability is recognized with a corresponding reduction to share capital for the cost of the future tax benefits foregone.

If the Company has sufficient unused tax losses and deductions to offset all or part of the future income tax liability and no future income tax assets have been previously recognized on such losses, the Company may reverse a portion of the valuation allowance on future income tax assets and recognize a recovery of future income taxes.

Share-based Compensation

The Company accounts for share-based compensation expense using the fair value based method with respect to all share-based payments to directors, employees and non-employees, including awards that are direct awards of stock and call for settlement in cash or other assets, or stock appreciation rights that call for settlement by the issuance of equity instruments. Under this method, the fair value of each option grant is estimated on the date of grant. If grants do not vest immediately, each tranche in an award is treated as a separate

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (cont'd)

grant with a different vesting date and fair value and is amortized over the vesting period separately with a corresponding increase to contributed surplus under shareholders' equity. The Company estimates the fair value of each option grant using the Black-Scholes option pricing model. When stock options are exercised, the corresponding fair value is transferred from contributed surplus to share capital.

Income Taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss. Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Financial Instruments

All financial instruments are classified into one of five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments and derivatives are measured on the balance sheet at fair value except for loans and receivables, held-to maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification. Held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income. Available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired.

The Company has classified its cash and short-term investments as held-for-trading. Other receivables are classified as loans and receivables. Accounts payable and accrued liabilities, due to related parties and promissory notes are classified as other financial liabilities. Cash and short-term investments are designated as held-for-trading and their carrying value approximates fair value as they are cash or they are readily convertible to cash in the normal course. Amounts receivable and amounts due from related parties are classified as loans and receivables. Their carrying value approximates fair value due to their limited time to maturity and ability to convert them to cash in the normal course. Accounts payable and accrued liabilities, and other long term debt are classified as other financial liabilities.

NOTE 4 – SHORT-TERM INVESTMENTS

During the year ended March 31, 2011, the Company invested in a Guaranteed Investment Certificate ("GIC") in the amount of $3,250,000 with a maturity date of November 21, 2011 that provided interest at the prime rate less 1.80% if held to maturity. Interest income is recorded on the GIC and is included in Other Receivables. Upon maturity of the GIC, the Company invested in a GIC in the amount of $2,400,000 with a maturity date of November 19, 2012 that provides interest at the prime rate less 1.80% if held to maturity.

NOTE 5 – MINERAL PROPERTIES

	April 1, 2010	Expenditures/ Write offs	March 31, 2011	Expenditures/ Write offs	December 31, 2011
Eden Lake Property					
Property-acquisition costs	$ 50,000	$ 46,000	$ 96,000	$ (96,000)	$ -
Claim staking	-	9,046	9,046	(9,046)	-
Exploration expenditures					
Field expenses	-	115,983	115,983	(115,983)	-
Geological	33,695	122,360	156,055	(156,055)	-
Geophysical	108,460	-	108,460	(108,460)	-
Other	534	84,813	85,347	(85,347)	-
	192,689	378,202	570,891	(570,891)	-
Red Wine Property					
Property-acquisition costs	-	3,060	3,060	14,000	17,060
Exploration expenditures					
Field expenses	-	40,217	40,217	700	40,917
Geological	-	63,932	63,932	52,756	116,688
Geophysical	-	56,276	56,276	-	56,276
Other	-	10,784	10,784	28,114	38,898
	-	174,269	174,269	95,570	269,839
Total Expenditures	$ 192,689	$ 552,471	$ 745,160	$ (475,321)	$ 269,839

Eden Lake Property, Manitoba

On December 1, 2009, the Company signed a Letter of Intent and on February 23, 2010 executed a definitive option agreement with Rare Element Resources Ltd. ("RES") whereby RES granted the Company an option to acquire a 65% joint venture interest in the Eden Lake rare-earth-element property in Manitoba, subject to a 3% net smelter return royalty in favour of a former property owner.

On September 12, 2011, the Company returned the Eden Lake property to RES. As a result, $576,084 of exploration expenditures incurred on this property by the Company, of which $5,193 were incurred during the three months ended June 30, 2011, were written off as of June 30, 2011.

Red Wine Property, Labrador

On April 10, 2010, the Company signed a letter agreement with Polaris Capital Ltd (the "vendor"), a private corporation, to acquire a 100% interest in four mineral licenses comprising the Red Wine rare earth mineral property located in the province of Labrador and Newfoundland. The letter agreement was amended on June 10, 2010 and March 16, 2011 to include three additional mineral licenses which were staked by the vendor and to make certain other minor changes to the letter agreement. As a result, the Company is acquiring a 100% interest in a total of seven mineral claims in Labrador, Canada. The property is subject to a 3% net smelter return royalty, half of which the Company can purchase for $1,500,000.

NOTE 5 – MINERAL PROPERTIES (cont'd)

Under the terms of the amended letter agreement, the Company will pay an aggregate of $475,000, issue an aggregate of 1,750,000 common shares and incur exploration expenditures totaling $550,000, as follows:

a) Making $475,000 of cash payments as follow:
   - $50,000 by the first anniversary of the amended agreement date – being March 16, 2012;
   - an additional $100,000 by the second anniversary of the agreement date;
   - an additional $100,000 by the third anniversary of the agreement date;
   - an additional $100,000 by the fourth anniversary of the agreement date; and
   - an additional $125,000 by the fifth anniversary of the agreement date;

b) Issuing to the vendor 1,750,000 common shares as follow:
   - 50,000 shares upon the amended agreement date and the receipt of TSX-Venture Exchange approval; (issued – Note 8n)
   - an additional 250,000 shares by the first anniversary of the agreement date;
   - an additional 250,000 shares by the second anniversary of the agreement date;
   - an additional 350,000 shares by the third anniversary of the agreement date;
   - an additional 350,000 shares by the fourth anniversary of the agreement date; and
   - an additional 500,000 shares by the fifth anniversary of the agreement date;

c) Incurring expenditures totaling $550,000 as follow:
   - $200,000 by the first anniversary of the agreement date;
   - an additional $50,000 by the second anniversary of the agreement date;
   - an additional $100,000 by the third anniversary of the agreement date;
   - an additional $100,000 by the fourth anniversary of the agreement date; and
   - an additional $100,000 by the fifth anniversary of the agreement date.

NOTE 6 – RECLAMATION BOND

As at March 31, 2008, the Company posted a reclamation bond of US$19,175 with the State of Nevada to cover the cost to reclaim the surface lands disturbed during the exploration programs at the previously held Ocelot Property. During the year ended March 31, 2009, the Division of Minerals, Nevada, re-evaluated the amount of required bond and returned US$7,197 back to the Company, with US$11,732 remaining under the bond to cover the reclamation work.

As of December 31, 2011, the Company had completed the necessary reclamation work and had received the full amount outstanding.

NOTE 7 – EQUIPMENT

The Company provides for amortization of its computer equipment at 45% on a declining balance (one-half of the rate is taken in the year of acquisition and disposition).

Net book value of computer equipment is as follows:

	Computer Equipment
Cost	
Balance – April 1, 2010	$ 8,808
Additions	1,259
Balance – March 31 and December 31, 2011	$ 10,067
Accumulated Depreciation	
Balance – April 1, 2010	$ 6,445
Depreciation for the year	1,347
Balance – March 31, 2011	7,792
Depreciation for the period	768
Balance – December 31, 2011	$ 8,560
Carrying Amounts	
Balance – April 1, 2010	$ 2,363
Balance – March 31, 2011	$ 2,275
Balance – December 31, 2011	$ 1,507

NOTE 8 – SHARE CAPITAL

Authorized share capital consists of an unlimited number of common shares without par value of which 44,771,935 common shares were issued as at December 31, 2011 (December 31, 2010 – 43,705,184 common shares).

a) On July 5, 2010, the Company completed a non-brokered private placement consisting of 2,999,999 flow-through shares at a price of $0.15 for gross proceeds of $450,000. The Company paid $30,994 of cash finders' fees and issued 261,003 finder's warrants each exercisable to acquire one common share at an exercise price of $0.15 until July 5, 2012. A fair value of $21,055 was assigned to these finders' warrants, and $73,789 of share issue costs were also incurred in connection with this private placement.

b) On July 12, 2010, the Company completed a non-brokered private placement consisting of 2,120,000 units at $0.125 per unit for gross proceeds of $265,000. Each unit consists of one common share and one transferable common share purchase warrant exercisable to acquire one common share at a price of $0.25 until July 12, 2013. Cash proceeds from the private placement of $169,394 and $95,606 were allocated, respectively, to the common shares and warrants issued in the private placement based on their relative fair values at the closing date of the private placement. The Company paid $8,831 of cash finders' fees and issued 63,900 finder's warrants each exercisable to acquire a common share at an exercise price of $0.125 until July 12, 2012. A fair value of $4,901 was assigned to these finders' warrants, and $21,189 of share issue costs were also incurred in connection with this private placement.

c) In the fall of 2010, the Company completed a non-brokered private placement for a total of 9,000,000 units at a price of $0.30 per unit for gross proceeds of $2,700,000, with a first tranche of 3,916,671 units closed on October 25, 2010 and a second tranche of 5,083,329 units closed on November 8, 2010. Each unit consists of one common share and one half of one common share purchase warrant exercisable to acquire one common share at a price of $0.40 for a period of three years from the applicable closing date. Cash proceeds from the private placement of $1,946,858 and $753,142 were allocated, respectively, to the common shares and warrants issued in the private placement based on their relative fair values at the closing dates of the

NOTE 8 – SHARE CAPITAL (cont'd)

private placement. The Company paid a total of $126,600 in cash finders' fees as well as $29,375 in finance fees, and issued a total of 727,837 finder's warrants each exercisable to acquire a common share at a price of $0.40 per share for a period of two years from closing. A fair value of $316,912 was assigned to these finders' warrants. In addition, the Company granted a total of 187,127 finders units at a deemed price of $0.30 per unit. Each finder's unit consists of one common share and one-half of one non-transferable common share purchase warrant with the same terms as the private placement warrants. A fair value of $40,665 and $15,473 was allocated, respectively, to the common shares and warrants issued on these finders' units. In addition to the cash finders' fees and finance fees paid, $56,155 of share issue costs were also incurred in connection with this private placement.

d) During the year ended March 31, 2011, a total of 2,720,000 stock options were granted to officers, directors, consultants, and advisors of the Company. 1,245,000 stock options with an exercise price of $0.265 were granted with an expiry date of September 13, 2015. All of these stock options vested and were exercisable immediately. 1,390,000 stock options with an exercise price of $0.50 were granted with an expiry date of January 27, 2016. Of these, 1,352,500 stock options vested immediately with 12,500 stock options vesting on each of April 27, 2011, July 27, 2011 and January 27, 2012. 85,000 stock options with an exercise price of $0.40 were also granted of which 42,500 vested on July 27, 2011 and 42,500 vested on January 27, 2012.

e) On June 14, 2011, the Company granted 75,000 stock options to a consultant of the Company with an exercise price of $0.23 and an expiry date of June 14, 2016. These stock options vested and were exercisable immediately.

f) On September 21, 2011, the Company granted 100,000 stock options to a director of the Company with an exercise price of $0.17 and an expiry date of September 21, 2016. These stock options vested and were exercisable immediately.

g) On October 24, 2011, the Company granted 200,000 stock options to a company that advises the Company with an exercise price of $0.155 and expiry date of October 24, 2016. Of these, 50,000 stock options vested immediately with 50,000 stock options vesting on each of January 24, 2012, April 24, 2012 and October 24, 2012.

h) During the year ended March 31, 2011, 475,000 stock options were exercised at an average price of $0.16 for total proceeds of $77,900. A fair value of $86,147 was transferred to share capital on the exercise of these options.

i) During the three months ended September 30, 2011, 100,000 stock options were exercised at a price of $0.15 for proceeds of $15,000. A fair value of $37,721 was transferred to share capital on the exercise of these options.

j) During the year ended March 31, 2011, 5,986,226 warrants were exercised at an average price of $0.23 for total proceeds of $1,356,828. A fair value of $289,304 was transferred to share capital on the exercise of these warrants.

k) During the year ended March 31, 2011, 292,500 brokers' compensation options were exercised at a price of $0.10 for total proceeds of $29,250. A fair value of $50,635 was transferred to share capital and $12,811 was allocated to the 292,500 brokers' warrants issued.

l) During the three months ended December 31, 2011, 22,500 brokers' compensation options were exercised at a price of $0.10 for a total proceeds of $2,250. A fair value of $4,488 was transferred to share capital.

m) On September 8, 2010, the Company issued 200,000 common shares valued at $46,000 as an option payment toward the acquisition of a 65% interest in the Eden Lake property.

n) On May 20, 2011, the Company issued 50,000 common shares valued at $14,000 as an option payment toward the acquisition of a 100% interest in the Red Wine property.

NOTE 8 – SHARE CAPITAL (cont'd)

Warrants

As of December 31, 2011, the following warrants were outstanding:

Expiry Date	Number of Warrants Outstanding		Exercise Price
January 20, 2012	1,237,142	*	$ 0.30
July 5, 2012	238,627		$ 0.15
July 12, 2012	34,650		$ 0.125
October 25, 2012	391,667		$ 0.40
November 12, 2012	336,170		$ 0.40
July 12, 2013	1,591,000		$ 0.25
October 25, 2013	1,958,335		$ 0.40
November 12, 2013	2,635,228		$ 0.40
	8,422,819		$ 0.35

* These warrants expired on January 20, 2012

A summary of the changes in the Company's warrants is presented below:

	Number	Weighted Average Exercise Price
Balance – March 31, 2010	7,104,717	$ 0.24
Exercised	(5,986,226)	0.23
Issued	8,058,803	0.34
Expired	(12,500)	0.25
Balance – March 31, 2011	9,164,794	$ 0.34
Expired	(741,975)	0.20
Balance – December 31, 2011	8,422,819	$ 0.35

Stock Options

The Board of Directors is authorized, pursuant to the Company's Stock Option Plan, to grant options to directors, officers, consultants or employees to acquire up to 10% of the issued and outstanding common shares at the time of grant. The exercise price for a stock option must not be less than the market price of the Company's common shares at the time the option is granted, less applicable discounts permitted by the TSX Venture Exchange. Stock options granted under this plan are exercisable over a period not exceeding five years.

NOTE 8 – SHARE CAPITAL (cont'd)

Stock Options (cont'd)

As of December 31, 2011, the following options were outstanding:

	Number of Options Outstanding	Exercise Price
August 15, 2012	250,000	$ 0.15
January 7, 2014	290,000	$ 0.15
January 20, 2014	130,000	$ 0.15
November 6, 2014	440,000	$ 0.15
November 30, 2014	60,000	$ 0.17
February 10, 2015	70,000	$ 0.175
February 23, 2015	70,000	$ 0.20
September 13, 2015	1,185,000	$ 0.265
January 27, 2016	1,390,000	$ 0.50
January 27, 2016	85,000	$ 0.40
June 14, 2016	75,000	$ 0.23
September 21, 2016	100,000	$ 0.17
October 24, 2016	200,000	$ 0.155
	4,345,000	$ 0.30

A summary of the changes in the Company's stock options is presented below:

	Number	Weighted Average Exercise Price
Balance – March 31, 2010	1,825,000	$ 0.15
Granted	2,720,000	0.39
Exercised	(475,000)	0.16
Balance – March 31, 2011 – Outstanding	4,070,000	0.31
Granted	375,000	0.17
Exercised	(100,000)	0.15
Balance – December 31, 2011 – Outstanding	4,345,000	0.30
Balance – December 31, 2011 – Exercisable	4,240,000	$ 0.30

Finder's Options

	Number	Weighted Average Exercise Price
Balance – March 31, 2010	315,000	$ 0.10
Exercised	(292,500)	0.10
Balance – March 31, 2011	22,500	$ 0.10
Exercised	(22,500)	0.10
Balance – December 31, 2011	-	-

NOTE 9 – RELATED PARTY TRANSACTIONS

Related party transactions not disclosed elsewhere in these statements are as follows:

a) During the nine months ended December 31, 2011, $109,000 (2010 - $106,680) was charged by a private company controlled by the Chief Executive Officer (the "CEO") of the Company for management fees. At December 31, 2011, $2,450 (March 31, 2011- $7,098) was owed to the CEO and $nil (March 31, 2011 - $13,400) was owed to this company.

b) During the nine months ended December 31, 2011, the Company incurred $50,427 (2010 - $95,950) of legal fees to a law firm in which a director of the Company is a principal. At December 31, 2011, $1,187 (March 31, 2011 - $4,985) was owed to this firm.

c) During the nine months ended December 31, 2011, $91,000 (2010 - $32,620) was charged by a private company controlled by the President of the Company for management and consulting fees. At December 31, 2011, $nil (March 31, 2011 - $11,200) was owed to this company. As at December 31, 2011, $2,745 was owed to the Company by the President on account of travel advances. Subsequent to December 31, 2011 the amount was repaid.

d) During the nine months ended December 31, 2011, the Company paid $17,019 (2010 – $10,180) in rent in connection with an office sub-lease the Company entered into with a company owned by a director (see Note 10).

e) During the nine months ended December 31, 2011, the Company incurred $52,502 (2010 - $21,863) of consulting fees to the Chief Financial Officer (the "CFO") of the Company. At December 31, 2011, $nil (March 31, 2011 - $3,654) was owed to the CFO.

f) In connection with the non-brokered private placements dated July 5 and July 12, 2010 (see Notes 8a and b) a director of the Company purchased a total of 3,966 shares of the Company for gross proceeds of $595.

g) In connection with the private placement dated July 12, 2010 (see Note 8b), a company controlled by a director of the Company purchased 96,000 units for gross proceeds of $12,000.

NOTE 10 – COMMITMENTS

The Company entered into a sub-lease with a company owned by a director for office premises which commenced June 1, 2010, and expired on June 30, 2011. The monthly rent of $1,818 commenced July 1, 2010 and is due at the beginning of each month. The Company exercised the option to extend the lease agreement for an additional year to June 30, 2012 under the same terms and conditions. The following is a summary of the future lease commitments:

Fiscal 2012	$	21,816
Fiscal 2013	$	6,109

NOTE 11 – FINANCIAL INSTRUMENTS

At December 31, 2011, the following table sets forth the levels in the fair value hierarchy in which the Company's financial assets and liabilities are measured and recognized in the balance sheet. Assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

	Level 1
Cash	$ 123,091
Short-term investments	$ 2,400,000

The Company has determined the estimated fair values of its financial instruments based upon appropriate valuation methodologies. At December 31, 2011, there were no financial assets or liabilities measured and recognized in the balance sheet at fair value that would be categorized as Level 2 and 3 in the fair value hierarchy above.

The fair values of the Company's cash, short-term investments, other receivables, accounts payables and accrued liabilities, due to related parties and promissory notes approximate their carrying values. The Company's financial instruments are exposed to certain financial risks including credit risk, liquidity risk, and commodity-price risk.

a) Credit risk
The Company's cash and short-term investments are held in a major Canadian financial institution. The Company's other receivables consist primarily of goods and services tax due from the federal government of Canada.

b) Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure. Accounts payable and accrued liabilities are due within the current operating period.

c) Commodity price risk
The ability of the Company to develop its mineral properties and the future profitability of the Company are directly related to the market price of several commodities. The Company has not hedged any potential future commodity sales. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

d) Sensitivity analysis
The Company has, for accounting purposes, designated its cash and short-term investments as held-for-trading, which are measured at fair value. Accounts payable and accrued liabilities are classified for accounting purpose as other financial liabilities which are measured at amortized cost. As at December 31, 2011, the carrying and fair value amounts of the Company's financial instruments are the same.

Based on management's knowledge and experience of the financial markets, management does not believe that the Company's current financial instruments will be affected significantly by interest rate risk, foreign currency risk and price risk. The Company does not hold significant balances in foreign currencies to give rise to exposure to foreign exchange risk. Commodity price risk could, however, affect the Company. In particular, the Company's future profitability and viability of development depends upon world markets for natural resources. As of December 31, 2011, the Company was not a producing entity. As a result, commodity price risk could affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. The Company closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken.

NOTE 12 - MANAGEMENT OF CAPITAL RISK

The Company manages its cash, common shares, stock options, finder's options and warrants as capital (Note 8). The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

NOTE 12 - MANAGEMENT OF CAPITAL RISK (cont'd)

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may look to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash. In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

In order to maximize ongoing exploration efforts, the Company does not currently pay out dividends. The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments issued by a major Canadian chartered bank.

NOTE 13 – FIRST TIME ADOPTION OF INTERNATIONAL REPORTING STANDARDS

The Company's financial statements for the year ended March 31, 2012 are the first annual financial statements that will be prepared in accordance with IFRS. IFRS 1, "First Time Adoption of International Financial Reporting Standards", requires that comparative financial information be provided. As a result, the first date at which the Company has applied IFRS was April 1, 2010. (the "Transition Date"). IFRS 1 requires first-time adopters to retrospectively apply all effective IFRS standards as of the reporting date, which for the Company will be March 31, 2012. However, it also provides for certain optional exemptions and certain mandatory exceptions for first-time IFRS adoption. Prior to transition to IFRS, the Company prepared its financial statements in accordance with pre-changeover Canadian Generally Accepted Accounting Principles ("pre-changeover Canadian GAAP"). In preparing the Company's opening IFRS financial statements, the Company has adjusted amounts reported previously in the financial statements prepared in accordance with pre-changeover Canadian GAAP.

The IFRS applicable exemptions and exceptions applied in the conversion from pre-changeover Canadian GAAP to IFRS are described below.

Optional Exemptions

Business combinations
The Company elected not to retrospectively apply IFRS 3, "Business Combinations" to any business combinations that occurred prior to its Transition Date and such business combinations have not been restated.

Share-based payment transactions
The Company has elected not to retrospectively apply IFRS 2, "Share-based payment" to equity instruments that were granted and had vested before the Transition Date. As a result of applying this exemption, the Company will apply the provisions of IFRS 2 only to all outstanding equity instruments that are unvested as of the Transition Date to IFRS.

Leases
IFRS 1 allows an exemption for first-time adopters to determine whether an arrangement existing at the IFRS transaction date contains a lease on the basis of facts and circumstances existing at the transition date, instead of the inception of the agreements. The Company has elected to use this exemption.

Cumulative translation differences
IFRS 1 allows an exemption for first-time adopters to deem cumulative translation differences to be $nil for foreign operations at the date of transition to IFRS. The Company has elected to use this exemption.

Mandatory Exceptions

Estimates
In accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made under pre-changeover Canadian GAAP, unless there is objective evidence that those estimates were in error. IFRS employs a conceptual framework that is similar to pre-changeover Canadian GAAP. The Company's IFRS estimates as of April 1, 2010 are consistent with its pre-changeover Canadian GAAP estimates for the same date.

NOTE 13 – FIRST TIME ADOPTION OF INTERNATIONAL REPORTING STANDARDS (cont'd)

Reconciliation of pre-changeover Canadian GAAP to IFRS

IFRS 1 requires an entity to reconcile equity, comprehensive loss and cash flows to prior periods. The change made to the statements of financial position and statements of loss and comprehensive loss as shown below have not resulted in material adjustments to the net cash flows, and therefore, reconciliation of the statement of cash flows has not been disclosed.

a) Reconciliation of statement of financial position as of April 1, 2010 (transition date)

The reconciliation between the pre-changeover Canadian GAAP and the IFRS consolidated statement of financial position as at April 1, 2010 (transition date to IFRS) is provided below:

	Canadian GAAP	Effect of Transition to IFRS	IFRS
ASSETS			
Current			
Cash	$ 230,669	$ -	$ 230,669
Other Receivables	22,954	-	22,954
Prepaid Expenses	30,791	-	30,791
	284,414	-	284,414
Mineral Properties	192,689	-	192,689
Reclamation Bond	11,951	-	11,951
Equipment	2,363	-	2,363
	$ 491,417	$ -	$ 491,417
LIABILITIES			
Current			
Accounts Payable and Accrued Liabilities	$ 58,057	$ -	$ 58,057
Due to Related Parties	43,850	-	43,850
Promissory Notes	51,290	-	51,290
	153,197	-	153,197
SHAREHOLDERS' EQUITY (DEFICIT)			
Share Capital	$ 11,372,638	$ -	$ 11,372,638
Warrants	362,979	-	362,979
Contributed Surplus	544,581	-	544,581
Deficit	(11,941,978)	-	(11,941,978)
	338,220	-	338,220
	$ 491,417	$ -	$ 491,417

NOTE 13 – FIRST TIME ADOPTION OF INTERNATIONAL REPORTING STANDARDS (cont'd)

b) Reconciliation of statement of financial position as of December, 31, 2010

The reconciliation between the pre-changeover Canadian GAAP and the IFRS consolidated statement of financial position as at December 31, 2010 is provided below:

	Canadian GAAP	Effect of Transition to IFRS	IFRS
ASSETS			
Current			
Cash	$ 383,049	$ -	$ 383,049
Short-term Investments	3,250,000	-	3,250,000
Other Receivables	35,265	-	35,265
Prepaid Expenses	24,848	-	24,848
	3,693,162	-	3,693,162
Mineral Properties	737,884	-	737,884
Reclamation Bond	11,951	-	11,951
Equipment	1,565	-	1,565
	$ 4,444,562	$ -	$ 4,444,562
LIABILITIES			
Current			
Accounts Payable and Accrued Liabilities	$ 36,955	$ -	$ 36,955
Due to Related Parties	32,843	-	32,843
Promissory Notes	-	-	-
	69,798	-	69,798
SHAREHOLDERS' EQUITY (DEFICIT)			
Share Capital	$ 14,973,369	$ -	$ 14,973,369
Warrants	1,353,184	-	1,353,184
Contributed Surplus	570,535	-	570,535
Deficit	(12,522,324)	-	(12,522,324)
	4,374,764	-	4,374,764
	$ 4,444,562	$ -	$ 4,444,562

NOTE 13 – FIRST TIME ADOPTION OF INTERNATIONAL REPORTING STANDARDS (cont'd)

c) Reconciliation of statement of financial position as of March 31, 2011

The reconciliation between the pre-changeover Canadian GAAP and the IFRS consolidated statement of financial position as at March 31, 2011 is provided below:

	Sub Note	Canadian GAAP	Effect of Transition to IFRS	IFRS
ASSETS				
Current				
Cash		$ 326,532	$ -	$ 326,532
Short-term Investments		3,250,000	-	3,250,000
Other Receivables		36,651	-	36,651
Prepaid Expenses		73,365	-	73,365
		3,686,548	-	3,686,548
Mineral Properties		745,160	-	745,160
Reclamation Bond		11,951	-	11,951
Equipment		2,275	-	2,275
		$ 4,445,934	$ -	$ 4,445,934
LIABILITIES				
Current				
Accounts Payable and Accrued Liabilities		$ 37,576	$ -	$ 37,576
Due to Related Parties		40,376	-	40,376
		77,952	-	77,952
SHAREHOLDERS' EQUITY (DEFICIT)				
Share Capital		$ 15,083,614	$ -	$ 15,083,614
Warrants		1,292,736	-	1,292,736
Contributed Surplus	(1)	1,133,541	22,610	1,156,151
Deficit	(1)	(13,141,909)	(22,610)	(13,164,519)
		4,367,982	-	4,367,982
		$ 4,445,934	$ -	$ 4,445,934

NOTE 13 – FIRST TIME ADOPTION OF INTERNATIONAL REPORTING STANDARDS (cont'd)

d) Reconciliation of statement of loss and comprehensive loss for the three months ended December 31, 2010

The reconciliation between the pre-changeover Canadian GAAP and the IFRS consolidated statement of loss and comprehensive loss for the three months ended December 31, 2010 is provided below:

	Canadian GAAP	Effect of Transition to IFRS	IFRS
Expenses			
Amortization	$ 266	-	$ 266
Consulting Fees	58,229	-	58,229
Investor Relations	40,070	-	40,070
Management Fees	31,800	-	31,800
Office and General	12,186	-	12,186
Professional Fees	9,488	-	9,488
Exploration Expenditures on Written Off Properties and Property Investigations	3,742	-	3,742
Rent	5,454	-	5,454
Share-based Compensation	-	-	-
Transfer Agent and Filing Fees	24,680	-	24,680
	(185,915)	-	(185,915)
Other Items			
Interest Income	4,381	-	4,381
Government Assistance	70,838	-	70,838
Net Loss and Comprehensive Loss for the Period	(110,696)	-	(110,696)
Loss per Share			
Basic and Diluted	$ (0.00)		$ (0.00)
Weighted Average Shares Outstanding	41,576,166		41,576,166

NOTE 13 – FIRST TIME ADOPTION OF INTERNATIONAL REPORTING STANDARDS (cont'd)

e) Reconciliation of statement of loss and comprehensive loss for the nine months ended December 31, 2010

The reconciliation between the pre-changeover Canadian GAAP and the IFRS consolidated statement of loss and comprehensive loss for the nine months ended December 31, 2010 is provided below:

	Canadian GAAP	Effect of Transition to IFRS	IFRS
Expenses			
Amortization	$ 798	-	$ 798
Consulting Fees	102,672	-	102,672
Investor Relations	121,858	-	121,858
Management Fees	77,750	-	77,750
Office and General	33,790	-	33,790
Professional Fees	52,297	-	52,297
Exploration Expenditures on Written Off Properties and Property Investigations	4,618	-	4,618
Rent	16,590	-	16,590
Share-based Compensation	210,925	-	210,925
Transfer Agent and Filing Fees	34,307	-	34,307
	(655,605)	-	(655,605)
Other Items			
Interest Income	4,421	-	4,421
Government Assistance	70,838	-	70,838
Net Loss and Comprehensive Loss for the Period	(580,346)	-	(580,346)
Loss per Share			
Basic and Diluted	$ (0.02)		$ (0.02)
Weighted Average Shares Outstanding	31,498,610		31,498,610

NOTE 13 – FIRST TIME ADOPTION OF INTERNATIONAL REPORTING STANDARDS (cont'd)

f) Reconciliation of statement of loss and comprehensive loss for the year ended March 31, 2011

The reconciliation between the pre-changeover Canadian GAAP and the IFRS consolidated statement of loss and comprehensive loss for the year ended March 31, 2011 is provided below:

	Sub Note	Canadian GAAP	Effect of Transition to IFRS	IFRS
Expenses				
Amortization		$ 1,346	-	$ 1,346
Consulting Fees		154,101	-	154,101
Investor Relations		179,569	-	179,569
Management Fees		113,750	-	113,750
Office and General		53,174	-	53,174
Professional Fees		110,697	-	110,697
Exploration Expenditures on Written Off Properties and Property Investigations		21,807	-	21,807
Rent		22,043	-	22,043
Share-based Compensation	(1)	708,464	22,610	731,074
Transfer Agent and Filing Fees		45,856	-	45,856
		(1,410,807)	(22,610)	(1,433,417)
Other Items				
Interest Income and Other		14,038	-	14,038
Government Assistance		70,838	-	70,838
Loss Before Taxes		(1,325,931)	(22,610)	(1,348,541)
Income Tax Recovery		126,000	-	126,000
Net Loss and Comprehensive Loss for the Year	(1)	(1,199,931)	(22,610)	(1,222,541)
Loss per Share				
Basic and Diluted		$ (0.04)		$ (0.04)
Weighted Average Shares Outstanding		34,663,340		34,663,340

g) Notes to the reconciliations of pre-changeover Canadian GAAP to IFRS (cont'd)

(1) Share-based payments

IFRS 2, "Share based payment" is effective for the Company and is applicable to new grants of share-based payments subsequent to April 1, 2010. Pre-changeover Canadian GAAP allowed the Company to calculate the fair value of share-based compensation on all awards granted and recognizes the expense from the date of the grant over the vesting period using the graded vesting methodology. The Company determines the fair value of the stock options granted using the Black-Scholes option pricing model.

NOTE 13 – FIRST TIME ADOPTION OF INTERNATIONAL REPORTING STANDARDS (cont'd)

IFRS 2, "Share based payment" requires each tranche in an award with graded vesting features to be treated as a separate grant with a different vesting date and fair value. As a result, Share-based Compensation and the Net Loss and Comprehensive Loss for the Year increased by $22,610 for the year ended March 31, 2011. Also, Contributed Surplus was increased by $Nil at April 1, 2010 (March 31, 2011 - $22,610) and the Deficit was increased by $Nil at April 1, 2010 (March 31, 2011 - $22,610).

NOTE 14 – SUBSEQUENT EVENTS

No subsequent events have occurred since December 31, 2011.