WABI EXPLORATION INC.
BALANCE SHEETS

	January 31 2011 $ (Unaudited)	April 30 2010 $ (Audited)
ASSETS		
CURRENT		
Cash	**2,786**	719
Accounts receivable	**1,160**	1,996
Advances	**15,000**	-
	18,946	2,715
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	**28,277**	34,798
DUE TO SHAREHOLDER (Note 3)	**22,620**	125,197
DUE TO RELATED PARTIES (Note 4)	**-**	47,211
	50,897	207,206
SHAREHOLDERS' DEFICIENCY		
CAPITAL STOCK (Note 5 a) and b))	**2,128,776**	2,013,527
WARRANTS (Note 5 c))	**90,691**	15,760
CONTRIBUTED SURPLUS (Note 5 e))	**12,092**	-
DEFICIT	**(2,263,510)**	(2,233,778)
	(31,951)	(204,491)
	18,946	2,715

GOING CONCERN (Note 1)

WABI EXPLORATION INC.
STATEMENTS OF OPERATIONS AND DEFICIT
FOR THE THREE AND NINE MONTHS ENDED JANUARY 31
(Unaudited)

	Three Months Ended		Nine Months Ended	
	2011	2010	**2011**	2010
	$	$	**$**	$
EXPENSES				
Stock-based compensation	**-**	-	**12,092**	-
Professional fees	**4,015**	18,463	**12,944**	19,565
Shareholder fees	**1,628**	3,842	**3,380**	8,559
Office and general	**1,207**	4,355	**1,316**	9,112
NET INCOME (LOSS) FOR THE PERIOD	**(6,850)**	(26,660)	**(29,732)**	(37,236)
Deficit, beginning of period	**(2,256,660)**	(2,193,946)	**(2,233,778)**	(2,183,370)
Deficit, end of period	**(2,263,510)**	(2,220,606)	**(2,263,510)**	(2,220,606)
Income (loss) per share - basic and diluted	**(0.00)**	(0.00)	**(0.00)**	(0.00)
Weighted average number of shares outstanding -basic and diluted	**16,140,116**	12,336,512	**13,659,505**	12,336,512

WABI EXPLORATION INC.
STATEMENTS OF CASH FLOW
FOR THE THREE AND NINE MONTHS ENDED JANUARY 31
(Unaudited)

	Three Months Ended		Nine Months Ended	
	2011	2010	**2011**	2010
	$	$	**$**	$
Net earnings (loss)	**(6,850)**	(26,660)	**(29,732)**	(37,236)
Adjustment for non-cash items:				
Cash provided by (used in):				
Operations:				
Stock-based compensation	**-**	-	**12,092**	-
Accounts receivable	**2,718**	(1,183)	**836**	(854)
Advances	**(15,000)**	-	**(15,000)**	-
Accounts payable and accruals	**4,425**	18,853	**(6,521)**	20,132
	(14,707)	(8,990)	**(38,325)**	(17,958)
Financing:				
Advances from shareholder	**16,000**	6,500	**40,392**	15,139
Increase (decrease) in cash	**1,293**	(2,490)	**2,067**	(2,819)
Cash and cash equivalents, beginning of period	**1,493**	2,513	**719**	2,842
Cash and cash equivalents, end of period	**2,786**	23	**2,786**	23

1. NATURE OF OPERATIONS AND GOING CONCERN

Wabi Exploration Inc. (the "Company") has no current operations. The ability of the Company to continue as a going concern is dependant upon, among other things, being able to obtain additional financing, and maintaining positive operating cash flows. These financial statements have been prepared in accordance with Canadian generally accepted accounting principles applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements. Such adjustments could be material.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Presentation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") applied on a basis consistent with that of the previous year, except as disclosed below. The functional and reporting currency of the Company is the Canadian dollar.

b) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions about future events that affects the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Such estimates and assumptions affect the carrying value of assets. Other significant estimates made by the Company include factors affecting valuations of warrants and income tax accounts. The Company regularly reviews its estimates and assumptions, however, actual results could differ from these estimates and these differences could be material.

c) Warrants

The Company issues share purchase warrants from time to time. These warrants are measured and recorded at their estimated fair value using the Black-Scholes model.

d) Income Taxes

The Company follows the asset and liability method of accounting for income taxes. Future income tax assets and liabilities arise from temporary differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases. They are measured using the enacted or substantively enacted tax rates expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled. Valuation allowances are established, when necessary, to reduce future income tax assets to the amount that is more likely than not to be realized.

e) Income (loss) Per Share

Basic income (loss) per share is calculated using the weighted average number of shares outstanding. Diluted income (loss) per share is calculated using the treasury stock method. In order to determine diluted income (loss) per share, the treasury stock method assumes that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted income (loss) per share calculation. The diluted income (loss) per share calculation excludes any potential conversion of options and warrants that would decrease income (loss) per share. Outstanding warrants at January 31, 2011 and 2010 have been excluded from income (loss) per share calculations as they are anti-dilutive.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Comprehensive (Loss) and Equity
Section 1530 establishes standards for reporting and presenting comprehensive (loss). Comprehensive (loss), composed of net (loss) and other comprehensive (loss), is defined as the change in shareholders' equity from transactions and other events from non-owner sources. Other comprehensive (loss) for the Company includes unrealized gains and (losses) on available-for-sale securities and changes in the fair market value of derivatives designated as cash flow hedges, all net of related income taxes. The components of comprehensive (loss) are disclosed in the statement of operations and comprehensive (loss). Cumulative changes in other comprehensive income are included in accumulated other comprehensive (loss) ("AOCL") which is presented as a new category in shareholders' equity. As at January 31, 2011 and 2010, the Company's comprehensive (loss) was equal to net (loss) and there are no AOCL items.

g) Financial Instruments
Financial assets and liabilities, including derivative instruments, are initially recognized and subsequently measured based on their classification as "held-for-trading", "available-for-sale" financial assets, "held-to-maturity", "loans and receivables", or "other financial liabilities". Held-for-trading financial instruments are measured at their fair value with changes in fair value recognized in net loss for the period. Available-for-sale financial assets are measured at their fair value and changes in fair value are included in other comprehensive loss until the asset is removed from the balance sheet or until impairment is assessed as other than temporary. Held-to-maturity investments, loans and receivables and other financial liabilities are measured at amortized cost using the effective interest rate method. Derivative instruments, including embedded derivatives, are measured at their fair value with changes in fair value recognized in net income for the period, unless the instrument is a cash flow hedge and hedge accounting applies, in which case changes in fair value are recognized in other comprehensive loss.

h) Goodwill and Intangible Assets
The CICA issued Handbook Section 3064 "Goodwill and Intangible Assets", which replaced the previous goodwill and intangible asset standard. The new standard revises the requirement for recognition, measurement, presentation and disclosure of intangible assets. The Company adopted this standard effective May 1, 2009 with no impact on the Company's financial statements.

i) Fair Value Hierarchy and Liquidity Risk Disclosure
In June 2009, the Canadian Accounting Standards Board issued an amendment to CICA Section 3862, "Financial Instruments Disclosures" in an effort to make Section 3862 consistent with IFRS Section 7 "Disclosures" ("IFRS 7"). The purpose was to establish a framework for measuring fair value under Canadian GAAP and expand disclosures about fair value measurements. To make the disclosures an entity shall classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following levels: (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1); (b) inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3). The Company has included additional disclosures in Note 8 to these financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Future Accounting Changes

Business Combinations
CICA Handbook Section 1582 "Business Combinations", replaces Section 1581 - "Business Combinations" and provides the Canadian equivalent to International Financial Reporting Standards ("IFRS") 3 - "Business Combinations". This applies to a transaction in which the acquirer obtains control of one or more businesses. Most assets acquired and liabilities assumed, including contingent liabilities that are considered to be improbable, will be measured at fair value. Any interest in the acquiree owned prior to obtaining control will be remeasured at fair value at the acquisition date, eliminating the need for guidance on step acquisitions. Additionally, a bargain purchase will result in recognition of a gain and acquisition costs must be expensed. The Company expects to adopt this standard on May 1, 2011 and is currently assessing the impact of adoption.

Consolidations and Non-Controlling Interests
CICA Handbook Section 1601 "Consolidations" and Section 1602 "Non-Controlling Interests" replace Section 1600 "Consolidated Financial Statements". Section 1602 provides the Canadian equivalent to International Accounting Standard 27 - "Consolidated and Separate Financial Statements", for non-controlling interests. The Company expects to adopt this standard on May 1, 2011 and is currently assessing the impact of adoption.

International Financial Reporting Standards ("IFRS")
In January 2006, the CICA Accounting Standards Board ("AcSB") adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, accounting standards in Canada for public companies are expected to converge with International Financial Reporting Standards ("IFRS") by the end of 2011. The Company will adopt IFRS for the fiscal year beginning May 1, 2011. The transition from current Canadian GAAP to IFRS is a significant undertaking that may materially affect the Company's reported financial position and results of operations. Management is currently assessing the impact of adopting IFRS and has not yet determined its effect on the Company's financial statements.

3. DUE TO SHAREHOLDER

On October 28, 2010, the Company issued 2,859,376 units at a price of $0.05 per unit to a director and officer of the Company in settlement of an amount payable of $142,969. Each unit consists of one common share of the Company and one common share purchase warrant. The warrants are exercisable at a price of $0.10 per common share until October 28, 2015.

4. DUE TO RELATED PARTIES

On October 28, 2010, the Company issued 944,228 units at a price of $0.05 per unit to Fort Chimo Minerals Inc., which is controlled by a director of the Company, in settlement of an amount payable of $47,211. Each unit consists of one common share of the Company and one common share purchase warrant. The warrants are exercisable at a price of $0.10 per common share until October 28, 2015.

5. CAPITAL STOCK

(a) **Authorized:**
Unlimited number of Common Shares

(b) **Issued:**
16,140,116 Common Shares

	Shares #	Amount $
Balance, April 30, 2008, 2009 and 2010	12,336,512	2,013,527
Shares issued in settlement of debt	3,803,604	108,784
Balance, January 31, 2011	16,140,116	2,122,311

(c) **Warrants:**

	Number of warrants #	Weighted average exercise price $
Balance, April 30, 2008, 2009 and 2010	5,000,000	0.05
Warrants issued in settlement of debt	3,803,604	0.10
Balance, January 31, 2011	8,803,604	0.07

Summary of warrants and broker warrants outstanding at January 31, 2011:

Number of Warrants	Exercise Price $	Estimated Fair Value $	Expiry Date
5,000,000	0.05	15,760	November 21, 2012
3,803,604	0.10	81,396	October 28, 2015
8,803,604		97,156	

(d) **Stock option plan:**

At the Annual and Special Meeting of Shareholders held on November 2, 2004, the shareholders approved the establishment of a new stock option plan for employees, consultants, directors and officers of the Company (the “New Plan”). Pursuant to the New Plan, the number of shares which may be reserved for issuance is limited to 10% of the issued and outstanding shares of the Company as at the date of the grant of options.

Summary of options outstanding at January 31, 2011:

Date of Grant	Number of Options	Exercise Price $	Expiry Date	Contractual Remaining Life (Years)
October 29, 2010	500,000	0.10	October 29, 2013	2.997

5. CAPITAL STOCK (Continued)

(e) **Contributed Surplus**

	$
Balance, April 30, 2010	-
Stock-based compensation	12,092
Balance, January 31, 2011	12,092

6. INCOME TAXES

a) Provision for income taxes

The major items causing the Company's income tax expense to differ from the Canadian combined federal and provincial statutory rate of 31% at April 30, 2010 (2009 – 33.5%) were:

As at April 30,	2010 $	2009 $
Net (loss) for the year before taxes	(50,408)	(51,984)
Expected income taxes (recoverable) at statutory rates	(16,000)	(17,000)
Changes resulting from:		
Expiry of losses	3,000	383,000
Change in tax rates	55,000	(50,000)
Change in valuation allowance	(42,000)	(316,000)
	-	-

b) Future income tax balances

The tax effect of temporary differences that give rise to future income tax assets and liabilities at April 30, 2010 are as follows:

	2010 $	2009 $
Future income tax assets (liabilities)		
Non-capital losses	41,000	36,000
Resource properties	278,000	324,000
Equipment	6,000	7,000
Valuation allowance	(325,000)	(367,000)
	-	-

The Company has approximately $163,000 of non-capital losses in Canada which under certain circumstances can be used to reduce the taxable income of future year years. The losses expire in the following periods:

Year	Amount $
2014	9,000
2026	27,000
2027	25,000
2029	52,000
2030	50,000
	163,000

The Company has approximately $1,113,000 of Canadian and foreign development and exploration expenditures as at April 30, 2010 which, under certain circumstances, may be utilized to reduce the taxable income of future years.

7. CAPITAL MANAGEMENT

The Company considers its capital structure to consist of capital stock and warrants. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the period ended January 31, 2011 and 2010.

8. FINANCIAL RISK FACTORS

Credit Risk
The Company's credit risk is primarily attributable to amounts receivable. The Company has no significant concentration of credit risk arising from operations. Financial instruments included in amounts receivable consist primarily of goods and services tax due from the Federal Government of Canada. Management believes that the credit risk concentration with respect to these financial instruments included in amounts receivable is remote.

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 January 31, 2011, the Company had a cash and accounts receivable balance of $3,946 (April 30, 2010 - $2,715) to settle current liabilities of $28,277 (April 30, 2010 - $34,798).

Interest rate risk
The Company has immaterial cash balances subject to fluctuations in the prime rate and therefore has no interest rate exposure. The Company does not hedge against interest rate risk.

Foreign currency risk
The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. Management believes the foreign exchange risk derived from currency conversions at this time are small and therefore, does not hedge its foreign exchange risk.

Financial instruments

Canadian generally accepted accounting principles require that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The carrying amounts for amounts receivable and accounts payable and accrued liabilities on the balance sheets approximate fair value because of the limited term of these instruments. No comparable market values exist for the advances to shareholder or related parties and therefore the fair value of such advances cannot be determined.

The Company has designated amounts receivable as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities, due to related parties and due to shareholder are classified as other financial liabilities, which are measured at amortized cost.

At January 31, 2011, the Company's financial instruments that are carried at fair value, consisting of cash have been classified as Level 1 within the fair value hierarchy.

9. SUBSEQUENT EVENTS

During the period ended January 31, 2011, the Company entered into an agreement to acquire gold and base metal exploration mineral claims in the Snow Lake Area of Manitoba. Pursuant to the terms of the agreement, in order to close the transaction, the Company was required to pay $!5,000 and issue 200,000 shares of the Company. In December 2010, a shareholder of the Company advanced $15,000 to the Optionor in connection with this agreement. Subsequent to January 31, 2011, the Company issued 200,000 free-trading shares to close the transaction.