

**LIARD RESOURCES LTD.  
AMENDED FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008**

## **Management's Responsibility for Financial Reporting**

The accompanying consolidated financial statements of the Company have been prepared by, and are the responsibility of the management of the Company. The consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles, and reflect management's best estimates and judgment based on currently available information.

The Board of Directors, meets periodically with management and the Company's independent auditors to review the scope and results of the annual audit and to review the consolidated financial statements and related financial reporting matters prior to submitting the consolidated financial statements to the Board for approval.

The Company's independent auditors, BDO Canada LLP, who are appointed by the shareholders, conduct an audit in accordance with Canadian generally accepted auditing standards. Their report outlines the scope of their audit and gives their opinion on the consolidated financial statements.

Management has developed and maintains a system of internal control to provide reasonable assurance that the Company's transactions are authorized, assets safeguarded and proper records maintained.

*/s/ "Jan Alston"*  
Jan Alston  
CEO and Director

*/s/ "Randal Squires"*  
Randal Squires  
Chief Financial Officer



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## Auditor's Report

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### To the Shareholders of Liard Resources Ltd.

We have audited the balance sheet of Liard Resources Ltd. as of December 31, 2009 and the statements of operations, deficit and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of Liard Resources Ltd. as at December 31, 2009 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements as at December 31, 2008 and for the year then ended were audited by Hudson LLP who expressed an opinion without reservation on those statements in their report dated February 25, 2009.

The previous audit report dated April 30, 2010 has been withdrawn and the financial statements have been restated for an underaccrual of legal fees in the amount of \$140,000 in the December 31, 2009 year-end.

*BDO Canada LLP*

Chartered Accountants

Calgary, Alberta

April 30, 2010, except for Note 12 which is as of November 21, 2011

**LIARD RESOURCES LTD.**  
BALANCE SHEETS

December 31	2009 (Restated)	2008
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 36,118	\$ 171,216
Accounts receivable	58,324	\$ --
	94,442	171,216
DEPOSIT (note 8)	125,000	\$ --
	\$ 219,442	\$ 171,216
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 182,055	\$ 61,077
Dividends payable	143,560	143,560
	325,615	204,637
<b>SHAREHOLDERS' EQUITY (DEFICIT)</b>		
SHARE CAPITAL (note 5)	2,171,916	2,029,100
CONTRIBUTED SURPLUS (Note 5)	97,531	--
DEFICIT	(2,375,620)	(2,062,521)
	(106,173)	(33,421)
	\$ 219,442	\$ 171,216

Going concern (note 2)

Approved on behalf of the Board

Jan Alston                    *(“Signed”)* \_\_\_\_\_

Bruce Murray                *(“Signed”)* \_\_\_\_\_

The accompanying notes are an integral part of the financial statements

**LIARD RESOURCES LTD.**  
STATEMENTS OF OPERATIONS AND DEFICIT

YEARS ENDED DECEMBER 31,	2009 (Restated)	2008
<b>EXPENSES</b>		
Professional fees	\$ 176,995	\$ 50,684
Listing and agent fees	109,813	1,981
General and administrative	11,348	14,518
Shareholder reporting	11,435	--
Interest and bank charges	26	58
Management	--	181,781
	<u>309,617</u>	<u>249,022</u>
<b>LOSS BEFORE THE FOLLOWING ITEMS:</b>	(309,617)	(249,022)
<b>OTHER ITEMS</b>		
Interest income	45	6,051
Loss on foreign exchange	(3,527)	--
	<u>(3,482)</u>	<u>6,051</u>
<b>NET AND COMPREHENSIVE LOSS</b>	(313,099)	(242,971)
<b>DEFICIT, beginning of year</b>	<u>(2,062,521)</u>	<u>(1,819,550)</u>
<b>DEFICIT, end of year</b>	<u>\$ (2,375,620)</u>	<u>\$ (2,062,521)</u>
<b>BASIC AND DILUTED LOSS PER SHARE (note 6)</b>	<u>\$ (0.049)</u>	<u>\$ (0.072)</u>

The accompanying notes are an integral part of the financial statements

**LIARD RESOURCES LTD.**  
**STATEMENTS OF CASH FLOWS**

YEARS ENDED DECEMBER 31,	2009	2008
	(Restated)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	\$ (313,099)	\$ (242,971)
Changes in non-cash working capital items		
Accounts receivable	(58,324)	--
Accounts payable and accrued liabilities	120,979	(28,005)
	<u>(250,444)</u>	<u>(270,976)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Share issuance	115,346	--
Advances from shareholder	--	239,991
Dividends	--	(93,600)
	<u>115,346</u>	<u>146,391</u>
<b>CHANGE IN CASH POSITION</b>	<b>(135,098)</b>	<b>(124,585)</b>
<b>CASH, beginning of year</b>	<b>171,216</b>	<b>295,801</b>
<b>CASH, end of year</b>	<b>\$ 36,118</b>	<b>\$ 171,216</b>

**Non-Cash Transaction:**

On May 28, 2009, Liard Resources Ltd. issued 2,500,000 shares at \$0.05 per share for payment of the finder's fee for the Silver Royal Apex Inc. ("Silver Royal") transaction (note 8).

The accompanying notes are an integral part of the financial statements

**LIARD RESOURCES LTD.**  
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2009 AND 2008

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1. **NATURE OF OPERATIONS**

Liard Resources Ltd. (the "Company") was incorporated on July 30, 1986 and changed its name from Eence Group Ltd. to Liard Resources Ltd. on August 6, 1996. The Company is designated as a "reporting issuer" pursuant to the Alberta Securities Act and Regulations but is not listed on a public stock exchange.

2. **GOING CONCERN**

The accompanying financial statements have been prepared on the basis of a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. As at the date of issue of these financial statements, the Company is in a deficit position from accumulated operating losses and is experiencing a negative cash flow from ongoing operations and, therefore, its ability to meet future commitments is not assured.

Continuation of the Company as a going concern is dependent upon obtaining additional capital and/or achieving profitable operations. The consolidated financial statements do not include any adjustments relating to the realization of assets and liquidation of liabilities that might be necessary should the Company be unable to continue as a going concern.

3. **SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Corporation have been prepared by management in accordance with Canadian generally accepted accounting principles. The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The financial statements have, in management's opinion, been properly prepared using careful judgment with reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

**Use of estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant. Accounts specifically affected by estimates in these financial statements are accounts receivable accounts payable and accrued liabilities and stock based measurements.

**Cash**

Cash consists of balances with financial institutions and lawyer's trust accounts. Interest earned on the Company's cash accounts are calculated using a floating interest rate based on the market treasury bill rates.

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3. **SIGNIFICANT ACCOUNTING POLICIES, continued**

**Future income taxes**

The Company follows the asset and liability method of accounting for income taxes. Under this method, the Company records future income taxes for the effect of any difference between the accounting and income tax basis of an asset or liability, using the substantively enacted income tax rates. Accumulated future income tax balances are adjusted to reflect changes in income tax rates that are substantively enacted with the adjustment being recognized in earnings in the period that the change occurs. Future tax assets are recognized to the extent that they are more likely than not to be realized.

**Revenue recognition**

Interest income is recognized in the period it is earned and when payment is reasonably assured.

**Loss per share**

The calculation of basic loss per share is based on net earnings divided by the weighted average number of common shares outstanding. The treasury stock method of calculating diluted per share amounts is used whereby any proceeds from the exercise of stock options or other dilutive instruments are assumed to be used to purchase common shares at the average market price during the period. In addition, diluted common shares also include the effect of the potential exercise of any outstanding warrants.

**Foreign currency exchange**

Monetary assets or liabilities held in foreign currency are translated at the year-end exchange rate. Non-monetary assets are translated at the rate of exchange prevailing at the date of the transaction. Translation gains and losses are reflected in operations in the year they occur.

**Financial Instruments**

The Company has classified financial instruments as follows:

- Cash, cash equivalents, and marketable securities are classified as held for trading. They are measured at fair value and the gains and losses resulting from re-measurement at the end of each period are recognized in net income.
- Accounts receivable are classified as loans and receivables and are measured at amortized cost, which is generally the amount on initial recognition at fair value less an allowance for doubtful accounts.
- Accounts payable and accrued liabilities and dividends payable are classified as other financial liabilities and are initially measured at fair value and subsequently measured at amortized cost.



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**4. DUE TO RELATED PARTIES**

There were no related party transactions during the period ended December 31, 2009.

During the year ended December 31, 2008 the Company was charged \$171,781 in management fees by corporations controlled either directly or indirectly by directors and officers of the Company; and \$12,000 in accounting fees by a corporation controlled by an officer of the Company.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Advances to directors and employees were repaid in December 2008. The advances were unsecured, non interest bearing and had no fixed terms of repayment. The original advances were provided to directors and employees to purchase shares of Point North Energy Ltd. (formerly Purcell Energy Ltd.).

**5. SHARE CAPITAL**

Authorized with an unlimited number of the following:

- Class A voting preferred shares
  - Non-cumulative annual dividend at 8% of the issued price
  - Convertible into two Common voting shares
  - Redeemable at the issue price
- Class B voting preferred shares
  - Non-cumulative annual dividend at 8% of the issued price
  - Convertible into two Common voting shares
  - Redeemable at a price of \$10 per share
- Common shares

The Common voting shares are entitled to dividends in such amounts as the directors may from time to time declare and, in the event of liquidation, dissolution or winding-up of the Company, are entitled to share pro rata in the assets of the Company.

The preferred shares rank in priority to the common shares as to the payment of dividends and as to the distribution of assets in the event of liquidation, dissolution or winding-up of the Company. Preferred shares may also be given such other preference over the common shares as may be determined for any series authorized to be issued.

Common shares issued

	Number	Amount
Balance December 31, 2008 and 2007	3,373,254	\$ 2,029,100
Private placements	5,000,000	\$ 142,816
Balance December 31, 2009	<u>8,373,254</u>	<u>\$ 2,171,916</u>

**LIARD RESOURCES LTD.**  
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5. **SHARE CAPITAL, continued**

*Warrants*

Warrants to purchase 5,000,000 shares at \$0.25 per share, having an expiration date of May 28, 2011 were issued as part of the private placements. These constitute all of the issued and outstanding warrants as at December 31, 2009.

These warrants have been valued at \$97,531 and included in contributed surplus. The valuation method used was the Black-Scholes model with the inputs being as follows; a term of three years, a risk free borrowing rate (per Bank of Canada) of 1.02% and volatility of 154%.

6. **LOSS PER SHARE**

Basic loss per share is calculated using the weighted average number of shares outstanding during the year. Diluted loss per share is anti-dilutive. Loss per share is calculated as follows:

	2009		
	Net and comprehensive loss	Shares	Loss per share
Basic and diluted	\$ (313,099)	6,345,857	\$ (0.049)
	2008		
	Net and comprehensive loss	Shares	Loss per share
Basic and diluted	\$ (242,971)	3,373,254	\$ (0.072)

7. **FUTURE INCOME TAXES**

a) The components of future income tax balances are as follow:

	2009	2008
Future income tax asset		
Non-capital loss carry-forwards	\$ 382,228	\$ 426,937
Capital loss carry-forwards	1,437,852	1,516,959
Tax basis of investments in excess of carrying amount	120,249	321,600
	1,940,329	2,265,496
Valuation allowance	(1,940,329)	(2,265,496)
	\$ --	\$ --

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7. **FUTURE INCOME TAXES, continued**

- b) The provision for income taxes recorded in the financial statements differs from the amount which would be obtained by applying the statutory income tax rate of 29% (2008 – 29.50%) to the loss for the years as follows:

	2009	2008
Loss for the years before income taxes	\$ (313,099)	\$ (242,971)
Anticipated income tax recovery	\$ (90,799)	\$ (71,676)
Effect of tax rate change	(345,584)	359,271
Change in valuation allowance	291,464	(287,595)
Other	144,919	--
	\$ --	\$ --

For income tax purposes, the Company has losses carried forward from prior years which can be applied to reduce future years' taxable income. These losses expire as follows:

2010	193,200
2012	222,662
2013	529,414
2026	99,810
2027	62,754
2028	242,971
2029	178,099
	\$ 1,528,910

The corporation has accumulated capital losses for tax purposes in the amount of \$11,502,813. These losses are available to offset futures capital gains.

The non-capital losses and capital losses available for carry forward are subject to verification by the Canada Revenue Agency. With a change of control the deductibility of the non-capital losses will need to be reviewed and the capital losses will expire.

**Comparative future income tax figures**

The comparative figures have been revised to reflect the capital losses at capital gain rates which were previously presented at full tax rates. This retrospective adjustment to the future income tax disclosures had no effect on the financial position or results of operations of the Company.

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**8. PENDING TRANSACTION**

The Company announced on December 5, 2008 that it entered into an arms-length letter of intent with Silver Royal Apex, Inc. (“Silver Royal”) of Wallace, Idaho to acquire its 50% interest in the Silver Valley Two Mile Joint Venture, located in Shoshone County, Idaho. The other 50% interest is held by Azteca Gold Corp., of Spokane, Washington, who is the operator of the property and who is conducting a drill program on one of several potential sulfide targets. The Two Mile properties are comprised of approximately 710 unpatented and 3 patented claims.

The Company has paid a \$125,000 refundable deposit and agreed to issue 23,000,000 treasury shares at a deemed value of \$1,150,000 to shareholders of Silver Royal pursuant to a Plan of Arrangement (the “Plan”). This transaction is subject to a number of conditions, including the completion of a \$5,700,000 financing. The name of the Company will, on completion of the Plan, be changed to Royal Apex Ventures Inc.

Shareholders approved the Plan on April 23, 2009 which was subsequently approved by the Court of Queen’s Bench of Alberta. Revocations of the cease trade orders were received from all jurisdictions by May 4, 2009.

**9. FINANCIAL INSTRUMENTS**

**Financial risk**

The Company activities expose it to a variety of financial risks: credit risk, liquidity risk, and market 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.

**a) Credit risk**

Credit risk is the risk of loss associated with the counterparty’s inability to fulfill its payment obligations. The Company’s credit risk is primarily attributable to cash and cash equivalents, accounts receivable and advances from shareholders. Cash and cash equivalents are held with reputable chartered banks and in lawyer trust accounts from which management believes the risk of loss is minimal.

Financial instruments included in accounts receivable consist of amounts due from Silver Royal Apex and taxes receivable from Canadian government authorities. Management believes that the credit risk concentration with respect to financial instruments in accounts receivable is minimal.

**b) 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 December 31, 2009 the Company had net working capital deficiency of \$231,173 (2008 - \$33,421). Management of the Company is currently working to raise funds in the equity markets to ensure that it can meet its commitments outlined in note 8.

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**9. FINANCIAL INSTRUMENTS, continued**

**e) Market risk**

Market risk is the risk of loss that may arise from changes in the market factors such as interest rates, commodity and equity prices and currency rates.

**i. Interest rate risk**

The Company has cash balances and its current policy is to invest excess cash in investment-grade short-term money market accounts. The Company periodically monitors the investments it makes and is satisfied with the credit worthiness of its investments. The Company relies on the Money Market managers to maximize the interest earned on the short-term investment to minimize any negative effects and maximize any positive effects from interest rate fluctuations. The Company regularly monitors its cash management policy.

**ii. Equity price risk**

Equity price risk is defined as the potential adverse impact on the Company's earnings due to movement in individual equity prices or general movements in the level of the stock market. As the Company moves to commence trading on a Canadian Exchange it will closely monitor individual equity movements as well as the stock market in general to determine the appropriate course of action to be taken by the Company.

**iii. Currency risk**

Currency risk is the risk to the Company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company is exposed to foreign currency exchange risk on cash held in U.S. funds. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

**Sensitivity analysis**

As at December 31, 2009 both the carrying and fair value amounts of the Company's financial instruments are approximately equivalent.

Based on management's knowledge and experience of the financial markets, the Company believes that over the next year:

Interest rate risk is minimal as interest rates are anticipated to remain at historically low levels with little fluctuation and any excess cash is invested in money market funds to maximize interest revenue.

Foreign currency risk could adversely affect the Company. In particular the Company's ability to operate in foreign markets. Foreign currency exchange has fluctuated greatly in recent years. There is no assurance that the current exchange rates will mirror rates in the future.

The Company currently has minimal foreign currency risk although in the future foreign currency risk may affect the level of operations of the Company in turn affecting the Company's stock price. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

A \$0.01 increase or decrease in the Canadian/US foreign exchange rate would have resulted in an increase or decrease of \$485 in the Company's working capital balance as at December 31, 2009.

**LIARD RESOURCES LTD.**  
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10. **CAPITAL MANAGEMENT**

The Company's objectives in managing its capital are:

- i) To have sufficient capital to ensure that the Company can continue to meet its commitments with respect to its mineral exploration properties and to meet its day to day operating requirements in order to continue as a going concern.
- ii) To provide a long-term adequate return to shareholders.

The Company's primary source of funds comes from the issuance of share capital.

The Company considers its capital under management to be its share capital, as presented on the balance sheet.

The Company's policy is to invest its excess cash in highly liquid, fully guaranteed, bank sponsored instruments.

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 Company. The Company has no long-term debt and is not subject to externally imposed capital requirements. There have been no changes in the Company's capital management in the current year.

11. **RECENT ACCOUNTING PRONOUNCEMENTS**

Recently the Accounting Standards Board (AcSB) approved new accounting recommendations which have not yet come into effect. The following is a summary of the new recommendations:

Intangible assets

The AcSB has issued new Section 3065, "Goodwill and Intangible Assets" which establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. In particular, this section restricts the ability of a company to recognize internal costs as deferred assets. This new standard has an effective date of October 31, 2008. This new standard does not have any effect on the Company's current financial statements.

The following standards were issued by the AcSB during 2009 and will be effective for the Company beginning on January 1, 2011:

Business combinations

Section 1582, *Business Combinations* will provide the Canadian equivalent to International Financial Reporting Standard IFRS 3, "Business Combinations" and replace the existing Section 1581, *Business Combinations*. The new Section 1582 will apply prospectively to business combinations for which the acquisition date is on or after January 1, 2011. Earlier adoption is permitted as of the beginning of a fiscal year, in which case an entity would also early adopt Section 1601, *Consolidated Financial Statements* and Section 1602, *Non-controlling Interests*. The Company is assessing the impact of these new standards on its consolidated financial statements.

**LIARD RESOURCES LTD.**  
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11. **RECENT ACCOUNTING PRONOUNCEMENTS, continued**

Consolidated financial statements

Section 1601, *Consolidated Financial Statements* establishes standards for the preparation of consolidated financial statements and will replace the existing Section 1600, Consolidated Financial Statements. Earlier adoption is permitted as of the beginning of a fiscal year, in which case an entity would also early adopt Section 1582, *Business Combinations* and Section 1602, *Non-Controlling Interests*. The Company is assessing the impact of these new standards on its consolidated financial statements.

Non-controlling interests

Section 1602, *Non-controlling Interests* establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. Earlier adoption is permitted as of the beginning of a fiscal year, in which case an entity would also early adopt Section 1582, *Business Combinations* and Section 1601, *Consolidated Financial Statements*. The Company is assessing the impact of these new standards on its consolidated financial statements.

12. **RESTATEMENT**

The restatement of the Company's financial statements resulted from management's identification of legal fees owing which were not invoiced until subsequent to the issuance of the 2009 financial statements.

As a result of these corrections, the previously reported results changed to the following:

	December 31, 2009
Accounts payable and accrued liabilities, as previously reported	\$ 42,055
Accounts payable and accrued liabilities, restated	\$ 182,055
Professional fees, as previously reported	\$ 36,995
Professional fees, restated	\$ 176,995
Deficit, as previously reported	\$2,235,620
Deficit, restated	\$2,375,620
Basic and diluted loss per share, as previously reported	\$0.027
Basic and diluted loss per share, restated	\$0.049