GDV Resources Inc.
(formerly Global Development Resources, Inc.)

Consolidated Financial Statements

December 31, 2011 and 2010
(Expressed in Canadian dollars)

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of the Company have been prepared by management in accordance with International Financial Reporting Standards. These consolidated financial statements contain estimates based on management's judgment. Management maintains an appropriate system of internal controls to provide reasonable assurance that transactions are authorized, assets safeguarded, and proper records maintained.

The Audit Committee of the Board of Directors reviews the results of the annual audit and the consolidated financial statements prior to submitting the consolidated financial statements to the Board for approval.

The Company's auditors, MSCM LLP, are appointed by the shareholders to conduct an audit and their report follows.

Signed: ***"Chris Carmichael"***

Chris Carmichael
Chief Executive Officer

Signed: ***"Andrew Hilton"***

Andrew Hilton
Chief Financial Officer

Toronto, Ontario
April 30, 2012

Independent Auditors' Report

To the Shareholders of
GDV Resources Inc. (formerly Global Development Resources Inc.)

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of GDV Resources Inc. (formerly Global Development Resources Inc.), which comprise the consolidated statements of financial position as at December 31, 2011, December 31, 2010 and January 1, 2010, and the consolidated statements of changes in shareholders' deficiency, comprehensive loss, and cash flows for the years ended December 31, 2011 and 2010 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of GDV Resources Inc. as at December 31, 2011, December 31, 2010 and January 1, 2010, and its financial performance and its cash flows for the years ended December 31, 2011 and 2010 in accordance with International Financial Reporting Standards.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes uncertainty upon GDV Resources Inc.'s ability to continue as a going concern.

Signed: ***"MSCM LLP"***

Chartered Accountants
Licensed Public Accountants

Toronto, Ontario
April 30, 2012

GDV Resources Inc. (formerly Global Development Resources, Inc.)
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	December 31 2011	December 31 2010	January 1 2010
Assets			
Cash	$ 8,850	$ 1,089	$ 9,142
	$ 8,850	$ 1,089	$ 9,142
Liabilities			
Accounts payable and accrued liabilities (notes 6(b), 8 and 13)	$ 128,988	$ 244,115	$ 140,874
Notes payable (notes 8 and 11)	62,451	-	-
	191,439	244,115	140,874
Shareholders' (Deficiency)			
Share capital (note 6(b))	7,948,310	7,824,460	7,824,460
Contributed surplus	15,341,539	15,341,539	15,341,539
Deficit	(23,472,438)	(23,409,025)	(23,297,731)
	(182,589)	(243,026)	(131,732)
	$ 8,850	$ 1,089	$ 9,142

Going concern (note 1); Liquidity risk (note 10); Subsequent events (note 12), Contingencies (note 13)

On Behalf of the Board

Signed: “Chris Carmichael “, Director

Signed: “Andrew Hilton “, Director

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

GDV Resources Inc. (formerly Global Development Resources, Inc.)
Consolidated Statements of Changes in Shareholders' (Deficiency)
For the years ended December 31, 2011 and 2010
(Expressed in Canadian dollars)

	Share Capital	Contributed Surplus	Deficit	Total
	$	$	$	$
Balance, January 1, 2010	7,824,460	15,341,539	(23,297,731)	(131,732)
Net (loss)	-	-	(111,294)	(111,294)
Balance, December 31, 2010	7,824,460	15,341,539	(23,409,025)	(243,026)

	Share Capital	Contributed Surplus	Deficit	Total
	$	$	$	$
Balance, January 1, 2011	7,824,460	15,341,539	(23,409,025)	(243,026)
Net (loss)	-	-	(63,413)	(63,413)
Shares issued in exchange for debt	123,850	-	-	123,850
Balance, December 31, 2011	7,948,310	15,341,539	(23,472,438)	(182,589)

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

GDV Resources Inc. (formerly Global Development Resources, Inc.)
Consolidated Statements of Comprehensive Loss
For the years ended December 31, 2011 and 2010
(Expressed in Canadian dollars)

	2011	2010
Revenue		
Consulting (note 8)	$ -	$ 27,286
	-	27,286
Expenses		
General office and administration (note 8)	83,938	138,580
Interest expense	5,451	-
	89,389	138,580
Net (loss) before provision for contingency and forgiveness of debt	(89,389)	(111,294)
Provision for contingency (note 13)	(80,000)	
Forgiveness of debt (note 8)	105,976	-
Net (loss) before income taxes	(63,413)	(111,294)
Income taxes (note 9)	-	-
Net (loss) and comprehensive (loss)	$ (63,413)	$ (111,294)
Basic and diluted net (loss) per share (note 7)	$ (0.01)	$ (0.03)
Weighted average number of shares outstanding	5,741,054	3,589,795

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

GDV Resources Inc. (formerly Global Development Resources, Inc.)
Consolidated Statements of Cash Flows
For the years ended December 31, 2011 and 2010
(Expressed in Canadian dollars)

	2011	2010
Operating activities		
Net (loss) for the year	$ (63,413)	$ (111,294)
Items not affecting cash:		
Provision for contingency	80,000	-
Forgiveness of debt	(105,976)	-
Changes in accounts payable and accrued liabilities	40,150	103,241
Net cash flows (used in) operating activities	(49,239)	(8,053)
Financing activities		
Proceeds from notes payable	57,000	-
Net cash flows generated by financing activities	57,000	-
Increase (decrease) in cash	7,761	(8,053)
Cash, beginning of year	1,089	9,142
Cash, end of year	$ 8,850	$ 1,089
Supplemental cash flow information		
Common shares issued in exchange for debt	$ 123,850	$ -

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

1. Nature of Business and Going Concern

GDV Resources Inc. (formerly Global Development Resources, Inc.) ("the Company" or "GDV") was a merchant bank that assumed the role of participating lender in the acquisition, development, sales and management of real estate properties that met a predetermined set of guidelines within North American markets. On September 30, 2009 the Company ceased its operations upon the sale of its wholly-owned subsidiary Global Development Resources, Inc. (USA) ("GDR USA"). As a result of the sale of GDR USA, the Company no longer has continuing operations.

GDV is a publicly traded company incorporated and domiciled in Ontario. The Company's registered office is as follows: 1400-55 York Street, Toronto, ON M5J 1R7. The Company's common shares are listed on the NEX under the symbol GDV.H.

Since inception, the Company has incurred losses and net cash outflows from operations and has funded operations through common stock issuances and debt in order to meet its strategic objectives. However, as at December 31, 2011 the Company has only $8,850 in cash to satisfy liabilities of $191,439. Included in the $191,439 is $80,000 with respect to a demand letter received in the amount of US $6,359,630. As a result of the foregoing, there exists substantial doubt about the Company's ability to continue as a going concern. Management is continuing to pursue additional financing and other business opportunities in order to secure sufficient working capital to meet its operational requirements and be able to pay its existing liabilities. In addition management is continuing to negotiate for the settlement of the demand letter. However, there can be no assurance that the Company will be able to obtain sufficient funds to continue to fund its operations. Accordingly, these consolidated financial statements do not include any adjustments that might be necessary if the going concern assumption was not appropriate.

2. Basis of Presentation

Statement of Compliance

These consolidated financial statements, including comparative periods, have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The Company adopted IFRS in accordance with IFRS 1, First-Time Adoption of IFRS. The first date at which IFRS was applied was January 1, 2010. As these financial statements are prepared using IFRS, certain disclosures, and the recognition and measurement of certain balances and transactions may differ from the consolidated financial statements previously reported under Canadian generally accepted accounting principles ("Canadian GAAP").

Reconciliations from Canadian GAAP to IFRS for certain comparative periods, with explanations for significant differences, are included in Note 14.

These consolidated financial statements are prepared using IFRSs in effect at April 30, 2012, the date of the Board of Directors approving the financial statements. Significant accounting policies used in the preparation of the consolidated financial statements are described in Note 3.

3. Summary of Significant Accounting Policies

These consolidated financial statements have been prepared by management in accordance with IFRS. Outlined below are those policies considered particularly significant for the Company.

Basis of Consolidation

All significant intercompany transactions and balances have been eliminated.

(i) Subsidiaries

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries: Eco Logic Chemical Technologies Inc. and Eco Logic Solutions Inc., both of which are inactive.

Use of Estimates

The preparation of these consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenses during the period. While management believes that the estimates and assumptions are reasonable, actual results may differ materially from those estimates.

Significant estimates that may affect the future values of the assets and liabilities primarily relate to the provision recorded to satisfy the demand letter (note 13)

Provisions

The Company recognizes provisions, typically for asset retirement obligations and employee benefits, when a legal or constructive obligation exists as a result of past events, when it is probable that there will be an outflow of economic benefits from the entity, and a reliable estimate of the amount of the obligation can be made. When a provision is expected to settle beyond the immediate term, the provision is measured at the present value of future cash flows, discounted at prevailing market interest rates. With the passage of time, a finance expense is recorded as the provision accretes.

Foreign Currency Translation

As further described in Note 5, the United States dollar had been the functional and reporting currency of the Company's business and the consolidated financial statements for periods up to December 31, 2010 were expressed in United States dollars. On January 1, 2011, to reflect the changed circumstances of the Company, the functional currency of the Company and its subsidiaries changed to the Canadian dollar and the Company decided to change its reporting currency to the Canadian dollar. Accordingly, these consolidated financial statements are expressed in Canadian dollars.

Monetary assets and liabilities denominated in currencies other than Canadian dollars are translated into Canadian dollars at the rate of exchange in effect at the end of the reporting period. Revenues and expenses are translated at the transaction exchange rate. Foreign currency gains and losses resulting from translation are reflected in net income of the period.

3. Summary of Significant Accounting Policies - continued

Stock-based Compensation Plan

The Company from time to time may grant stock options to employees, officers and directors. The Board of Directors grants such options with lives up to 5 years, with vesting periods determined at its discretion and at exercise prices equal to or greater than the Company's closing common share price on the date preceding that of the grant date.

The Company determines the fair value of options granted using the Black-Scholes option pricing model. The fair value of options granted incorporates an assumption for expected option forfeitures and is determined on the grant date. The fair value of options on each vesting date is recognized as stock-based compensation expense over the vesting period.

Financial Instruments

Financial assets must be classified into one of four categories: fair value through profit or loss, held-to-maturity, loans and receivables and available-for-sale; financial liabilities must be classified into one of two categories: fair value through profit or loss and other financial liabilities. The subsequent treatment of changes in fair value depends on their initial classification, as follows: fair value through profit or loss financial assets are measured at fair value and changes in fair value are recognized in net income; available-for-sale financial assets are measured at fair value with changes in fair value recorded in other comprehensive income until the investment is derecognized or impaired at which time the amounts are recorded in net income.

Cash is designated as loans and receivables and is measured at amortized cost. Accounts payable, accrued liabilities and notes payable are designated as other financial liabilities which are measured at amortized cost.

Income Taxes

Income tax expense comprises current and deferred components.

Current income tax expense is the expected tax payable for the current year's taxable income based on rates enacted or substantively enacted at the end of the reporting period and any adjustments to previous estimates.

Deferred income taxes are calculated using the asset and liability method. Accordingly, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities from a change in expected future tax rates is recognized in net (loss) income in the period that includes the date of substantive enactment of the revised tax rates. Deferred tax assets are recognized to the extent that it is probable that they will be realized.

3. Summary of Significant Accounting Policies - continued

Earnings (loss) per Share

Basic earnings (loss) per share are calculated using the weighted average number of common shares outstanding during the year.

Diluted earnings per share is calculated by dividing net earnings available to common shareholders for the period by the diluted weighted average number of common shares outstanding during the year. The diluted weighted average number of shares includes the potential dilution from common shares issuable through stock options, if dilutive, using the treasury stock method. The treasury stock method assumes that the proceeds from any shares issued on the exercise of stock options are used by the Company to repurchase and cancel shares at the average market price of the Company's share price for the year. As such, where the strike price of stock options exceeds the average market price of the Company's shares for the reporting period, the inclusion of these shares under the treasury stock method would be anti-dilutive, so these shares are excluded from the calculation of the weighted average number of diluted common shares.

In years that the Company reports a net loss, loss per share is not presented on a diluted basis, as the result would be anti-dilutive.

4. New and Revised IFRS's in Issue but Not Yet Effective

A number of new standards and issued amendments to standards and interpretations are not yet effective for the year ending December 31, 2011, and have not been applied when preparing these consolidated financial statements. Management is currently assessing the impact of these standards and amendments on its financial statements.

IFRS 9 - Financial instruments

IFRS 9, "Financial instruments" ["IFRS 9"] was issued by the IASB on November 12, 2009 and will replace IAS 39, "Financial Instruments: Recognition and Measurement" ["IAS 39"]. IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2015. The Company is assessing the impact of IFRS 9 on consolidated financial statements.

IFRS 10 - Consolidated Financial Statements

IFRS 10, "Consolidated Financial Statements" (IFRS 10) was issued by the IASB on May 12, 2011 and will replace portions of IAS 27 Consolidated and Separate Financial Statements and interpretation SIC-12 Consolidated - Special Purpose Entities. IFRS 10 incorporates a single model for consolidating all entities that are controlled and revises the definition of control to be "An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the current ability to affect those returns through its power over the investee". Along with control, the new standard also focuses on the concept of power, both of which will include a use of judgment and continuous reassessment as facts and circumstances change. IFRS 10 is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. The Company is assessing the impact of IFRS 10 on its consolidated financial statements.

4. New and Revised IFRS'S in Issue but Not Yet Effective - continued

IFRS 11 – Joint Arrangements

IFRS 11, "Joint Arrangements" (IFRS 11) was issued by the IASB on May 12, 2011 and will replace IAS 31, Interest in Joint Ventures. The new standard will apply to the accounting for interest in joint arrangements where there is joint control. Joint arrangements will be separated into joint ventures and joint operations. The structure of the joint arrangement will no longer be the most significant factor on classifying a joint arrangement as either a joint operation or a joint venture. Proportionate consolidations will be removed and replaced with equity accounting. IFRS 11 is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. The Company is assessing the impact of IFRS11 on its consolidated financial statements.

IFRS 12 – Disclosure of Interest in Other Entities

IFRS 12, Disclosure of Interest in Other Entities was issued by the IASB on May 12, 2011. The new standard includes disclosure requirements about subsidiaries, joint ventures and associates, as well as unconsolidated structured entities and replaces existing disclosure requirements. IFRS 12 is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. The Company is assessing the impact of IFRS 12 on its consolidated financial statements.

IFRS 13 – Fair Value Measurement

IFRS 13, Fair Value Measurement was issued by the IASB on May 12, 2011. The new standard converges IFRS and US GAAP on how to measure fair value and the related fair value disclosures. The new standard creates a single source of guidance for fair value measurements, where fair value is required or permitted under IFRS, by not changing how fair value is used but how it is measured. The focus will be on an exit price. IFRS 13 is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. The Company is assessing the impact of IFRS 13 on its consolidated financial statements.

5. Change of Functional and Reporting Currency

Effective January 1, 2011, the Company's functional currency changed to the Canadian dollar, and accordingly, the Company decided to change its reporting currency to the Canadian dollar. Prior to January 1, 2011, the Company's functional currency was the U.S. dollar and the Company used the U.S. dollar as its reporting currency. With the completion of the sale of the Company's U.S. subsidiary, the Company's assets, liabilities, revenues and expenses are predominantly denominated in Canadian dollars and, accordingly, the use of the U.S. dollar to measure and report the Company's financial performance and financial position became inappropriate. Under the current rate method for the comparative period presented, all assets and liabilities of the Company's operations were translated from their U.S. dollar functional currency into Canadian dollars using the exchange rates in effect at the end of the reporting period presented and revenues, expenses and cash flows were translated at the average rates during the reporting period presented.

(Expressed in Canadian dollars)

6. Share Capital

a) Authorized

Unlimited (December 31, 2010 – unlimited) common shares
Unlimited (December 31, 2010 – unlimited) preferred shares

b) Shares issued and outstanding

	Number of Shares		Amount
Common shares			
Balance, January 1, 2010	10,769,387	$	7,824,460
1:3 consolidation (i)	(7,179,591)		-
Balance, December 31, 2010	3,589,796		7,824,460
Rounding	(217)		
Shares issued in exchange for debt (ii)	2,477,000		123,850
Balance, December 31, 2011	6,066,579	$	7,948,310

(i) Pursuant to a resolution passed by shareholders on November 24, 2010, the Company consolidated its capital on a one-new-for-three-old basis. The consolidation took effect on December 21, 2010.

(ii) On February 18, 2011, pursuant to a resolution passed by disinterested shareholders on November 24, 2010, the Company issued 2,477,000 common shares at a price of five cents per share to settle debt in the amount of $123,850. This amount includes 1.5 million shares to settle $75,000 due to GC-Global Capital Corp., a related party as a result of common officers and share ownership, 525,000 shares to settle $26,250 due to Chris Carmichael, the Company's current chief executive officer and director, and 452,000 shares to settle $22,600 due to a company controlled by Gordon Ewart, the Company's chief executive officer at the time of issuance. Subsequent to the issuance of shares the parties' ownership percentages are 49.9%, 10.95% and 7.45%, respectively. The shares issued were subject to a four-month hold period which expired on June 18, 2011.

c) Stock Options Outstanding

GDV has a stock option plan (the “Plan”) which was approved by the Board of Directors of GDV. The total amount of shares reserved for issuance under the Plan is equal to 10% of the outstanding common shares.

The Plan is for the benefit of the employees, officers and directors and certain consultants of GDV and its subsidiaries. The Plan is administered by the Compensation Committee of the Board of Directors of GDV. The Compensation Committee may from time to time designate individuals to whom options to purchase shares of the capital stock of GDV may be granted and the number of shares to be optioned to each. The option price per share which is the subject of any option shall be fixed by the Board of Directors when such option is granted. The option price can be discounted according to the rules of the Exchange at the time the option is granted. It is GDV’s policy that options vest fully upon issuance. The period during which an option is exercisable shall not exceed five years from the date the option is granted. The options may not be assigned, transferred or pledged. Subject to any grace period allowed under the policies of the Exchange, the options will expire upon the termination of the employment or office with GDV or any of its subsidiaries or death of an individual. The total number of shares to be optioned to any one individual cannot exceed five percent of the total of the issued and outstanding shares.

(Expressed in Canadian dollars)

6. Share Capital - continued

c) Stock Options Outstanding - continued

	Number of Options		Weighted-average Exercise Price
Balance, January 1, 2010	1,300,000	$	0.30
Cancelled pursuant to the sale of subsidiary	(1,300,000)		0.30
Balance, December 31, 2010 and 2011	-	$	-

7. Net Income (Loss) per Share

Net income (loss) per share has been calculated using the weighted average number of common shares outstanding during the year. Diluted income (loss) per share is calculated in a similar manner, except that the weighted average number of common shares outstanding is increased to include potential common shares from the assumed exercise of stock options, if dilutive. The basic and diluted income per share for the years ended December 31, 2011 and 2010 have been adjusted to account for the 1:3 consolidation on December 21, 2010.

8. Related Party Transactions

Prior to the private sale of 3,000,000 common shares of GDV to a third party on December 31, 2011, GC-Global Capital Corp. (“Global”) held approximately 49.9% of GDV’s issued and outstanding common stock and shared common management, directors and officers with GDV. As a result of the sale and coinciding resignation of the common officers and directors, Global is no longer related to GDV.

a) General office and administration expenses include management fees in the amount of $50,850 (2010 - $66,836) which were charged by companies controlled by current directors of the Company.

b) Notes payable includes a balance of $37,000 (December 31, 2010 - $Nil) due to a family member of the former Chairman of the Company and $20,000 due to a former director of the Company. Interest expense for the year ended December 31, 2011 relating to these notes amounted to $5,451. Interest payable on the notes amounted to $5,451 at December 31, 2011 (December 31, 2010 - $Nil) and is also included in notes payable.

c) During the years ended December 31, 2011 and 2010, Global provided bookkeeping services and office space to GDV at no cost. The value of such bookkeeping and office space is considered immaterial and therefore no amounts have been recorded in the consolidated financial statements.

d) During the year the Company earned consulting fees in the amount of $Nil (2010 - $27,286) from companies with common officers or directors.

e) At December 31, 2011 accounts payable and accrued liabilities included $Nil (December 31, 2010 - $125,279) payable to companies with common officers or directors. On February 18, 2011, pursuant to a resolution passed by disinterested shareholders on November 24, 2010, the Company issued 2,477,000 common shares at a price of five cents per share to settle debt in the amount of $123,850 as more fully described in note 6(b).

f) Forgiveness of debt includes $26,250 (2010 - $Nil) forgiven by a company controlled by officers and directors of the Company and $67,800 forgiven by former officers and directors of the Company.

(Expressed in Canadian dollars)

8. Related Party Transactions - continued

Compensation of key management personnel

The remuneration expense of directors and other members of key management personnel during the years were as follows:

	2011	2010
Salaries and benefits	$ 50,850	$ 66,836

9. Income Taxes

The following table reconciles the expected income tax recovery at the Canadian Federal and Provincial statutory rate of 28.25% (2010 – 31%) to the amount recognized in the consolidated statements of comprehensive loss :

	2011	2010
Net loss before recovery of income taxes	$ (63,413)	$ (111,294)
Expected income tax recovery	$ (17,914)	$ (34,501)
Non-deductible items		
Difference between current and future taxes, tax rate changes and other	2,061	6,677
Change in unrecognized deductible temporary differences	15,853	27,824
Income tax recovery reflected in the consolidated statements of comprehensive loss	$ -	$ -

The 2011 statutory tax rate of 28.25% differs from the 2010 statutory tax rate of 31% because of the reduction in both federal and Ontario substantively enacted tax rates.

Unrecognized Deferred Tax Assets

Deferred income taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred income tax assets have not been recognized in respect of the following items:

	2011	2010
Non-capital losses	$ 3,101,157	$ 3,117,744
Deductible temporary differences	$ 80,000	$ -

(Expressed in Canadian dollars)

9. Income Taxes - continued

The non-capital loss carry forwards expire as noted below. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

The Company's non-capital income tax losses expire as follows:

2014	$ 241,101
2015	1,954,352
2027	336,580
2028	258,923
2029	109,518
2030	111,294
2031	89,389
	$ **3,101,157**

10. Risk Management and Financial Risks

Capital Management

The Company manages its shareholders' equity as capital. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to pursue project opportunities for the benefit of its shareholders. 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. The Company may attempt to issue new shares or debt, or adjust the amount of cash. There can be no assurance that the Company will be able to obtain debt or equity capital in the case of operating cash deficits. The Company is not subject to any externally imposed capital requirements.

Financial Risks

The Company's risk exposures and the impact on its financial instruments are summarized below:

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, 2011, the Company had a deficiency in working capital. The Company had a cash balance of $8,850 (December 31, 2010 - $1,089) to settle current liabilities of $191,439 (December 31, 2010 - $244,115). All of the Company's financial liabilities have contractual maturities of less than one year.

11. Notes Payable

In April, 2011 the Company received a $32,000 note from a family member of the Chairman of the Company. Additional advances of $5,000 were made during the second quarter bringing the total to $37,000. The note originally had a three-month term and bore interest at a rate of 15% per annum. In July, 2011 the note was extended to January 14, 2012 with an amended interest rate of 20%. Interest payable at December 31, 2011 amounted to $4,161. The Company entered into an additional loan agreement with a director for $20,000. The loan is also due January 14, 2012, and bears interest at 15% per year. Interest payable at December 31, 2011 amounted to $1,290. Interest payable is included in accounts payable and accrued liabilities. These amounts were repaid in full on January 14, 2012.

12. Subsequent Events

On April 25, 2012 the Company announced that it had received a demand letter for a payment on a guarantee executed on January 25, 2007 by the Company for a loan payable from its former subsidiary Global Development Resources, Inc. The payment demands on the loan are from an individual and two trusts and total US$6,359,630.

The Company has agreed to retract the two recently announced private placement financings for gross proceeds of $200,000 due to the representations and warranties of the private placement subscription agreement. On February 1, 2012 and February 17, 2012, the Company announced that it had issued a total of 4,000,000 common shares at a price of $0.05 per share, which have now been cancelled (the "Retracted Shares"). The retraction of the private placement financings is subject to final approval from the NEX Board of the TSX Venture Exchange.

13. Contingencies

In April, 2012 the Company received a demand letter for a payment on a guarantee executed on January 25, 2007 by the Company for a loan payable from its former subsidiary Global Development Resources, Inc. The payment demands on the loan are from an individual and two trusts and total US$6,359,630. As at December 31, 2011 the Company has recorded a provision of $80,000, which is management's estimate of the liability in relation to this contingency. This amount is included in accounts payable and accrued liabilities. The Company has taken steps to verify that no additional liabilities exist. Although no additional claims have been identified as at the date of these financial statements, there is no guarantee debtors of the Company's former subsidiary will not make future claims.

14. Transition to IFRS

The Company has adopted IFRS effective January 1, 2011 and the consolidated financial statements for the year ended December 31, 2011 are the first annual consolidated financial statements reported under IFRS, with an IFRS transition date of January 1, 2010. Prior to January 1, 2011, the Company prepared its consolidated financial statements under Canadian generally accepted accounting principles ("Canadian GAAP").

These consolidated financial statements have been prepared in accordance with the IFRSs and accounting policies that are effective on December 31, 2011. However, the presentation of future reporting periods may differ as new IFRSs become effective.

a) Exceptions and exemptions from retrospective application of IFRS

Generally, IFRS 1, *First Time Adoption of International Reporting Standards*, requires retrospective application of IFRS with all cumulative adjustments to the previous Canadian GAAP balances reflected in the transition date statement of financial position as at January 1, 2010. However, IFRS 1 provides certain mandatory exemptions and optional exemptions to retrospective application of IFRS of which the Company has applied the following:

i) Stock based compensation - IFRS 1 encourages, but does not require, early application of IFRS 2, *Share-based Payment*, to stock options granted after November 7, 2002, and which vested before the IFRS transition date. The Company has elected not to apply IFRS 2 to stock options vested prior to January 1, 2010.

ii) Business Combinations – In accordance with IFRS transitional provisions, the Company elected to apply IFRS relating to business combinations prospectively from January 1, 2010. As such, Canadian GAAP balances relating to business combinations entered into before that date have been carried forward without adjustment.

(Expressed in Canadian dollars)

14. Transition to IFRS – continued

a) Exceptions and exemptions from retrospective application of IFRS - continued

iii) Estimates – IFRS 1 does not permit retrospective application of other reporting standards with the benefit of hindsight. Consequently, all retrospective changes have been made using estimates consistent with those used in prior financial statements under Canadian GAAP.

b) Reconciliations from Canadian GAAP to IFRS

As management had anticipated, given the inactive nature of the Company and given the limited number of transactions that the Company has entered into in recent periods, the impact on the adoption of IFRS had no impact on the Company's financial position, financial performance and cash flows.

Transition date consolidated statement of financial position

The Company's transition date consolidated statement of financial position is included below. The changes in accounting policies resulting from the Company's adoption of IFRS had no impact on the consolidated statement of financial position as at the transition date of January 1, 2010.

	January 1 2010 $
Assets	
Cash	9,142
	9,142
Liabilities	
Accounts payable and accrued liabilities	140,874
Shareholders' (Deficiency)	
Share capital	7,824,460
Contributed surplus	15,341,539
Deficit	(23,297,731)
	(131,732)
	9,142

Comparative consolidated financial statements

The changes in accounting policies resulting from the Company's adoption of IFRS had no impact on the consolidated statement of financial position as at December 31, 2010.

(Expressed in Canadian dollars)

14. Transition to IFRS - continued

Reconciliation of comprehensive loss and equity

(a) Comprehensive loss

Consolidated Statement of Comprehensive Loss for the Year Ended December 31, 2010

	$
Comprehensive loss under Canadian GAAP	(111,294)
Adjustments for differing accounting treatments	-
Comprehensive loss under IFRS	(111,294)

(b) Shareholder's Deficiency

	December 31 2010	**January 1 2010**
	$	$
Total Shareholders' Deficiency under Canadian GAAP	(243,026)	(131,732)
Adjustments for differing accounting treatments	-	-
Total Shareholders' Deficiency under IFRS	(243,026)	(131,732)