GREYSTAR RESOURCES LTD.

Condensed Consolidated Interim Financial Statements

(Unaudited)

For the Three Months Ended March 31, 2011 and 2010

(In U.S. Dollars, unless otherwise noted)

TABLE OF CONTENTS

FINANCIAL STATEMENTS

GREYSTAR RESOURCES LTD.

Condensed Consolidated Interim Statements of Financial Position (Unaudited)

(Expressed in U.S. Dollars, unless otherwise noted)

	Note	March 31, 2011	December 31, 2010	January 1, 2010
			(note 14)	(note 14)
ASSETS				
Current assets:				
Cash and cash equivalents	10	$ 91,097,591	$ 98,877,647	$ 77,950,797
Trade and other receivables		890,217	778,952	559,277
		91,987,808	99,656,599	78,510,074
Property, plant and equipment	4	901,772	940,357	847,792
Exploration and evaluation assets	5	18,098,508	17,497,430	15,309,203
		$ 110,988,088	$ 118,094,386	$ 94,667,069
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Trade and other payables		$ 4,474,187	$ 6,351,570	$ 2,661,465
Amounts payable on exploration and evaluation asset acquisition		1,140,516	1,112,992	550,863
Site restoration provision	7	705,435	682,056	594,785
Warrant liabilities	8	4,329,099	7,026,231	30,970,014
		10,649,237	15,172,849	34,777,127
Amounts payable on exploration and evaluation asset acquisition		-	-	430,856
Site restoration provision	7	156,724	206,772	560,898
		10,805,961	15,379,621	35,768,881
Shareholders' equity:				
Share capital	8	234,967,351	234,967,351	169,880,206
Equity reserves	8	17,528,538	16,445,198	11,959,036
Deficit		(152,313,762)	(148,697,784)	(122,941,054)
Equity attributable to equity holders of the Company		100,182,127	102,714,765	58,898,188
Nature of operations	1			
Subsequent events	13			
		$ 110,988,088	$ 118,094,386	$ 94,667,069

See accompanying notes to these unaudited condensed consolidated interim financial statements.

Approved by the Board and authorized for issue on May 11, 2011.

"David B. Rovig" Director ***"Brian E. Bayley"*** Director

GREYSTAR RESOURCES LTD.

Condensed Consolidated Interim Statements of Comprehensive Loss (Unaudited)

(Expressed in U.S. Dollars, unless otherwise noted)

	Note	Three months ended March 31, 2011	2010
Exploration expenditures:			
Feasibility studies	5	$ 1,052,349	$ 1,068,236
Other exploration expenditures	5	4,170,633	1,974,790
		5,222,982	3,043,026
General and administrative expenses:			
Audit, legal and other professional fees		287,594	139,047
Depreciation		80,915	62,755
Investor relations		92,866	25,699
Management and consulting fees	9	910,084	463,578
Office facilities and administration	9	172,730	95,772
Salaries and benefits		730,460	626,672
Share-based compensation	8	1,008,990	1,072,189
Transfer agent, listing and filing fees		63,948	66,708
Travel		235,622	99,402
		3,583,209	2,651,822
Loss from operating activities		8,806,191	5,694,848
Other items:			
Interest income		(288,739)	(257,421)
Finance costs	6	18,330	33,745
Fair value change on warrant liabilities	8	(2,861,979)	(135,508)
Foreign exchange gain		(2,057,826)	(2,563,338)
		(5,190,214)	(2,922,522)
Loss and comprehensive loss for the period attributable to shareholders of the Company		$ 3,615,977	$ 2,772,326
Basic and diluted loss per common share		$ 0.04	$ 0.03
Weighted-average number of common shares outstanding		84,222,987	82,524,806

See accompanying notes to these unaudited condensed consolidated interim financial statements.

GREYSTAR RESOURCES LTD.

Condensed Consolidated Interim Statements of Cash Flows (Unaudited)

(Expressed in U.S. Dollars, unless otherwise noted)

	Note	Three months ended March 31, 2011	2010
			(note 14)
Operating activities:			
Loss for the period		$ (3,615,977)	$ (2,772,326)
Adjustment for non-cash items:			
Depreciation		80,915	62,755
Fair value change on warrant liabilities	8	(2,861,979)	(135,508)
Finance costs	6	18,330	33,745
Share-based compensation	8	1,008,990	1,072,189
Unrealized foreign exchange gain		184,660	473,521
Other non-cash income and expenses		(37,289)	(174,430)
Change in non-cash working capital:			
Trade and other receivables		(112,115)	(77,381)
Trade and other payables		(1,876,533)	276,358
Cash (used in) generated from operating activities		(7,210,998)	(1,241,078)
Investing activities:			
Exploration and evaluation asset acquisition costs	5	(526,728)	(200,014)
Purchase of property, plant and equipment	4	(42,330)	(39,093)
Net cash flows used in investing activities		(569,058)	(239,107)
Financing activities:			
Proceeds from exercise of stock options	8	-	27,072
Proceeds from exercise of warrants	8	-	44,289,068
Net cash flow generated from financing activities		-	44,316,139
Increase (decrease) in cash and cash equivalents		(7,780,056)	42,835,955
Cash and cash equivalents, beginning of period		98,877,647	77,950,797
Cash and cash equivalents, end of period	10	$ 91,097,591	$ 120,786,752

See accompanying notes to these unaudited condensed consolidated interim financial statements.

GREYSTAR RESOURCES LTD.

Condensed Consolidated Interim Statements of Changes in Equity (Unaudited)

(Expressed in U.S. Dollars, unless otherwise noted)

	Share Capital (note 8)		Equity Reserves (note 8)			
	Number of Shares	Amount	Contributed Surplus	Warrants	Deficit	**Total**
Balance, January 1, 2010	72,360,764	$ 169,880,206	$ 10,031,116	$ 1,927,920	$ (122,941,054)	**$ 58,898,188**
Options exercised	31,630	154,957	(127,885)	-	-	**27,072**
Warrants exercised	11,700,261	64,108,898	-	(746,919)	-	**63,361,979**
Warrants expired	-	-	31,152	(31,152)	-	**-**
Share-based compensation	-	-	1,072,189	-	-	**1,072,189**
Net loss and comprehensive loss	-	-	-	-	(2,772,326)	**(2,772,326)**
Balance, March 31, 2010	84,092,655	234,144,061	11,006,572	1,149,849	(125,713,380)	**120,587,102**
Options exercised	130,332	823,290	(487,482)	-	-	**335,809**
Warrants issued	-	-	-	818,355	-	**818,355**
Share-based compensation	-	-	3,957,904	-	-	**3,957,904**
Net loss and comprehensive loss	-	-	-	-	(22,984,405)	**(22,984,405)**
Balance, December 31, 2010	84,222,987	234,967,351	14,476,994	1,968,204	(148,697,785)	**102,714,765**
Warrants issued	-	-	-	74,350	-	**74,350**
Share-based compensation	-	-	1,008,990	-	-	**1,008,990**
Net loss and comprehensive loss	-	-	-	-	(3,615,977)	**(3,615,977)**
Balance, March 31, 2011	84,222,987	$ 234,967,351	$ 15,485,984	$ 2,042,554	$ (152,313,762)	**$ 100,182,127**

See accompanying notes to these unaudited condensed consolidated interim financial statements.

1. Nature of operations

Greystar Resources Ltd. (the "Company") is a publicly listed company incorporated in Canada under the legislation of the Province of British Columbia. The Company's shares are listed on the Toronto Stock Exchange ("TSX") and the Alternative Investment Market ("AIM") of the London Stock Exchange. The Company's principal business activities include the acquisition, exploration and development of mineral properties.

The Company is in the process of exploring its mineral properties and has not yet determined whether they contain reserves that are economically recoverable. Management anticipates that the Company will continue to raise adequate funding through equity or debt financings, although there is no assurance that the Company will be able to obtain adequate funding on favorable terms. The recoverability of amounts shown for mineral properties and equipment is dependent upon, among other things, the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete exploration and development, confirmation of the Company's interest in the underlying concessions and licenses, the ability of the Company to obtain the necessary mining and environmental permits, and future profitable production or proceeds from the disposition of the mineral properties.

At March 31, 2011, the Company had working capital of $81,338,571 but had not yet achieved profitable operations and expects to incur further losses in the development of its business. For the three months ended March 31, 2011, the Company reported a comprehensive loss of $3,615,977 and as at March 31, 2011, had an accumulated deficit of $152,313,762. The ability of the Company to continue as a going concern is dependent upon the Company's ability to arrange additional financing to complete the development of its property, including obtaining the necessary permits and other regulatory approvals, and upon future profitable operations.

2. Basis of preparation

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). The policies applied in these interim financial statements are based on International Financial Reporting Standards ("IFRS") issued and outstanding as at May 11, 2011, the date the Board of Directors approved these interim financial statements for issue. Any subsequent changes to IFRS that are issued and effective as at December 31, 2011, could result in a restatement of these interim financial statements, including the transition adjustments recognized on conversion to IFRS.

These are the Company's first condensed consolidated interim financial statements prepared in accordance with IFRS and, as a result, IFRS 1, "First-time Adoption of International Financial Reporting Standards," has been applied. Prior to the adoption of IFRS, the Company's financial statements were prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). As these interim financial statements are the Company's first financial statements prepared in accordance with IFRS, disclosure of the elected transition exemptions and reconciliation and explanation of accounting policy differences compared to Canadian GAAP have been provided in Note 14.

These interim financial statements should be read in conjunction with the Company's 2010 annual financial statements, which were prepared in accordance with Canadian GAAP, and the IFRS disclosures included in Note 14.

(b) Basis of measurement

The consolidated interim financial statements have been prepared on the historical cost basis in the statement of financial position except for certain derivative financial instruments, which are measured at fair value.

(c) Functional and presentation currency

These interim condensed consolidated financial statements are presented in U.S. dollars, which is the Company's functional currency.

(d) Use of estimates and judgements

The preparation of the condensed consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(i) Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and are as follows:

Site restoration provision

The Company assesses its site restoration provision annually. Significant estimates and assumptions are made in determining the site restoration provision as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases, and changes in discount rates. Those uncertainties may result in future actual expenditure differing from the amount currently provided. The provision at the date of the statement of financial position represents management's best estimate of the present value of the future site restoration costs required. Changes to estimated future costs are recognized in the statement of financial position by adjusting the site restoration asset and liability. To the extent that the site restoration provision was created due to exploration activities, the amount capitalized is reduced immediately by a charge to exploration expenses for the same amount.

Exploration and evaluation assets

The application of the Company's accounting policy for and determination on recoverability of capitalized exploration and evaluation expenditure requires judgement in determining whether future economic benefits are likely, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is recognized in loss in the period that the new information becomes available.

Warrants and stock options issued with Canadian dollar exercise prices

The fair value of warrants and stock options issued with Canadian dollar exercise prices are subject to the limitation of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share price, changes in subjective input assumptions can materially affect the fair value estimate.

Recovery of deferred tax assets

Judgement is required in determining whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statement of financial position could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

(ii) Critical accounting judgements

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the condensed consolidated financial statements are as follows:

Determination of functional currency

In accordance with IAS 21, "The Effects of Changes in Foreign Exchange Rates," management determined that the functional currencies of Greystar Resources Ltd., its Colombian branch and subsidiaries are the U.S. dollar.

3. Significant accounting policies

(a) Basis of consolidation

These condensed consolidated interim financial statements include the accounts of the Company, its Colombian branch and subsidiaries. Intra-company balances and transactions, and any unrealized income and expenses arising from intra-company transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currency translation

Transactions in foreign currencies are initially translated to U.S. dollars, the functional currency of Company, at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognized in profit or loss.

(c) Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation. Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

- Buildings 20 years
- Field equipment 3 to 5 years
- Office equipment 3 years
- Transport 5 years.

(d) Exploration and evaluation assets

All direct costs related to the acquisition of mineral property interests are capitalized into intangible assets. Exploration and evaluation expenditures incurred prior to the determination of the feasibility of mining operations and a decision to proceed with development are charged to operations as incurred. Development expenditures incurred subsequent to a development decision, and to increase or to extend the life of existing production, are capitalized and will be amortized on the unit-of-production method based upon estimated proven and probable reserves. When there is little prospect of further work on a property being carried out by the Company, the remaining deferred costs associated with that property are charged to operations during the period such determination is made.

The amounts shown for exploration and evaluation assets represent acquisition costs incurred to date, less recoveries and write-offs, and do not reflect fair value.

(e) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit," or "CGU").The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(f) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(g) Financial assets

(i) Financial assets at fair value through profit or loss ("FVTPL")

Financial assets at FVTPL are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorized as FVTPL unless they are designed as effective hedges. Assets in this category include cash and cash equivalents.

Financial assets at FVTPL are initially recognized, and subsequently carried, at fair value, with changes recognized in profit or loss. Transaction costs are expensed as incurred.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months or those that are expected to be settled after 12 months from the end of the reporting period, which are classified as non-current assets. Assets in this category include trade and other receivables.

Loans and receivables are initially recognized at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

(iii) Effective interest method

The effective interest method is used to determine the amortized cost of a financial asset and to allocate interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as FVTPL.

(iv) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:

- Significant financial difficulty of the issuer or counterparty;
- Default or delinquency in interest or principal payments; or
- It has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets, excluding trade receivables, is directly reduced by the impairment loss. The carrying amount of trade receivables is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses were recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

(v) Derecognition of financial assets

Financial assets are derecognized when the rights to receive cash flows from the assets expire or the financial assets are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss.

(h) Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group entities are recorded at the proceeds received, net of direct issue costs.

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

A financial liability may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis,

in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- It forms part of a contract containing one or more embedded derivatives and IAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

At the end of each reporting period subsequent to initial recognition, financial liabilities at FVTPL are measured at fair value, with changes in fair value recognized directly in profit or loss in the period in which they arise. Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

(i) Warrant liabilities:

The Company has issued share purchase warrants with Canadian dollar exercise prices (note 8) in connection with equity financing arrangements. As a result, the proceeds from the exercise of these warrants will vary. These warrants meet the definition of derivatives and are therefore classified as financial liabilities and measured at FVTPL prior to their exercise and expiry dates.

(ii) Other financial liabilities:

The Company has classified trade and other payables as other financial liabilities.

(iii) Derecognition of financial liabilities:

Financial liabilities are derecognized when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

(i) Share capital

The Company records proceeds from share issuances net of issue costs. Shares issued for consideration other than cash are valued at the quoted market price on the date the agreement to issue the shares was reached and announced for business combinations and at the date of issuance for other non-monetary transactions. For proceeds received from the issuance of compound equity instruments such as units comprised of common shares and warrants, the Company allocates the proceeds using the residual method whereby the proceeds allocated to the warrants is based on their Black-Scholes fair value with the remaining proceeds allocated to common shares.

(j) Loss per share

The Company presents basic and diluted earnings per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for own shares held. Diluted loss per share is calculated using the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

In the Company's case, diluted loss per share is the same as basic loss per share, as the effect of outstanding share options and warrants (see note 8) on loss per share would be anti-dilutive.

(k) Share-based payment transactions

The grant date fair value of share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions.

(l) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

(Expressed in U.S. Dollars, unless otherwise noted)

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

4. Property, plant and equipment

The following is a reconciliation of the carrying amounts of property, plant and equipment.

	Buildings	Field Equipment	Office Equipment	Transport	Total
Cost					
At January 1, 2010	$ 421,955	$ 671,593	$ 375,591	$ 235,047	$ 1,704,187
Assets acquired	155,380	122,343	52,071	49,120	378,914
At December 31, 2010	577,336	793,937	427,662	284,167	2,083,101
Assets acquired	-	-	42,330	-	42,330
At March 31, 2011	$ 577,336	$ 793,937	$ 469,992	$ 284,167	$ 2,125,431
Accumulated depreciation					
At January 1, 2010	$ (83,281)	$ (486,842)	$(184,527)	$ (101,744)	$ (856,395)
Depreciation for the period	(25,368)	(72,703)	(134,486)	(53,792)	(286,349)
At December 31, 2010	(108,650)	(559,545)	(319,013)	(155,536)	(1,142,744)
Depreciation for the period	(7,688)	(23,807)	(34,949)	(14,471)	(80,915)
At March 31, 2011	$ (116,338)	$(583,352)	$(353,962)	$(170,007)	$(1,223,659)
Carrying amounts					
At January 1, 2010	$ 338,674	$ 184,751	$ 191,064	$ 133,303	$ 847,792
At December 31, 2010	$ 468,686	$ 234,392	$ 108,649	$ 128,631	$ 940,357
At March 31, 2011	$ 460,998	$ 210,584	$ 116,030	$ 114,159	$ 901,772

5. Exploration and evaluation assets

The Company's exploration and evaluation assets comprise mineral property surface rights, mining titles, exploration licenses, exploitation permits and concession contracts that provide for gold, silver and other precious metals exploitation in an area located in the Municipality of California, Santander, Colombia, collectively known as the Angostura Project. The licenses, permits and contracts expire at various dates ranging from 2020 to 2038 and generally can be renewed for an additional 10, 20 or 30 years depending on the applicable mining code. Certain portions of the Angostura project are subject to royalties ranging from 5% to 10% of net profits after certain additional deductions. In addition, pursuant to the laws of Colombia, the Government of Colombia currently receives royalties on gold and silver production equal to 4% of 80% of the production value, which is calculated using the average gold and silver prices published by the London Metal Exchange.

(Expressed in U.S. Dollars, unless otherwise noted)

In order to maintain the Company's mineral properties in good standing, the Company is required to make certain annual fee payments based on the number of hectares and a Colombian wage factor that fluctuates on an annual basis. As at March 31, 2011, the required annual fee payments related to the Company's mineral properties totaled approximately $624,000 (2010 - $634,000).

The following is a reconciliation of the carrying amounts of exploration and evaluation assets.

	Intangible Assets	Tangible Assets	Total Costs
Cost at January 1, 2010	$ 5,217,445	$ 10,091,758	$ 15,309,203
Additions	1,144,198	1,044,029	2,188,227
Cost at December 31, 2010	6,361,643	11,135,787	17,497,430
Additions	300,000	301,078	601,078
Cost at March 31, 2011	$ 6,661,643	$ 11,436,865	$ 18,098,508

Additions to exploration and evaluation assets during the three months ended March 31, 2011, relate to a combination of $526,728 cash consideration and 35,000 share purchase warrants issued. The warrants issued to purchase the Company's common shares have a term of 4 years with an exercise price of Cdn$3.69 and maturity date of January 20, 2015. The value of the share purchase warrants issued was estimated to be $74,350 using the Black–Scholes valuation model applying risk free rate of 2.23%, expected life based on the full term of the warrants, expected dividends of nil, and volatility rate of 84.5%.

(Expressed in U.S. Dollars, unless otherwise noted)

The details of exploration expenditures expensed during the three months ended March 31, 2011 and 2010 are as follows:

	Three months ended March 31, 2011	Three months ended March 31, 2010
Exploration expenditures:		
General and administrative costs (Angostura project in Colombia)	$ 2,106,302	$ 1,013,214
Assay and metallurgy	188,855	3,508
Consulting and geology	1,973	58,444
Drilling and field costs	1,651,145	1,054,732
Environmental	67,711	(229,557)
Equipment rentals, repairs, maintenance and supplies	27,671	24,608
Feasibility studies	1,052,349	1,068,236
Taxes and surface rights	126,976	49,841
	5,222,982	3,043,026
Cumulative exploration expenditures, beginning of period	115,117,834	89,908,020
Cumulative exploration expenditures, end of period	$ 120,340,816	$ 92,951,046

6. Finance costs

The finance costs for the Company are broken down as follows:

	Three months ended March 31, 2011	Three months ended March 31, 2010
Effective interest on amounts payable on exploration and evaluation asset acquisition	$ 7,711	$ 16,551
Unwinding of discount on site restoration	10,619	17,194
Total finance costs	$ 18,330	$ 33,745

7. Site restoration provision

As at March 31, 2011, the Company had a site restoration provision of $862,159 (2010 - $997,646) relating to the remediation of environmental disturbances at the Angostura project. The provision is based on $1,195,783 of undiscounted estimated cash flows required to settle the provision in the future. Assumptions used by management to determine the carrying amount of the site restoration provision were a 6.59% pre-tax risk-free discount rate, and a 3.38 - 3.75% rate of inflation over the expected years to settlement, which is estimated to be in 2013.

(Expressed in U.S. Dollars, unless otherwise noted)

The following table shows the changes in the carrying amount of the Company's site restoration provision associated with the Angostura project:

	January 1, 2011 to March 31, 2011	January 1, 2010 to March 31, 2010
Beginning of period, current and long-term	$ 888,828	$ 1,155,683
Decrease in provision due to change in estimate	-	(162,478)
Remediation work performed	(37,289)	(12,753)
Accretion during the period	10,619	17,194
End of period, current and long-term	862,159	997,646
Less current portion	705,435	596,601
	$ 156,724	$ 401,045

8. Share capital

(a) Authorized:

Unlimited common shares without par value

(b) Issued and outstanding:

The Company had 84,222,987 common shares issued and outstanding as of March 31, 2011 and December 31, 2010.

(c) Stock options:

The Company has an incentive share option plan (the Plan) that allows it to grant options to its employees, officers, directors and consultants to acquire common shares. The number of shares issuable pursuant to the Plan is a fixed maximum percentage of 10% of the common shares issued. Under the terms of the Plan, the exercise price of each option equals the closing market price for the common shares on the TSX on the trading day prior to the date of the grant. Options have a maximum term of ten years and terminate sixty days following the termination of the optionee's employment or term of engagement, except in the case of retirement, or death, termination for cause, resignation at the request of the Board, removal or disqualification. Vesting of options is made at the discretion of the Board of Directors at the time the options are granted.

The share option plan also provides for a cashless exercise option provision which is in substance a stock appreciation right and for which the stock options can only be equity-settled. When share capital recognized as equity is repurchased as a result of the cashless option, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from retained earnings.

(Expressed in U.S. Dollars, unless otherwise noted)

The changes in stock options during the three months ended March 31, 2011 and the year ended December 31, 2010 were as follows:

	March 31, 2011		December 31, 2010	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		Cdn $		Cdn $
Balance outstanding, beginning of period	6,023,555	$5.12	4,499,285	$5.83
Options granted	400,000	3.21	3,095,750	4.41
Options exercised	-	-	(323,636)	3.94
Options forfeited	-	-	(167,500)	3.74
Options expired	(355,500)	8.09	(1,080,344)	7.07
Balance outstanding, end of period	6,068,055	$4.82	6,023,555	$5.12

The following table summarizes information concerning outstanding and exercisable options at March 31, 2011:

	Options Outstanding			Options Exercisable		
Exercise price	Options outstanding	Weighted average remaining contractual life	Weighted average exercise price	Options outstanding and exercisable	Weighted average remaining contractual life	Weighted average exercise price
Cdn$		Years	Cdn$		Years	Cdn$
$0.85 - $3.00	12,100	2.68	$0.85	5,433	2.68	$0.85
$3.01 - $5.00	4,102,305	4.19	3.88	1,549,113	3.16	4.02
$5.01 - $7.00	1,568,250	2.95	5.98	1,044,916	2.46	6.21
$9.01 - $11.00	385,400	0.48	10.13	385,400	0.48	10.13
	6,068,055	3.63	$4.82	2,984,862	2.56	$5.57

(Expressed in U.S. Dollars, unless otherwise noted)

The following table summarizes information concerning outstanding and exercisable options at December 31, 2010:

	Options Outstanding			Options Exercisable		
Exercise price	Options outstanding	Weighted average remaining contractual life	Weighted average exercise price	Options outstanding and exercisable	Weighted average remaining contractual life	Weighted average exercise price
Cdn$		Years	Cdn$		Years	Cdn$
$0.85 - $3.00	12,100	2.93	$0.85	5,433	2.93	$0.85
$3.01 - $5.00	3,702,305	3.83	3.95	1,549,113	3.40	4.02
$5.01 - $7.00	1,568,250	3.20	5.98	794,916	2.22	6.45
$7.01 - $9.00	346,000	0.05	8.01	346,000	0.05	8.01
$9.01 - $11.00	394,900	0.73	10.31	394,900	0.73	10.31
	6,023,555	3.24	$5.11	3,090,362	2.38	$5.89

(d) Share purchase warrants:

The following is a summary of number of warrants outstanding for the three months ended March 31, 2011 and the year ended December 31, 2010:

	Three months ended March 31, 2011	Year ended December 31, 2010
Balance outstanding, beginning of period	3,330,686	14,729,173
Warrants issued	35,000	323,303
Warrants exercised	-	(11,700,261)
Warrants expired	-	(21,529)
Balance outstanding, end of period	3,365,686	3,330,686

(Expressed in U.S. Dollars, unless otherwise noted)

The following is a summary of warrant amounts outstanding for the three months ended March 31, 2011 and the year ended December 31, 2010:

		Three months ended March 31, 2011		Year ended December 31, 2010
Balance outstanding, beginning of period	$	8,994,435	$	32,897,934
Warrants issued		74,350		818,355
Warrants exercised		-		(19,819,831)
Warrants expired		-		(31,152)
Fair value change on warrant liabilities		(2,861,979)		(5,400,356)
Foreign exchange on warrant liabilities		164,847		529,485
Balance outstanding, end of period	$	6,371,653	$	8,994,435
Classified as:				
Warrant liabilities	$	4,329,099	$	7,026,231
Equity reserves		2,042,554		1,968,204
	$	6,371,653	$	8,994,435

The fair value of warrants granted was determined using the Black-Scholes option pricing model, with the following weighted average assumptions at the end of each reporting period:

	March 31, 2011	March 31, 2010
Risk-free interest rate	2.23%	1.41%
Expected life	2 – 4 years	2 - 4 years
Annualized volatility	84.54%	82.53%
Expected dividends	Nil	Nil

Option pricing models require the input of highly subjective assumptions regarding volatility. The Company has used historical volatility to estimate the volatility of the share price.

(Expressed in U.S. Dollars, unless otherwise noted)

The following table summarizes information about warrants outstanding at March 31, 2011:

Expiry date	Number of warrants	Exercise price
		Cdn$
January 11, 2012	40,000	$7.10
January 10, 2013	100,000	$6.30
March 20, 2014	2,467,186	$2.47
January 14, 2012	3,700	$6.75
February 18, 2012	19,800	$5.65
June 20, 2013	300,000	$2.30
June 29, 2013	100,000	$4.89
January 22, 2013	30,000	$2.05
November 13, 2013	160,000	$6.22
November 13, 2013	15,000	$6.10
July 29, 2014	35,000	$3.65
July 28, 2014	15,000	$4.16
October 21, 2014	10,000	$4.14
October 21, 2014	35,000	$4.17
January 20, 2015	20,000	$3.69
January 20, 2015	15,000	$3.69
	3,365,686	

The following table summarizes information about warrants outstanding at December 31, 2010:

Expiry date	Number of warrants	Exercise price
		Cdn$
January 11, 2012	40,000	$7.10
January 10, 2013	100,000	$6.30
March 20, 2014	2,467,186	$2.47
January 14, 2012	3,700	$6.75
February 18, 2012	19,800	$5.65
June 20, 2013	300,000	$2.30
June 29, 2013	100,000	$4.89
January 22, 2013	30,000	$2.05
November 13, 2013	160,000	$6.22
November 13, 2013	15,000	$6.10
July 29, 2014	35,000	$3.65
July 28, 2014	15,000	$4.16
October 21, 2014	10,000	$4.14
October 21, 2014	35,000	$4.17
	3,330,686	

(Expressed in U.S. Dollars, unless otherwise noted)

(e) Share-based compensation

The fair value of each option granted is estimated at the time of grant using the Black-Scholes option pricing model with weighted average assumptions used to estimate the fair value as follows:

	March 31, 2011	March 31, 2010
Risk-free interest rate	1.69%	2.20%
Expected life	5 years	5 years
Annualized volatility	97.8%	74.7%
Expected dividends	Nil	Nil
Grant date fair value	Cdn$3.21	Cdn$3.41

9. Related party transactions

Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of the transactions between the Company and other related parties are disclosed below.

(a) Trading transactions

The Company's related parties consist of companies owned by executive officers and directors as follows:

Name	**Nature of transactions**
Ionic Management Corp.	Consulting and administrative
Rovig Minerals, Inc.	Consulting and management
Steve Kesler	Consulting and management

The company incurred the following fees and expenses in the normal course of operations in connection with companies owned by key management and directors. Expenses have been measured at the exchange amount which is determined on a cost recovery basis.

	Three months ended March 31,	
	2011	2010
Consulting fees	$ -	$ 54,906
General and administrative expenses	28,973	28,113
Management fees	43,750	213,490
	$ 72,723	$ 296,510

(Expressed in U.S. Dollars, unless otherwise noted)

(b) Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the three months ended March 31, 2011 and 2010 were as follows:

		Three months ended March 31,	
	Note	2011	2010
Salaries and directors' fees	(i)	$ 693,901	$ 391,296
Share-based payments	(ii)	809,951	2,884,737
		$ 1,503,852	$ 3,276,033

(i) Salaries and directors' fees include consulting and management fees disclosed in Note 9(a).

(ii) Share-based payments are the fair value of options granted to directors and key management personnel.

10. Supplementary cash flow information

	Three months ended March 31, 2011	2010
Non-cash investing and financing activities:		
Fair value of additional warrants granted upon exercise of agents' warrants	$ -	$ 79,122
Fair value of stock options transferred to share capital from contributed surplus on exercise of options	-	127,885
Fair value of warrants transferred to share capital on exercise of warrants	-	19,819,831

Cash and cash equivalents are comprised of:

	March 31, 2011	December 31, 2010
Cash	$ 4,730,506	$ 1,468,464
Bank short-term deposits	86,367,085	97,409,183
	$ 91,097,591	$ 98,877,647

11. Segment disclosures

IFRS 8 "Operating Segments" requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the chief operating decision-maker to allocate resources to the segments and to assess their performance.

The chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments, has been defined as the Chief Executive Officer.

The Company operates in a single segment, being resource exploration and development. Other geographic information is as follows:

	Canada	Colombia	Total
March 31,2011:			
Profit (loss) for the period	$ 1,363,293	$ (4,979,270)	$ (3,615,977)
Interest Income	278,428	10,311	288,739
Total assets	95,060,226	15,927,862	110,988,088
March 31,2010:			
Loss for the period	$ (89,323)	$ (2,683,003)	$ (2,772,326)
Interest Income	255,201	2,220	257,421
Total assets	124,646,856	13,109,901	137,756,757

12. Management of financial risk

The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk, interest risk and price risk.

(a) Currency risk:

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada and Colombia and a portion of its expenses are incurred in Canadian dollars and Colombian pesos. A significant change in the currency exchange rates between the U.S. dollar relative to foreign currencies could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations.

The Company's exposure to the Colombian peso, expressed in U.S. dollars and Colombian pesos, on financial instruments is as follows:

	March 31, 2011		December 31, 2010	
	US$	Colombian Peso	US$	Colombian Peso
Cash and cash equivalents	$ 386,596	726,595,817	$ 94,032	179,975,804
Trade and other receivables	649,812	1,221,301,225	529,412	1,013,284,852
Trade and other payables	2,344,860	4,407,094,745	2,421,976	4,635,613,156
	$ 3,381,268	6,354,991,787	$ 3,045,420	5,828,873,812

As at March 31, 2011, with other variables unchanged, a 10% depreciation or appreciation of the U.S. dollar against the Colombian peso would change the values of the Colombian peso denominated financial instruments and would affect the consolidated statement of operations and comprehensive loss by approximately $338,127.

The Company's exposure to the Colombia peso on quarterly exploration expenditures throughout the three months ended March 31, 2011 was $4.8 million. A 10% depreciation or appreciation of the U.S. dollar against the Colombian peso would affect the consolidated statement of operations and comprehensive loss by approximately $484,258.

The Company's exposure to the Canadian dollar, expressed in U.S dollars and Canadian dollars, on financial instruments is as follows:

	March 31, 2011		December 31, 2010	
	US$	CDN$	US$	CDN$
Cash and cash equivalents	$ 90,490,815	$ 87,938,974	$ 97,022,814	$ 96,498,890
Trade and other receivables	240,405	233,626	249,539	248,192
Trade and other payables	2,129,326	2,069,279	3,929,595	3,791,313
	$ 92,860,546	$ 90,241,879	$101,201,948	$ 100,538,395

As at March 31, 2011, with other variables unchanged, a 10% depreciation or appreciation of the U.S. dollar against the Canadian dollar would change the values of the Canadian dollar denominated financial instruments and would affect the consolidated statement of operations and comprehensive loss by approximately $9,286,055.

The Company's exposure to the Canadian dollar on quarterly exploration expenditures throughout the three months ended March 31, 2011 was $516,430. A 10% depreciation or appreciation of the U.S. dollar against the Canadian dollar would affect the consolidated statement of operations and comprehensive loss by approximately $51,643.

(b) Credit risk:

Credit risk is the risk of an unexpected loss if a third party to a financial instrument fails to meet its contractual obligations. The Company manages its credit risk through its counterparty ratings and credit limits.

The Company's cash and cash equivalents and short term investments are held through large Canadian financial institutions. Short-term investments are composed of financial instruments issued by Canadian banks and companies with high investment-grade ratings. These instruments mature at various dates over the current operating period and are normally cashable on a designated monthly date. Amounts receivable primarily consists of HST receivable with expected payment from the Canadian government.

The total cash and cash equivalents and amounts receivable represent the maximum credit exposure. The Company limits its credit risk exposure by holding bank accounts and any short term investments with reputable banks with high credit ratings.

(c) Liquidity risk:

The Company manages liquidity risk by maintaining adequate cash balances in order to meet short and long term business requirements. The Company believes that these sources will be sufficient to cover its cash requirements for the upcoming year. The Company's cash is invested in liquid investments with quality financial institutions and is available on demand for the Company's programs and is not invested in any asset backed commercial paper.

As at March 31, 2011, the Company's liabilities have contractual maturities as summarized below:

	Total	Less than 1 year
Trade and other payables	$ 4,474,187	$ 4,474,187
Amounts payable on exploration and evaluation asset acquisition	1,140,516	1,140,516
	$ 5,614,703	$ 5,614,703

(d) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's bank accounts earn interest income at variable rates. The Company's future interest income is exposed to changes in short-term rates. An increase or decrease in the annual interest rate of 1% would result in a corresponding increase or decrease of annual interest income by $910,976.

(e) Fair value of financial instruments

The fair values of amounts receivable and accounts payable and accrued liabilities approximate their carrying values due to the short-term nature of these instruments. The fair value of the amounts payable on mineral property acquisitions approximates their carrying value as there was no material change to the discount rate used to calculate the fair value since initial recognition.

There are three levels of the fair value hierarchy that prioritize the inputs to valuation techniques used to measure fair value, with Level 1 inputs having the highest priority. The levels and the valuation techniques used to value financial assets and liabilities are described below:

(i) Level 1 – Quoted Prices in Active Markets for Identical Assets

Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Cash equivalents, including demand deposits and money market instruments, are valued using quoted market prices. Marketable equity securities are valued using quoted market prices in active markets, obtained from securities exchanges. Accordingly, these items are included in Level 1 of the fair value hierarchy.

(Expressed in U.S. Dollars, unless otherwise noted)

(ii) Level 2 – Significant Other Observable Inputs

Quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

(iii) Level 3 – Significant Unobservable Inputs

Unobservable (supported by little or no market activity) prices.

The following table illustrates the classification of the Company's financial instruments recorded at fair value within the fair value hierarchy as at March 31, 2011.

	Financial assets at fair value				
	Level 1	Level 2	Level 3	March 31, 2011	December 31, 2010
Cash and cash equivalents	$ 91,097,591	$ -	$ -	$ 91,097,591	$ 98,877,647
Held for trading	91,097,591	-	-	91,097,591	98,877,647
Trade receivables	151,549	-	-	151,549	154,805
Financial assets	151,549	-	-	151,549	154,805
Total financial asset at fair value	$ 91,249,140	$ -	$ -	$ 91,249,140	$ 99,032,452

	Financial liabilities at fair value				
	Level 1	Level 2	Level 3	March 31, 2011	December 31, 2010
Trade and other payables	$ 4,474,187	$ -	$ -	$ 4,474,187	$ 6,351,570
Amounts payable on exploration and evaluation asset acquisition	-	1,140,516	-	1,140,516	1,112,992
Total financial liabilities at fair value	$ 4,474,187	$ 1,140,516	$ -	$ 5,614,703	$ 7,464,562

13. Subsequent events

In April 2011, the Company announced various management and board changes that were effective in March and April 2011. Various commitments have been recorded as a result of these changes in management. As at March 31, 2011, the Company accrued $232,223 as termination payments. As of April 2011, the Company has committed $1,649,593 as termination payments. These termination payments will be paid over a period of one to six months commencing in April 2011.

On May 3, 2011, the Company announced its decision to cancel the listing of its shares on AIM with an effective date of June 3, 2011. The Company's shares will continue to trade on the TSX.

14. First time adoption of IFRS

The Company adopted IFRS on January 1, 2011 with a transition date of January 1, 2010. IFRS 1, "First-time adoption of International Financial Reporting Standards", provides guidance for the initial adoption of IFRS. IFRS 1 requires retrospective application of the standards in the transition statement of financial position, with all adjustments to assets and liabilities taken to deficit unless certain mandatory and optional exemptions are applied.

The Company has applied the following exemptions to its opening statement of financial position:

(a) Business combinations

The Company has elected to not apply IFRS 3 to business combinations that occurred before the date of transition to IFRS, which is an election permitted on first-time adoption of IFRS. IFRS 3 is applicable for business combinations occurring on or after January 1, 2010.

(b) Cumulative foreign currency translation differences

As permitted by the IFRS 1 election for cumulative foreign currency translation differences, the Company has deemed cumulative foreign currency translation differences for foreign operations to be zero at the date of transition. Any gains and losses on subsequent disposal of foreign operations will not be impacted by translation differences that arose prior to the date of transition.

(c) Share-based payments

Under IFRS 1, a first time adopter can elect not to apply IFRS 2, "Share-based Payment," to share-based payments granted after November 7, 2001, that vested the later of (a) the date of the transition and (b) January 1, 2005. The Company has elected to apply this exemption and to apply IFRS 2 only to awards unvested at the January 1, 2010, date of transition. IFRS has not been applied to awards that vested prior to January 1, 2010.

(d) Compound financial instruments

The Company has elected to apply the exemption related to compound financial instruments where the liability component is no longer outstanding at the date of transition to IFRS. IAS 32, "Financial Instruments: Presentation," requires an entity to split a compound financial instrument at inception into its separate liability and equity components. If the liability component is no longer outstanding at the IFRS transition date, a first-time adopter need not separate the impact of compound financial instruments between the respective components of equity.

(e) Site restoration provision

IFRS 1 allows first time adopters to not fully comply with the requirements of IFRIC 1, "Changes in Existing Decommission, Restoration and Similar Liabilities," for such liabilities outstanding at the IFRS transition date and instead apply a simplified method as set out in IFRS 1. The Company has elected to apply this exemption related to site restoration provisions. IFRIC 1 dealing with changes in site restoration provisions will be applied on a prospective basis from the date of transition.

(f) Leases

The Company has elected to apply the IFRS exemption with respect to leases. This election allows the Company to apply the transitional provisions of IFRIC Interpretation 4, "Determining Whether an Arrangement Contains a Lease," to determine whether an arrangement existing at the date of transition to IFRS contains a lease on the basis of facts and circumstances existing at that date.

(g) Borrowing costs

Borrowing costs related to the acquisition, construction or production of qualifying assets must be capitalized under IAS 23, "Borrowing Costs." In accordance with IFRS 1, the Company has elected to prospectively apply IAS 23 effective January 1, 2010.

(h) Estimates

IFRS 1 requires that an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under the entity's previous GAAP, unless there is objective evidence that those estimates were in error. The Company's IFRS estimates as of January 1, 2010 are consistent with its Canadian GAAP estimates for the same date.

IFRS employs a conceptual framework that is similar to Canadian GAAP; however, significant differences exist in certain areas of recognition, measurement and disclosure. While the adoption of IFRS has not changed the actual cash flows of the Company, the adoption has resulted in changes to the Company's reported financial position and results of operations. In order to allow financial statement users to better understand these changes, the Company's Canadian GAAP opening statement of financial position at January 1, 2010, and interim statements of financial position at March 31, 2010 and December 31, 2010, and statements of comprehensive loss, and cash flows for the three months ended March 31, 2010, and the year ended December 31, 2010, have been reconciled to IFRS and presented below, along with explanations of the resulting differences.

(Expressed in U.S. Dollars, unless otherwise noted)

The Company's Canadian GAAP statement of financial position as at January 1, 2010, has been reconciled to IFRS as follows:

		January 1, 2010				
	Note	Canadian GAAP	Effect of IFRS adjustment	Change in presentation currency (ii)	Effect of functional currency adjustment (i)	IFRS
		CDN$	CDN$	US$	US$	US$
ASSETS						
Current assets:						
Cash and cash equivalents		$ 81,583,304	$ -	$ (3,632,507)	$ -	$ 77,950,797
Trade and other receivables		585,340	-	(26,063)	-	559,277
		82,168,644	-	(3,658,570)	-	78,510,074
Property, plant and equipment		1,033,517	-	(46,017)	(139,708)	847,792
Exploration and evaluation assets		18,590,951	-	(827,764)	(2,453,984)	15,309,203
		$ 101,793,112	$ -	$ (4,532,351)	$ (2,593,692)	$ 94,667,069
LIABILITIES AND SHAREHOLDERS' EQUITY						
Current liabilities:						
Trade and other payables		$ 2,764,557	$ -	$ (103,092)	$ -	$ 2,661,465
Amounts payable on exploration and evaluation asset acquisition		568,346	-	(17,483)	-	550,863
Site restoration provision	(vi)	713,666	(91,103)	(27,720)	(58)	594,785
Warrant liabilities	(iv) (v)	-	32,382,464	(1,412,450)	-	30,970,014
		4,046,569	32,291,361	(1,560,745)	(58)	34,777,127
Amounts payable on exploration and evaluation asset acquisition		445,640	-	(14,784)	-	430,856
Site restoration provision	(vi)	629,189	(42,096)	(26,140)	(55)	560,898
		5,121,398	32,249,265	(1,601,669)	(113)	35,768,881
Shareholders' equity:						
Share capital	(iii)	207,735,611	(9,159,992)	(28,695,413)	-	169,880,206
Equity reserves	(iii) (iv) (v)	26,158,592	(11,965,110)	(2,234,446)	-	11,959,036
Deficit		(137,222,489)	(11,124,163)	27,496,358	(2,090,760)	(122,941,054)
Cumulative translation adjustment	(ii)	-	-	502,819	(502,819)	-
Equity attributable to equity holders of the Company		96,671,714	(32,249,265)	(2,930,682)	(2,593,579)	58,898,188
		$ 101,793,112	$ -	$ (4,532,351)	$ (2,593,692)	$ 94,667,069

(Expressed in U.S. Dollars, unless otherwise noted)

The Company's Canadian GAAP condensed statement of financial position as at March 31, 2010, has been reconciled to IFRS as follows:

		March 31, 2010				
	Note	Canadian GAAP	Effect of IFRS adjustment	Change in presentation currency (ii)	Effect of functional currency adjustment (i)	IFRS
		CDN$	CDN$	US$	US$	US$
ASSETS						
Current assets:						
Cash and cash equivalents		$ 122,673,496	$ -	$(1,886,744)	$ -	$ 120,786,752
Trade and other receivables		647,684	-	(11,026)	-	636,658
		123,321,180	-	(1,897,770)	-	121,423,410
Property, plant and equipment		998,874	-	(15,343)	(159,401)	824,130
Exploration and evaluation assets	(vii)	18,824,061	-	(289,145)	(3,025,699)	15,509,217
		$ 143,144,115	$ -	$(2,202,258)	$(3,185,100)	$ 137,756,757
LIABILITIES AND SHAREHOLDERS' EQUITY						
Current liabilities:						
Trade and other payables		$ 2,923,864	$ -	$ (32,261)	$ -	$ 2,891,603
Amounts payable on exploration and evaluation asset acquisition		604,716	-	(9,909)	-	594,807
Site restoration provision	(vi)	754,553	(173,939)	(8,918)	24,910	596,606
Warrant liabilities	(iv) (v)	-	12,429,538	(210,761)	-	12,218,777
		4,283,133	12,255,600	(261,849)	24,910	16,301,793
Amounts payable on exploration and evaluation asset acquisition		474,158	-	(7,336)	-	466,822
Site restoration provision	(vi)	464,752	(100,142)	(5,601)	42,031	401,040
		5,222,043	12,155,458	(274,786)	66,941	17,169,655
Shareholders' equity:						
Share capital	(iii)	265,840,612	(374,944)	(31,321,607)	-	234,144,061
Equity reserves	(iii) (iv) (v)	15,183,554	(812,032)	(2,215,101)	-	12,156,421
Deficit		(143,102,094)	(10,968,481)	27,762,157	595,039	(125,713,380)
Cumulative translation adjustment	(ii)	-	-	3,847,080	(3,847,080)	-
Equity attributable to equity holders of the Company		137,922,072	(12,155,458)	(1,927,471)	(3,252,041)	120,587,102
		$ 143,144,115	$ -	$(2,202,257)	$(3,185,100)	$ 137,756,757

(Expressed in U.S. Dollars, unless otherwise noted)

The Company's Canadian GAAP condensed statement of comprehensive loss for the three months ended March 31, 2010, has been reconciled to IFRS as follows:

	Note	Canadian GAAP	Effect of IFRS adjustment	Change in presentation currency (ii)	Effect of functional currency adjustment (i)	IFRS
Three months ended March 31, 2010						
		CDN$	CDN$	US$		US$
Exploration expenditures:						
Feasibility studies		$ 1,145,360	$ -	$ (77,124)	$ -	$ 1,068,236
Other exploration expenditures	(vi)	2,203,029	(125,957)	(102,282)	-	1,974,790
		3,348,389	(125,957)	(179,406)		3,043,026
General and administrative expenses:						
Audit, legal and other professional fees		142,501	-	(3,454)	-	139,047
Depreciation		74,560	-	(2,868)	(8,937)	62,755
Investor relations		26,718	-	(1,019)	-	25,699
Management and consulting fees		479,373	-	(15,795)	-	463,578
Office facilities and administration		99,578	-	(3,806)	-	95,772
Salaries and benefits		647,318	-	(20,646)	-	626,672
Share-based compensation	(iii)	1,039,059	76,089	(42,959)	-	1,072,189
Transfer agent, listing and filing fees		68,789	-	(2,081)	-	66,708
Travel		103,023	-	(3,621)	-	99,402
		2,680,919	76,089	(96,249)	(8,937)	2,651,822
Loss from operating activities		6,029,308	(49,868)	(275,655)	(8,937)	5,694,848
Other items:						
Interest income		(267,739)	-	10,318	-	(257,421)
Finance costs	(vi)	-	35,124	(1,351)	(28)	33,745
Fair value change on warrant liabilities	(iv) (v)	-	(140,937)	5,429	-	(135,508)
Foreign exchange loss (gain)		118,036	-	(4,540)	(2,676,834)	(2,563,338)
		(149,703)	(105,813)	9,856	(2,676,862)	(2,922,522)
Loss and comprehensive loss for the period attributable to shareholders of the Company		$ 5,879,605	$ (155,681)	$ (265,799)	$(2,685,799)	$ 2,772,326
Basic and diluted loss per common share		$ 0.07				$ 0.03
Weighted-average number of common shares outstanding		82,524,806				82,524,806

(Expressed in U.S. Dollars, unless otherwise noted)

The Company's Canadian GAAP condensed consolidated statements of cash flows for the three months ended March 31, 2010, has been reconciled to IFRS as follows:

		Three months ended March 31, 2010				
	Note	Canadian GAAP	Effect of IFRS adjustment	Change in presentation currency (ii)	Effect of functional currency adjustment (i)	IFRS
		CDN$	CDN$	US$	US$	US$
Operating activities:						
Loss for the period		$ (5,879,605)	$ 155,681	$ 2,951,598	$ -	$ (2,772,326)
Adjustment for non-cash items:						
Depreciation		74,560	-	(2,868)	(8,937)	62,755
Fair value change on warrant liabilities	(iv) (v)	-	(140,937)	5,429	-	(135,508)
Finance costs	(vi)	65,804	(30,680)	(1,351)	(28)	33,745
Share-based compensation	(iii)	1,039,059	76,089	(42,959)	-	1,072,189
Unrealized foreign exchange gain		46,673	-	426,848		473,521
Other non-cash income and expenses	(vi)	(200,308)	(60,153)	86,031	-	(174,430)
Change in non-cash working capital:						
Trade and other receivables		(62,344)	-	(15,037)	-	(77,381)
Trade and other payables		188,477	-	87,881	-	276,358
Cash (used in) generated from operating activities		(4,727,685)	-	3,495,572	(8,965)	(1,241,078)
Investing activities:						
Exploration and evaluation asset acquisition costs		(233,110)	-	3,581	29,515	(200,014)
Purchase of property, plant and equipment		(39,917)	-	613	211	(39,093)
Net cash flows used in investing activities		(273,027)	-	4,194	29,726	(239,107)
Financing activities:						
Proceeds from exercise of stock options		28,181	-	(433)	(676)	27,072
Proceeds from exercise of warrants		46,062,723	-	(707,541)	(1,066,114)	44,289,068
Net cash flow generated from financing activities		46,090,904	-	(707,974)	(1,066,791)	44,316,139
Increase (decrease) in cash and cash equivalents		41,090,192	-	2,791,792	(1,046,029)	42,835,955
Cash and cash equivalents, beginning of period		81,583,304	-	(2,791,792)	(840,715)	77,950,797
Cash and cash equivalents, end of period		$ 122,673,496	$ -	$ -	$ (1,886,744)	$ 120,786,752

(Expressed in U.S. Dollars, unless otherwise noted)

The Company's Canadian GAAP statement of financial position as at December 31, 2010, has been reconciled to IFRS as follows:

		December 31, 2010				
	Note	Canadian GAAP	Effect of IFRS adjustment	Change in presentation currency (ii)	Effect of functional currency adjustment (i)	IFRS
		CDN$	CDN$	US$	US$	US$
ASSETS						
Current assets:						
Cash and cash equivalents		$ 98,343,227	$ -	$ 534,420	$ -	$ 98,877,647
Trade and other receivables		773,073	-	5,879	-	778,952
		99,116,300	-	540,299	-	99,656,599
Property, plant and equipment		1,118,743	-	6,074	(184,460)	940,357
Exploration and evaluation assets		20,903,746	-	113,493	(3,519,809)	17,497,430
		$ 121,138,789	$ -	$ 659,866	$ (3,704,269)	$ 118,094,386
LIABILITIES AND SHAREHOLDERS' EQUITY						
Current liabilities:						
Trade and other payables		$ 6,308,617	$ -	$ 42,953	$ -	$ 6,351,570
Amounts payable on exploration and evaluation asset acquisition		1,099,339	-	13,653	-	1,112,992
Site restoration provision	(vi)	933,777	(257,911)	3,669	2,521	682,056
Warrant liabilities	(iv) (v)	-	6,990,593	35,638	-	7,026,231
		8,341,733	6,732,682	95,913	2,521	15,172,849
Site restoration provision	(vi)	229,446	(92,666)	743	69,249	206,772
		8,571,179	6,640,016	96,656	71,770	15,379,621
Shareholders' equity:						
Share capital	(iii)	266,686,662	(374,944)	(31,344,367)	-	234,967,351
Equity reserves	(iii) (iv) (v)	19,045,240	(226,293)	(2,373,749)	-	16,445,198
Deficit		(173,164,292)	(6,038,779)	28,375,452	2,129,835	(148,697,784)
Cumulative translation adjustment	(ii)	-	-	5,905,874	(5,905,874)	-
Equity attributable to equity holders of the Company		112,567,610	(6,640,016)	563,210	(3,776,039)	- 102,714,765
		$ 121,138,789	$ -	$ 659,866	$ (3,704,269)	$ 118,094,386

(Expressed in U.S. Dollars, unless otherwise noted)

The Company's Canadian GAAP statement of comprehensive loss for the year ended December 31, 2010, has been reconciled to IFRS as follows:

		Year Ended December 31, 2010				
	Note	Canadian GAAP	Effect of IFRS adjustment	Change in presentation currency (ii)	Effect of functional currency adjustment (i)	IFRS
		CDN$	CDN$	US$	US$	US$
Exploration expenditures:						
Feasibility studies		$ 10,138,124	$ -	$ (267,532)	$ -	$ 9,870,592
Other exploration expenditures	(vi)	16,125,388	(300,901)	(485,265)	-	15,339,222
		26,263,512	(300,901)	(752,797)	-	25,209,814
General and administrative expenses:						
Audit, legal and other professional fees		542,163	-	(12,863)	-	529,300
Depreciation		338,294	-	(9,833)	(42,112)	286,349
Investor relations		172,993	-	(4,923)	-	168,070
Management and consulting fees		2,092,182	-	(56,184)	-	2,035,998
Office facilities and administration		460,448	-	(12,600)	-	447,848
Salaries and benefits		2,014,443	-	(53,803)	-	1,960,640
Share-based compensation	(iii)	4,515,330	661,829	(147,066)	-	5,030,093
Transfer agent, listing and filing fees		181,761	-	(6,519)	-	175,242
Travel		607,965	-	(16,075)	-	591,890
		10,925,579	661,829	(319,866)	(42,112)	11,225,430
Loss from operating activities		37,189,091	360,928	(1,072,663)	(42,112)	36,435,244
Other items:						
Interest income		(1,164,205)	-	32,837	-	(1,131,368)
Finance costs	(vi)	-	115,726	(3,364)	2,135	114,497
Fair value change on warrant liabilities	(iv) (v)	-	(5,562,037)	161,681	-	(5,400,356)
Foreign exchange loss (gain)		(83,083)	-	2,415	(4,180,618)	(4,261,286)
		(1,247,288)	(5,446,311)	193,569	(4,178,483)	(10,678,513)
Loss and comprehensive loss for the period attributable to shareholders of the Company		$ 35,941,803	$ (5,085,383)	$ (879,094)	$ (4,220,595)	$ 25,756,731
Basic and diluted loss per common share		$ 0.43				$ 0.31
Weighted-average number of common shares outstanding		83,784,134				83,784,134

(Expressed in U.S. Dollars, unless otherwise noted)

The Company's Canadian GAAP consolidated statements of cash flows for the year ended December 31, 2010, has been reconciled to IFRS as follows:

	Note	Canadian GAAP	Effect of IFRS adjustment	Change in presentation currency (ii)	Effect of functional currency adjustment (i)	IFRS
		Year ended December 31, 2010				
		CDN$	CDN$	US$	US$	US$
Operating activities:						
Loss for the period		$ (35,941,803)	$ 5,085,383	$ 5,099,689	$ -	$ (25,756,731)
Adjustment for non-cash items:						
Depreciation		338,294	-	(9,833)	(42,112)	286,349
Fair value change on warrant liabilities	(iv) (v)	-	(5,562,037)	161,681	-	(5,400,356)
Finance costs	(vi)	233,684	(117,958)	(3,364)	2,135	114,497
Share-based compensation	(iii)	4,515,330	661,829	(147,058)	-	5,030,101
Unrealized foreign exchange (loss) gain		(168,569)	-	777,595	-	609,026
Other non-cash income and expenses	(vi)	(363,821)	(67,217)	8,737	-	(422,301)
Change in non-cash working capital:						-
Trade and other receivables		(187,733)	-	(31,942)	-	(219,675)
Trade and other payables		4,355,099	-	(750,544)	-	3,604,555
Cash (used in) generated from operating activities		(27,219,519)	-	5,104,962	(39,977)	(22,154,534)
Investing activities:						
Exploration and evaluation asset acquisition costs		(2,039,571)	-	(11,073)	858,993	(1,191,651)
Purchase of property, plant and equipment		(415,473)	-	(2,256)	38,815	(378,914)
Net cash flows used in investing activities		(2,455,044)	-	(13,329)	897,808	(1,570,565)
Financing activities:						
Proceeds from exercise of stock options		371,763	-	2,018	(10,900)	362,881
Proceeds from exercise of warrants		46,062,723	-	250,089	(2,023,744)	44,289,068
Net cash flow generated for financing activities		46,434,486	-	252,107	(2,034,645)	44,651,948
Increase (decrease) in cash and cash equivalents		16,759,923	-	5,343,740	(1,176,813)	20,926,850
Cash and cash equivalents, beginning of period		81,583,304	-	(5,343,740)	1,711,233	77,950,797
Cash and cash equivalents, end of period		$ 98,343,227	$ -	$ -	$ 534,420	$ 98,877,647

Explanatory notes to the IFRS reconciliations above

(i) Functional currency

Under Canadian GAAP – An entity is not explicitly required to assess the unit of measure (functional currency) in which it measures its own assets, liabilities, revenues and expenses. Under Canadian GAAP, an entity applies criteria to determine only whether a foreign subsidiary's operation is integrated or self-sustaining, in which case the temporal or current methods of translation respectively, are then applied to the subsidiary's financial statement balances and results of operations. Under Canadian GAAP, the Company prepared its financial statements in Canadian dollars and its Colombian branch and subsidiaries were determined to be integrated foreign operations.

Under IFRS - The functional currency of the reporting entity and each of its foreign operations must be assessed independently giving consideration to the primary economic environment in which each operates. IFRS provides guidance in respect of factors to be considered in determining an entity's functional currency that are similar to those noted in Canadian GAAP, however unlike Canadian GAAP, IFRS distinguishes between primary and secondary factors in making such an assessment. Based on the assessment under IFRS, management has determined that the functional currencies of Greystar Resources Ltd., its Colombian branch and subsidiaries are the U.S. dollar as this is the currency of the primary economic environment in which the Company operates. Accordingly, the change in functional currency has been reflected in reporting the Company's financial position and results of operations under IFRS.

(ii) Change in presentation currency

The Company previously presented its financial statements in Canadian dollars. Under IFRS, the Company's financial statements are presented in U.S. dollars, the same as its functional currency. The change in presentation currency results in a cumulative translation adjustment and under IFRS 1, the Company has elected to eliminate the cumulative translation adjustment on the IFRS transition date.

(iii) Share-based payments

Under Canadian GAAP - The fair value of stock-based awards with graded vesting are calculated as one grant and the resulting fair value is recognized on a straight-line basis over the vesting period. Forfeitures of awards are recognized as they occur.

Under IFRS - Each tranche of an award with different vesting dates is considered a separate grant for the calculation of fair value, and the resulting fair value is amortized over the estimated lives of the respective tranches. Forfeiture estimates are recognized in the period they are estimated, and are revised for actual forfeitures in subsequent periods.

(iv) Share purchase warrants

Under Canadian GAAP – The Company's share purchase warrants are measured at fair value at initial recognition using the Black-Scholes option pricing model, and recorded in equity reserve with no subsequent re-measurement.

Under IFRS – The exercise prices of the Company's share purchase warrants that are issued in connection with the issuance of equity are denominated in Canadian dollars, which is not the

Company's functional currency. As a result, the proceeds from the exercise of these warrants will vary. These warrants meet the definition of derivatives under IAS 32 and are therefore, classified as liabilities and measured at FVTPL at grant date and the end of each reporting period. The Company's share purchase warrants issued as compensation for mineral property acquisitions and agents' commissions for share issuances are accounted for under IFRS 2 and are classified as equity. The adoption of IFRS had no impact on these warrants.

(v) Compound financial instruments

Under Canadian GAAP – The Company raised equity by issuing units that consisted of common shares and share purchase warrants. The gross proceeds were allocated to common shares and warrants using the relative fair value method.

Under IFRS – IAS 32 requires an entity to split a compound financial instrument at inception into separate liability and equity components. For proceeds received from the issuance of compound equity instruments such as units comprised of common shares and warrants, the Company allocated the proceeds using the residual method whereby the proceeds allocated to the warrants is based on their Black-Scholes fair value with the remaining proceeds allocated to common shares.

(vi) Site restoration provision

Under Canadian GAAP – The Company uses the best estimate that a third party would charge for the remediation work to measure the reclamation and closure cost obligations. The Company uses the credit-adjusted pre-tax risk-free interest rate as a discount rate to measure the net present value of undiscounted estimated future cash flows.

Under IFRS – Under IAS 37, reclamation and closure cost obligations are measured based on management's best estimate of the expenditures required to settle the obligations as at the balance sheet date. In the case that management intends to perform the reclamation and closure activities internally at a lower cost than if they were performed externally, the lower costs are used to represent management's best estimate. In addition, the discount rate used to determine the present value of reclamation and closure cost obligations is the pre-tax rate that does not reflect risks for which future cash flow estimates have been adjusted.