Condensed Consolidated Interim Financial Statements
(Unaudited)
For the Three and Six Months Ended June 30, 2011 and 2010
(In U.S. Dollars, unless otherwise noted)

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FINANCIAL STATEMENTS

GREYSTAR RESOURCES LTD.

Condensed Consolidated Interim Statements of Financial Position (Unaudited)

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

	Note	June 30, 2011	December 31, 2010
			(note 13)
ASSETS			
Current assets:			
Cash and cash equivalents	9	$ 80,923,840	$ 98,877,647
Trade and other receivables		1,072,395	778,952
		81,996,235	99,656,599
Property, plant and equipment	3	878,319	940,357
Exploration and evaluation assets	4	18,098,508	17,497,430
		$ 100,973,062	$ 118,094,386
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Trade and other payables		$ 2,224,419	$ 6,351,570
Amounts payable on exploration and evaluation asset acquisition		1,203,618	1,112,992
Site restoration provision	6	725,881	682,056
Warrant liabilities	7	3,973,015	7,026,231
Current portion of equity tax liability	10	1,809,170	-
		9,936,103	15,172,849
Site restoration provision	6	106,742	206,772
Equity tax liability	10	3,722,807	-
		13,765,652	15,379,621
Shareholders' equity:			
Share capital	7	234,967,351	234,967,351
Equity reserves	7	18,653,861	16,445,198
Deficit		(166,413,802)	(148,697,784)
Equity attributable to equity holders of the Company		87,207,410	102,714,765
Nature of operations	1		
		$ 100,973,062	$ 118,094,386

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

Approved by the Board and authorized for issue on August 10, 2011.

"Anna Stylianides" Director *"Hubert R. Marleau"* Director

GREYSTAR RESOURCES LTD.

Condensed Consolidated Interim Statements of Comprehensive Loss (Unaudited)

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

	Note	Three months ended June 30, 2011	Three months ended June 30, 2010	Six months ended June 30, 2011	Six months ended June 30, 2010
Exploration expenditures:					
Feasibility studies	4	$ 257,967	$ 1,939,567	$ 1,310,316	$ 3,007,803
Other exploration expenditures	4	4,635,235	3,690,463	8,805,868	5,665,253
		4,893,202	5,630,030	10,116,184	8,673,056
General and administrative expenses:					
Audit, legal and other professional fees		191,048	123,137	478,642	262,184
Depreciation		59,554	69,143	140,469	131,898
Investor relations		81,969	25,284	174,835	50,983
Management and consulting fees	8	347,070	544,598	1,257,154	1,008,176
Office facilities and administration	8	174,666	107,025	347,396	202,797
Salaries and benefits		1,730,906	425,152	2,461,366	1,051,824
Share-based compensation	8	1,125,323	1,790,184	2,134,313	2,862,373
Transfer agent, listing and filing fees		74,583	56,992	138,531	123,700
Travel		93,138	132,873	328,760	232,275
		3,878,257	3,274,388	7,461,466	5,926,210
Loss from operating activities		8,771,459	8,904,418	17,577,650	14,599,266
Other items:					
Interest income		(315,528)	(277,210)	(604,267)	(534,631)
Finance costs	5	122,163	26,576	241,933	60,322
Equity tax	10	-	-	5,779,878	-
Fair value change on warrant liabilities	7	(375,840)	(3,572,388)	(3,237,819)	(3,707,896)
Foreign exchange (gain) loss		(89,693)	4,322,493	(2,041,357)	1,759,155
		(658,898)	499,471	138,368	(2,423,050)
Loss and comprehensive loss for the period attributable to shareholders of the Company		$ 8,112,561	$ 9,403,889	$ 17,716,018	$ 12,176,216
Basic and diluted loss per common share		$ 0.10	$ 0.11	$ 0.21	$ 0.15
Weighted-average number of common shares outstanding		84,222,987	84,159,434	84,222,987	83,346,635

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)

		Six months ended June 30,	
	Note	2011	2010
			(note 13)
Operating activities:			
Loss for the period		$ (17,716,018)	$ (12,176,216)
Adjustment for non-cash items:			
Depreciation		140,469	131,898
Fair value change on warrant liabilities	7	(3,237,819)	(3,707,896)
Non cash finance costs	5	241,933	60,322
Share-based compensation	7	2,134,313	2,862,373
Unrealized foreign exchange gain		678,717	803,787
Other non-cash income and expenses		(77,913)	(274,511)
Equity tax accrued	10	4,908,232	-
Change in non-cash working capital:			
Trade and other receivables		(293,443)	(442,859)
Trade and other payables		(4,127,119)	1,115,383
Cash (used in) generated from operating activities		(17,348,648)	(11,627,719)
Investing activities:			
Exploration and evaluation asset acquisition costs	4	(526,728)	(467,497)
Purchase of property, plant and equipment	3	(78,431)	(149,626)
Restricted cash		-	(600,698)
Net cash flows used in investing activities		(605,159)	(1,217,821)
Financing activities:			
Proceeds from exercise of stock options	7	-	321,697
Proceeds from exercise of warrants	7	-	44,289,067
Net cash flow generated from financing activities		-	44,610,764
(Decrease) increase in cash and cash equivalents		(17,953,807)	31,765,224
Cash and cash equivalents, beginning of period		98,877,647	77,950,797
Cash and cash equivalents, end of period	9	$ 80,923,840	$ 109,716,021

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 7)		Equity Reserves (note 7)			
	Number of Shares	Amount	Contributed Surplus	Warrants	Deficit	**Total**
Balance, January 1, 2010	72,360,764	$ 169,880,205	$ 10,031,116	$ 1,927,920	$ (122,941,053)	**$ 58,898,188**
Options exercised	142,672	800,041	(478,344)	-	-	**321,697**
Warrants exercised	11,700,261	64,108,899	-	(746,919)	-	**63,361,980**
Warrants expired	-	-	31,152	(31,152)	-	**-**
Warrants issued for land purchase	-	-	-	599,843	-	**599,843**
Share-based compensation	-	-	2,862,373	-	-	**2,862,373**
Net loss and comprehensive loss	-	-	-	-	(12,176,216)	**(12,176,216)**
Balance, June 30, 2010	84,203,697	234,789,145	12,446,297	1,749,692	(135,117,269)	**113,867,865**
Options exercised	19,290	178,206	(137,031)	-	-	**41,175**
Warrants issued	-	-	-	218,512	-	**218,512**
Share-based compensation	-	-	2,167,728	-	-	**2,167,728**
Net loss and comprehensive loss	-	-	-	-	(13,580,515)	**(13,580,515)**
Balance, December 31, 2010	84,222,987	234,967,351	14,476,994	1,968,204	(148,697,784)	**102,714,765**
Warrants issued	-	-	-	74,350	-	**74,350**
Share-based compensation	-	-	2,134,313	-	-	**2,134,313**
Net loss and comprehensive loss	-	-	-	-	(17,716,018)	**(17,716,018)**
Balance, June 30, 2011	84,222,987	$ 234,967,351	$ 16,611,307	$ 2,042,554	$ (166,413,802)	**$ 87,207,410**

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"). 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 June 30, 2011, the Company had working capital of $72,060,132, but had not yet achieved profitable operations and expects to incur further losses in the development of its business. For the six months ended June 30, 2011, the Company reported a comprehensive loss of $17,716,018 and as at June 30, 2011, had an accumulated deficit of $166,413,802. The ability of the Company to continue as a going concern in the long term 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. The Company's cash position is expected to be sufficient to carry out planned operations over the next 12 months and beyond.

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 August 10, 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.

This is the first year in which the Company's condensed consolidated interim financial statements are 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 this is the first year in which the Company's interim financial statements are 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 13.

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

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, the Company's interim financial statements as at and for the three months ended March 31, 2011, which include additional disclosures on the transition to IFRS and the IFRS disclosures included in Note 13.

3. 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	$ 1,704,186
Assets acquired	155,380	122,343	52,071	49,120	378,914
At December 31,2010	577,335	793,936	427,662	284,167	2,083,100
Assets acquired	-	23,708	42,330	12,393	78,431
At June 30, 2011	$ 577,335	$ 817,644	$ 469,992	$ 296,560	$ 2,161,531
Accumulated depreciation					
At January 1, 2010	(83,281)	(486,842)	(184,527)	(101,744)	(856,394)
Depreciation for the period	(25,368)	(72,703)	(134,486)	(53,792)	(286,349)
At December 31, 2010	(108,649)	(559,545)	(319,013)	(155,536)	(1,142,743)
Depreciation for the period	(15,376)	(47,614)	(48,192)	(29,287)	(140,469)
At June 30, 2011	$ (124,025)	$ (607,159)	$ (367,205)	$ (184,823)	$ (1,283,212)
Carrying amounts					
At January 1, 2010	$ 338,674	$ 184,751	$ 191,064	$ 133,303	$ 847,792
At December 31, 2010	$ 468,686	$ 234,391	$ 108,649	$ 128,631	$ 940,357
At June 30, 2011	$ 453,310	$ 210,486	$ 102,787	$ 111,737	$ 878,319

4. 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 June 30, 2011, the required annual fee payments related to the Company's mineral properties totaled approximately $671,390 (2010 - $623,639).

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

	Intangible Assets	Tangible Assets	Acquisition 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	301,078	300,000	601,078
Cost at June 30, 2011	$ 6,662,721	$ 11,435,787	$ 18,098,508

Additions to exploration and evaluation assets during the six months ended June 30, 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 and six months ended June 30, 2011 and 2010 are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2011	2010	2011	2010
Exploration expenditures:				
General and administrative costs (Angostura project in Colombia)	$ 2,239,181	$ 909,577	$ 4,345,483	$ 1,922,790
Assay and metallurgy	181,254	525,270	370,109	528,778
Consulting and geology	-	73,692	1,973	132,136
Drilling and field costs	1,843,510	1,729,215	3,494,655	2,783,947
Environmental	60,447	59,123	128,158	(170,434)
Civil works	179,523	21,345	207,194	45,953
Feasibility studies	257,967	1,939,567	1,310,316	3,007,803
Taxes and surface rights	131,320	372,241	258,296	422,083
	4,893,202	5,630,030	10,116,184	8,673,056
Cumulative exploration expenditures, beginning of period	120,340,816	92,951,046	115,117,834	89,908,020
Cumulative exploration expenditures, end of period	$125,234,018	$ 98,581,076	$125,234,018	$98,581,076

5. Finance costs

The finance costs for the Company are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2011	2010	2011	2010
Effective interest on amounts payable on exploration and evaluation asset acquisition	$ 2,059	$ 9,435	$ 9,770	$ 25,988
Unwinding of discount on site restoration provision	11,089	17,141	21,708	34,334
Unwinding of discount on equity tax payable	109,015	-	210,455	-
Total finance costs	$ 122,163	$ 26,576	$ 241,933	$ 60,322

6. Site restoration provision

As at June 30, 2011, the Company had a site restoration provision of $832,623 (2010 - $914,716) 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 June 30, 2011	January 1, 2010 to June 30, 2010
Beginning of period, current and long-term	$ 888,828	$ 1,155,683
Decrease in liability due to change in estimate		(162,478)
Remediation work performed	(37,289)	(12,753)
Accretion during the period	10,619	17,194
At March 31, 2011	862,158	997,646
Remediation work performed	(40,624)	(100,080)
Accretion during the period	11,089	17,141
End of period, current and long-term	832,623	914,707
Less current portion	725,881	592,011
	$ 106,742	$ 322,696

7. 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 June 30, 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 six months ended June 30, 2011 and the year ended December 31, 2010 were as follows:

	June 30, 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	1,100,000	3.25	3,095,750	4.41
Options exercised	-	-	(323,636)	3.94
Options forfeited	(993,751)	4.74	(167,500)	3.74
Options expired	(373,400)	8.19	(1,080,344)	7.07
Balance outstanding, end of period	5,756,404	$4.62	6,023,555	$5.12

The following table summarizes information concerning outstanding and exercisable options at June 30, 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 vested contractual life	Weighted average exercise price
Cdn$		Years	Cdn$		Years	Cdn$
$0.85 - $3.00	12,100	2.44	$0.85	5,433	2.44	$0.85
$3.01 - $5.00	4,304,054	3.74	3.77	3,173,566	3.43	3.80
$5.01 - $7.00	1,068,250	2.23	6.21	994,916	2.21	6.21
$9.01 - $11.00	372,000	0.26	10.30	372,000	0.26	10.30
	5,756,404	3.24	$4.62	4,545,915	2.90	$4.86

(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 vested 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	$5.12	3,090,362	2.38	$5.89

(d) Share purchase warrants:

The following is a summary of number of warrants outstanding for the six months ended June 30, 2011 and the year ended December 31, 2010:

	Six months ended June 30, 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 six months ended June 30, 2011 and the year ended December 31, 2010:

		Six months ended June 30, 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		(3,237,819)		(5,400,356)
Foreign exchange on warrant liabilities		184,603		529,485
Balance outstanding, end of period	$	6,015,569	$	8,994,435
Classified as:				
Warrant liabilities	$	3,973,015	$	7,026,231
Equity reserves		2,042,554		1,968,204
	$	6,015,569	$	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:

	June 30, 2011	June 30, 2010
Risk-free interest rate	1.69%	2.42%
Expected life	2 - 4 years	2 - 4 years
Annualized volatility	97.8%	80.1%
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 June 30, 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 29, 2013	300,000	$2.30
June 29, 2013	100,000	$4.89
June 29, 2013	30,000	$2.05
November 13, 2013	160,000	$6.22
November 27, 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 29, 2013	300,000	$2.30
June 29, 2013	100,000	$4.89
June 29, 2013	30,000	$2.05
November 13, 2013	160,000	$6.22
November 27, 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:

	June 30, 2011	June 30, 2010
Risk-free interest rate	1.57%	2.21%
Expected life	5 years	3.21 years
Annualized volatility	82.5%	74.7%
Expected dividends	Nil	Nil
Grant date fair value	Cdn$3.19	Cdn$5.52

8. 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 consisted of companies owned by former executive officers and former 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 June 30,		Six months ended June 30,	
	2011	2010	2011	2010
Consulting fees	$ -	$ 50,092	$ -	$ 104,999
General and administrative expenses	29,342	28,437	58,315	56,550
Management fees	43,750	44,469	87,500	257,959
	$ 73,092	$ 122,998	$ 145,815	$ 419,508

(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 and six months ended June 30, 2011 and 2010 were as follows:

		Three months ended June 30,		Six months ended June 30,	
	Note	2011	2010	2011	2010
Salaries and directors' fees	(i)	$ 1,784,377	$ 341,521	$ 2,478,278	$ 732,818
Share-based payments	(ii)	1,249,750	2,265,413	2,059,701	5,150,150
		$ 3,034,127	$ 2,606,934	$ 4,537,979	$ 5,882,968

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

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

9. Supplementary cash flow information

	Three months ended June 30, 2011	Three months ended June 30, 2010	Six months ended June 30, 2011	Six months ended June 30, 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	-	350,459	-	478,344
Fair value of warrants transferred to share capital on exercise of warrants	-	-	-	19,819,831

Cash and cash equivalents are comprised of:

	June 30, 2011	December 31, 2010
Cash	$ 2,170,182	$ 1,468,464
Bank short-term deposits	78,753,658	97,409,183
	$ 80,923,840	$ 98,877,647

10. Equity tax liability

In December 2010, the Colombian government passed a law that imposes an equity tax levied on the January 1, 2011 net equity of the Company's Colombian operations. The rate applicable to the Company's Colombian operations is 6% resulting in total equity tax of $6,647,624. The equity tax is to be paid over the four-year period 2011 through 2014 in eight semi-annual installments in May and September each year.

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

Under the Colombian tax legislation, the full amount of the equity tax is required to be accrued as of January 1, 2011. Therefore the net present value of the liability totaling $5,779,878 has been recognized in the consolidated statement of comprehensive loss effective January 1, 2011. The amount recognized was determined by discounting the eight future equity tax payments at a rate of 7%. Accretion on the liability for the three and six months ended June 30, 2011 of $109,015 and $210,455, respectively are recorded in finance costs. In addition, the Company recognized foreign exchange loss on the liability of $311,850 and $413,290 for the three and six months ended June 30, 2011, respectively.

The summary of the equity tax changes during the six months ended June 30, 2011, is as follows:

As at December 31, 2010	$ -
Amount expensed during the period	5,779,878
Accretion of discount	210,455
Exchange difference	413,290
Amount paid during the period	(871,646)
As at June 30, 2011	5,531,977
Current portion of equity tax liability	1,809,170
Long term portion of equity tax liability	3,722,807
	$ 5,531,977

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
Three months ended June 30,2011:			
Loss for the period	$ (2,630,891)	$ (5,481,670)	$ (8,112,561)
Interest Income	292,764	22,764	315,528
Total assets	86,824,068	14,148,994	100,973,062
Three months ended June 30,2010:			
Loss for the period	$ (5,294,282)	$ (4,109,607)	$ (9,403,889)
Interest Income	258,585	18,625	277,210
Total assets	112,364,175	15,596,900	127,961,075
Six months ended June 30,2011:			
Loss for the period	$ (1,267,599)	$(16,448,419)	$ (17,716,018)
Interest Income	571,191	33,076	604,267
Total assets	86,824,068	14,148,994	100,973,062
Six months ended June 30,2010:			
Loss for the period	$ (5,383,605)	$ (6,792,611)	$ (12,176,216)
Interest Income	513,786	20,845	534,631
Total assets	112,364,175	15,596,900	127,961,075

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 in addition to U.S. dollars. 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:

	June 30, 2011		December 31, 2010	
	US$	Colombian Peso	US$	Colombian Peso
Cash and cash equivalents	$ 798,734	1,421,874,690	$ 94,032	179,975,804
Trade and other receivables	870,648	1,549,892,320	529,412	1,013,284,852
Trade and other payables	1,932,672	3,440,464,619	2,421,976	4,635,613,156
Equity tax liability	5,531,977	9,847,804,200	-	-
Amounts payable on exploration and evaluation asset acquisition	1,203,618	2,142,632,624	1,112,992	2,130,244,450
	$ 10,337,649	18,402,668,453	$ 4,158,412	7,959,118,262

As at June 30, 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 $1,033,765.

The Company's exposure to the Colombia peso on quarterly exploration expenditures throughout the six months ended June 30, 2011 was $9.6 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 $1.0 million.

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

	June 30, 2011		December 31, 2010	
	US$	CDN$	US$	CDN$
Cash and cash equivalents	$ 80,118,836	$ 77,258,594	$ 97,022,814	$ 96,498,890
Trade and other receivables	201,747	194,545	249,539	248,192
Trade and other payables	291,747	281,332	3,929,595	3,791,313
	$ 80,612,330	$ 77,734,471	$ 101,201,948	$ 100,538,395

As at June 30, 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 interim statement of comprehensive loss by approximately $8.1 million.

The Company's exposure to the Canadian dollar on quarterly exploration expenditures throughout the six months ended June 30, 2011 was $622,922. A 10% depreciation or appreciation of the U.S. dollar against the Canadian dollar would affect the consolidated interim statement of comprehensive loss by approximately $62,292.

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

(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 June 30, 2011, the Company's liabilities have contractual maturities as summarized below:

	Total	Less than 1 year	1 - 3 years	After 3 years
Accounts payable and accrued liabilities	$ 2,224,419	$ 2,224,419	$ -	$ -
Accounts payable on mineral properties	1,203,618	1,203,618	-	-
Equity tax liability	5,531,977	1,809,170	3,722,807	
	$ 8,960,014	$ 5,237,207	$ 3,722,807	$ -

(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 $809,238.

(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.

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

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.

(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 June 30, 2011.

	Financial assets at fair value			
	Level 1	Level 2	Level 3	June 30, 2011
Cash and cash equivalents	$ 80,923,840	$ -	$ -	$ 80,923,840
Held for trading	80,923,840	-	-	80,923,840
Trade receivables	127,718	-	-	127,718
Financial assets	127,718	-	-	127,718
Total financial assets at fair value	$ 81,051,558	$ -	$ -	$ 81,051,558

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

	Financial liabilities at fair value			
	Level 1	Level 2	Level 3	June 30, 2011
Trade and other payables	$ 2,224,419	$ -	$ -	$ 2,224,419
Amounts payable on exploration and evaluation asset acquisition	-	1,203,618	-	1,203,618
Equity tax payable	-	5,531,977	-	5,531,977
Total financial liabilities at fair value	$ 2,224,419	$ 6,735,595	$ -	$ 8,960,014

13. First time adoption of IFRS

The Company adopted IFRS on January 1, 2011 with a transition date of January 1, 2010 and details of IFRS 1, “First time adoption of International Financial Reporting Standards,” applicable to the Company are provided in the Company’s condensed consolidated interim financial statements for the three months ended March 31, 2011.

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 interim statements of financial position at June 30, 2010, and statements of comprehensive loss, and cash flows for the three and six months ended June 30, 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 condensed statement of financial position as at June 30, 2010, has been reconciled to IFRS as follows:

		June 30, 2010				
	Note	Canadian GAAP	Effect of IFRS adjustment	Change in presentation currency (vii)	Effect of functional currency adjustment (i)	IFRS
		CDN$	CDN$	US$	US$	US$
ASSETS						
Current assets:						
Cash and cash equivalents		$ 116,367,503	$ -	$ (6,651,482)	$ -	$ 109,716,021
Restricted cash		637,100	-	(36,402)	-	600,698
Trade and other receivables		1,063,016	-	(60,880)	-	1,002,136
		118,067,619	-	(6,748,764)	-	111,318,855
Property, plant and equipment		1,048,795	-	(59,925)	(123,350)	865,520
Exploration and evaluation assets	(vi)	19,125,542	-	(1,092,785)	(2,256,057)	15,776,700
		$ 138,241,956	$ -	$ (7,901,474)	$ (2,379,407)	$ 127,961,075
LIABILITIES AND SHAREHOLDERS' EQUITY						
Current liabilities:						
Trade and other payables		$ 4,117,997	$ -	$ (255,600)	$ -	$ 3,862,397
Amounts payable on exploration and evaluation				-		
asset acquisition	(vi)	1,127,574	-	(30,380)	-	1,097,194
Site restoration provision	(v)	815,402	(184,600)	(36,043)	(2,748)	592,011
Warrant liabilities	(iii)	-	8,716,969	(498,066)	-	8,218,903
		6,060,973	8,532,369	(820,089)	(2,748)	13,770,505
Amounts payable on exploration and evaluation asset acquisition		-	-	-	-	-
Site restoration provision	(v)	390,920	(107,614)	(16,185)	55,584	322,705
		6,451,893	8,424,755	(836,274)	52,836	14,093,210
Shareholders' equity:						
Share capital		266,504,545	(374,944)	(31,340,456)	-	234,789,145
Warrants	(iii)	4,013,807	(2,143,515)	(120,600)	-	1,749,692
Equity reserve		13,307,849	1,238,035	(2,099,587)	-	12,446,297
Deficit		(152,036,138)	(7,144,331)	27,782,701	(3,719,501)	(135,117,269)
Cumulative translation adjustment		-	-	(1,287,258)	1,287,258	-
Equity attributable to equity holders of the						-
Company		131,790,063	(8,424,755)	(7,065,200)	(2,432,243)	113,867,865
		$ 138,241,956	$ -	$ (7,901,474)	$ (2,379,407)	$ 127,961,075

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

The Company's Canadian GAAP condensed statement of comprehensive loss for the three months ended June 30, 2010, has been reconciled to IFRS as follows:

		Three months ended June 30, 2010				
	Note	Canadian GAAP	Effect of IFRS adjustment	Change in presentation currency (vii)	Effect of functional currency adjustment (i)	IFRS
		CDN$	CDN$	US$	US$	US$
Exploration expenditures:						
Feasibility and pre-feasibility studies		$ 1,965,501	$ -	$ (25,934)	$ -	$ 1,939,567
Other exploration expenditures	(v)	3,864,973	(96,609)	(77,901)	-	3,690,463
		5,830,474	(96,609)	(103,835)	-	5,630,030
General and administrative expenses:						
Audit, legal and other professional fees		125,630	-	(2,493)	-	123,137
Depreciation		84,895	-	(2,778)	(12,974)	69,143
Investor relations		25,948	-	(664)	-	25,284
Management and consulting fees		558,433	-	(13,835)	-	544,598
Office facilities and administration		109,925	-	(2,900)	-	107,025
Salaries and benefits		435,755	-	(10,603)	-	425,152
Share-based compensation	(ii)	1,860,025	(20,421)	(49,420)	-	1,790,184
Transfer agent, listing and filing fees		58,838	-	(1,846)	-	56,992
Travel		136,514	-	(3,641)	-	132,873
		3,395,963	(20,421)	(88,180)	(12,974)	3,274,388
Loss from operating activities		9,226,437	(117,030)	(192,015)	(12,974)	8,904,418
Other items:						
Interest income		(284,896)	-	7,686	-	(277,210)
Finance costs	(v) (vi)	-	28,429	(931)	(922)	26,576
Fair value change on warrant liabilities	(iii)	-	(3,735,548)	163,160	-	(3,572,388)
Foreign exchange loss (gain)		(7,496)	-	1,552	4,328,437	4,322,493
		(292,392)	(3,707,119)	171,467	4,327,515	499,471
Loss and comprehensive loss for the period attributable to shareholders of the Company		$ 8,934,045	$ (3,824,149)	$ (20,548)	$ 4,314,541	$ 9,403,889
Basic and diluted loss per common share		$ 0.11				$ 0.11
Weighted-average number of common shares outstanding		84,159,434				84,159,434

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

The Company's Canadian GAAP condensed statement of comprehensive loss for the six months ended June 30, 2010, has been reconciled to IFRS as follows:

		Six months ended June 30, 2010				
	Note	Canadian GAAP	Effect of IFRS adjustment	Change in presentation currency (vii)	Effect of functional currency adjustment (i)	IFRS
		CDN$	CDN$	US$	US$	US$
Exploration expenditures:						
Feasibility and pre-feasibility studies		$ 3,110,861	$ -	$ (103,058)	$ -	$ 3,007,803
Other exploration expenditures	(v)	6,068,002	(222,566)	(180,183)	-	5,665,253
		9,178,863	(222,566)	(283,241)	-	8,673,056
General and administrative expenses:						
Audit, legal and other professional fees		268,131	-	(5,947)	-	262,184
Depreciation		159,455	-	(5,218)	(22,339)	131,898
Investor relations		52,666	-	(1,683)	-	50,983
Management and consulting fees		1,037,806	-	(29,630)	-	1,008,176
Office facilities and administration		209,503	-	(6,706)	-	202,797
Salaries and benefits		1,083,073	-	(31,249)	-	1,051,824
Share-based compensation	(ii)	2,899,084	55,668	(92,379)	-	2,862,373
Transfer agent, listing and filing fees		127,627	-	(3,927)	-	123,700
Travel		239,537	-	(7,262)	-	232,275
		6,076,882	55,668	(184,001)	(22,339)	5,926,210
				-		
Loss from operating activities		15,255,745	(166,898)	(467,242)	(22,339)	14,599,266
Other items:						
Interest income		(552,635)	-	18,004	-	(534,631)
Finance costs	(v) (vi)	-	63,553	(2,080)	(1,151)	60,322
Fair value change on warrant liabilities	(iii)	-	(3,876,486)	168,590	-	(3,707,896)
Foreign exchange loss (gain)		110,540	-	(3,617)	1,652,232	1,759,155
		(442,095)	(3,812,933)	180,897	1,651,081	(2,423,050)
Loss and comprehensive loss for the period attributable to shareholders of the Company		$ 14,813,650	$ (3,979,831)	$ (286,345)	$ 1,628,742	$ 12,176,216
Basic and diluted loss per common share		$ 0.18				$ 0.15
Weighted-average number of common shares outstanding		83,346,635				83,346,635

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

The Company's Canadian GAAP condensed consolidated statements of cash flows for the six months ended June 30, 2010, has been reconciled to IFRS as follows:

		Six months ended June 30, 2010				
	Note	Canadian GAAP	Effect of IFRS adjustment	Change in presentation currency (vii)	Effect of functional currency adjustment (i)	IFRS
		CDN$	CDN$	US$	US$	US$
Operating activities:						
Loss for the period		$ (14,813,650)	$ 3,936,704	$ (1,299,270)	$ -	$ (12,176,216)
Adjustment for non-cash items:						
Depreciation		159,455	-	(5,218)	(22,339)	131,898
Fair value change on warrant liabilities	(iii)	-	(3,833,358)	125,462	-	(3,707,896)
Finance costs	(v) (vi)	118,080	(54,527)	(2,079)	(1,152)	60,322
Share-based compensation	(ii)	2,899,084	55,668	(92,379)	-	2,862,373
Unrealized foreign exchange loss		162,210	-	641,577	-	803,787
Other non-cash income and expenses	(v)	(303,235)	-	28,724	-	(274,511)
Change in non-cash working capital:				-		
Trade and other receivables		(477,676)	-	34,817	-	(442,859)
Trade and other payables		1,995,041	-	(879,658)	-	1,115,383
Cash (used in) generated from operating activities		(10,260,691)	104,487	(1,448,024)	(23,491)	(11,627,719)
Investing activities:						
Exploration and evaluation asset acquisition costs		(534,591)	-	17,494	49,600	(467,497)
Purchase of property, plant and equipment		(174,733)	-	5,718	19,389	(149,626)
Restricted cash		(637,100)	-	36,402	-	(600,698)
Net cash flows used in investing activities		(1,346,424)	-	59,614	68,989	(1,217,821)
Financing activities:						
Proceeds from exercise of stock options		328,591	-	(10,753)	3,859	321,697
Proceeds from exercise of warrants		46,062,723	-	(1,507,338)	(266,318)	44,289,067
Net cash flow generated fro financing activities		46,391,314	-	(1,518,091)	(262,459)	44,610,764
Increase (decrease) in cash and cash equivalents		34,784,199	104,487	(2,906,501)	(216,961)	31,765,224
Cash and cash equivalents, beginning of period		81,583,304	(104,487)	2,906,501	(6,434,521)	77,950,797
Cash and cash equivalents, end of period		$ 116,367,503	$ -	$ -	$ (6,651,482)	$ 109,716,021

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.