MILL BAY VENTURES INC.

CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended April 30, 2012 and 2011

(Presented in Canadian Dollars)

Index

I. Vellmer Inc.
Chartered Accountant*

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Independent Auditor's Report

To the shareholders of
Mill Bay Ventures Inc.

Report on the Consolidated Financial Statements
I have audited the accompanying consolidated financial statements of Mill Bay Ventures Inc., which comprise the consolidated statements of financial position as at April 30, 2012 and 2011 and May 1, 2010 and the consolidated statements of loss and comprehensive loss, the consolidated statement of changes in equity and the consolidated statements of cash flows for the for the years ended April 30, 2012 and 2011, and a summary of significant accounting policies and other explanatory information.

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

Auditor's Responsibility
My responsibility is to express an opinion on these consolidated financial statements based on my audits. I conducted my audits in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Emphasis of Matter
Without qualifying my opinion, I draw attention to Note 1 of the consolidated financial statements which indicates that the Company has incurred losses since inception and has not yet developed self-sustaining operations. These conditions, along with other matters as set for the in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Opinion
In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Mill Bay Ventures Inc. as at April 30, 2012 and 2011 and May 1, 2010, and its financial performance and cash flows for the years ended April 30, 2012 and 2011 in accordance with International Financial Reporting Standards.

August 28, 2012 *"I Vellmer Inc."*
Vancouver, Canada Chartered Accountant

MILL BAY VENTURES INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
April 30, 2012 and 2011 and May 1, 2010

As at	**Note**	**April 30, 2012**	**April 30, 2011** (note 13)	**May 1, 2010** (note 13)
ASSETS				
Current Assets				
Cash and cash equivalents		$ 424,828	$ 312,418	$ 85,348
Other receivables		4,877	99	-
Sales taxes recoverable		30,451	61,988	4,078
Mining tax credit receivable		45,864	6,039	4,043
Prepaid expense		7,688	18,840	8,274
		513,708	399,384	101,743
Non-Current Assets				
Reclamation bonds	**6**	22,800	11,000	11,000
Investments	**4**	35,602	115,502	82,652
Exploration and evaluation assets	**5**	1,531,707	1,244,663	1,263,461
Other property and equipment	**7**	1,369	1,954	711
		$ 2,105,186	**$ 1,772,503**	**$ 1,459,567**
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities		$ 32,247	$ 48,351	$ 37,577
Due to related parties	**9**	5,709	19,762	7,404
Site restoration obligations		15,000	13,000	-
		52,956	81,113	44,981
SHAREHOLDERS' EQUITY				
Share capital	**8**	12,207,999	11,437,431	10,441,080
Reserves for stock options		170,732	35,333	274,764
Reserves for share purchase warrants		172,083	88,783	14,853
Reserves for currency translation		(16,000)	(24,031)	(9,100)
Accumulated other comprehensive loss		(126,700)	(46,800)	(41,150)
Deficit		(10,355,884)	(9,799,326)	(9,265,861)
		2,052,230	1,691,390	1,414,586
		$ 2,105,186	**$ 1,772,503**	**$ 1,459,567**

Note 1 – Nature of Operations and Going Concern

These consolidated financial statements are authorized for issue by the Board of Directors on August 28, 2012. They are signed on the Company's behalf by:

" William Glasier " **Director** ***"William Kocken "*** **Director**

MILL BAY VENTURES INC.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
Years Ended April 30, 2012 and 2011

Year ended April 30,	Note	2012	2011 (Note 13)
OPTION REVENUE		$ -	$ 107,792
GENERAL AND ADMINISTRATIVE EXPENSES			
Depreciation		586	331
Accounting and audit fees		25,800	18,500
Consulting fees		27,500	13,000
General exploration expenditures		13,310	28,185
Investor relations and shareholder information		55,097	32,094
Legal fees		12,977	11,412
Listing and filing fees		6,376	10,762
Management fees		90,360	90,000
Mineral properties written down/off	5	73,840	570,735
Office and administrative services and supplies		89,218	82,917
Stock based compensation		139,000	-
Transfer agency fees		10,033	19,752
Travel and accommodation		11,713	20,030
		555,810	897,718
OPERATING LOSS		(555,810)	(789,926)
OTHER INCOME AND EXPENSES			
Gain (loss) on foreign exchange		(2,242)	54
Gain on sale of investments		-	15,445
Interest income		1,494	1,531
LOSS FOR THE YEAR		(556,558)	(772,896)
OTHER COMPREHENSIVE INCOME (LOSS)			
Unrealized loss on investment securities	4	(79,900)	(5,650)
Unrealized currency gain (loss)		8,031	(14,931)
TOTAL COMPREHENSIVE LOSS		$ (628,427)	$ (793,477)
LOSS PER SHARE (Basic and Diluted)		$ (0.03)	$ (0.08)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING (Basic and Diluted)		17,106,950	10,101,598

MILL BAY VENTURES INC.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Years Ended April 30, 2012 and 2011

	Note	Number of Common Shares	Share Capital	Reserves for Stock Options	Reserves for Share Purchase Warrants	Reserves for Currency Translation	Accumulated Other Comprehensive Loss	Deficit	Shareholders' Equity
Balance, May 1, 2010	13	6,605,025	$ 10,441,080	$ 274,764	$ 14,853	$ (9,100)	$ (41,150)	$ (9,265,861)	$ 1,414,586
Private placements	8	5,541,516	1,176,174	-	-	-	-	-	1,176,174
Rounding relating to share consolidation		(2)	-	-	-	-	-	-	-
Common shares issued for AC Claims	5, 8	50,000	14,750	-	-	-	-	-	14,750
Share issuance costs	8	-	(209,426)	-	88,783	-	-	-	(120,643)
Transfer upon expiration of options and warrants		-	14,853	(239,431)	(14,853)	-	-	239,431	-
Comprehensive income (loss)		-	-	-	-	(14,931)	(5,650)	(772,896)	(793,477)
Balance, April 30, 2011		**12,196,539**	**$ 11,437,431**	**$ 35,333**	**$ 88,783**	**$ (24,031)**	**$ (46,800)**	$ (9,799,326)	**$ 1,691,390**
Private placements	8	10,200,000	892,000	-	40,000	-	-	-	932,000
Common shares issued for AC Claims	5, 8	50,000	5,000	-	-	-	-	-	5,000
Share issuance costs	8	-	(126,432)	-	43,300	-	-	-	(83,132)
Transfer upon expiration of options and warrants		-	-	(3,601)	-	-	-	-	(3,601)
Stock based compensation	8	-	-	139,000	-	-	-	-	139,000
Comprehensive income (loss)		-	-	-	-	8,031	(79,900)	(556,558)	(628,427)
Balance, April 30, 2012		**22,446,539**	**$ 12,207,999**	**$ 170,732**	**$ 172,083**	**$ (16,000)**	**$ (126,700)**	**$(10,355,884)**	**$ 2,052,230**

MILL BAY VENTURES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended April 30, 2012 and 2011

	2012	2011
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Loss for the year	$ (556,558)	$ (772,896)
Items not involving cash in the year:		
Option revenue	-	(55,000)
Depreciation	586	331
Stock based compensation	139,000	-
Mineral property written down/off	73,840	570,735
Loss on sale of investments	-	(15,445)
	(343,132)	(272,275)
Changes in non-cash working capital items (Note 12)	(30,071)	(34,429)
	(373,203)	(306,704)
INVESTING ACTIVITIES		
Mineral property acquisition costs	(14,700)	(15,831)
Mineral property exploration costs, net	(341,284)	(532,304)
Acquisition of property, plant and equipment	-	(1,574)
Proceeds on sale of investment	-	31,945
Investment in reclamation bonds	(11,800)	-
	(367,784)	(517,764)
FINANCING ACTIVITY		
Shares issued for cash, net	848,868	1,055,531
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	4,829	(3,973)
INCREASE IN CASH AND CASH EQUIVALENTS IN YEAR	112,410	227,090
CASH AND CASH EQUIVALENTS, beginning year	312,418	85,348
CASH AND CASH EQUIVALENTS, end of year	$ 424,828	$ 312,418
SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION		
Foreign exchange gain (loss)	(2,242)	54
Income taxes	-	-
Interest expense	-	-
SUPPLEMENTARY DISCLOSURE OF NON-CASH INVESTING ACTIVITIES		
Mineral properties acquisition costs paid by the issuance of common shares	4,900	14,750

NOTE 1- NATURE OF OPERATIONS AND GOING CONCERN

Mill Bay Ventures Inc. (“Mill Bay”) was incorporated under the laws of the Province of British Columbia. The Company owns interests in mineral properties in the Provinces of British Columbia and the States of Nevada and Utah, U.S.A. The Company’s principal business is the exploration and development of its mineral property interests. The Company`s head office and principal place of business is Suite 900 – 570 Granville Street, Vancouver, British Columbia, Canada. The Company is a publicly listed company whose shares are listed on the Toronto Venture Exchange and the Frankfurt Stock Exchange.

Mill Bay is in the exploration stage of its mineral properties interests in Canada and United States of America. The Company has not yet determined whether its mineral properties contain ore reserves that are economically recoverable. The carrying value of the mineral properties interests represents the total of net costs capitalized, and is not intended to reflect either their present or future value.

The recoverability of amounts shown for mineral properties interests and related deferred costs is dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s legal interest in the mineral claims, the ability of the Company to obtain necessary financing to complete development, and future profitable production or proceeds from the disposition of its mineral properties interests. For those properties in which it has a joint venture interest, it is required to contribute its proportionate share of costs or accept dilution of its interest.

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and meet its obligations in the ordinary course of business. There are conditions that cast doubt on the validity of this assumption. As at April 30, 2012, the Company had a working capital of $460,752 (April 30, 2011 – $318,271) and an accumulated deficit of $10,355,884 (April 30, 2011 - $9,799,326). The Company will likely be required to raise new financing through the sale of shares to maintain operations. Although management intends to secure additional financing as may be required, there can be no assurance that management will be successful in its efforts to secure additional financing or that it will ever develop a self-supporting business. These factors together raise substantial doubt about the Company’s ability to continue as a going concern. These financial statements do not include any adjustments that might result from the outcome of this uncertainty.

NOTE 2 – BASIS OF PRESENTATION

i) Statement of compliance and conversion to International Financial Reporting Standards

These financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). These are the Company’s first annual financial statements presented in accordance with IFRS.

Previously, the Company prepared its consolidated financial statements in accordance with Canadian Generally Accepted Accounting Policies (“GAAP”). GAAP differs in some areas from IFRS. In preparing these consolidated financial statements, management has amended certain accounting and measurement methods previously applied in the GAAP consolidate financial statements to comply with IFRS. Note 13 contains reconciliations and descriptions of the effect of the transition from GAAP to IFRS on equity, operations and comprehensive loss along with line-by-line reconciliations of the statements of financial position as at Many 1, 2010, the date of transition to IFRS, and April 30, 2011 and the statements of operations and comprehensive loss and cash flows for the year ended April 30, 2011.

These consolidated financial statements have been authorized for issuance by the Company’s board of directors; the board of directors has the power to amend these consolidated financial statements after issuance, if applicable.

NOTE 2 – BASIS OF PRESENTATION (Continued)

ii) Basis of presentation

These consolidated financial statements are presented in Canadian Dollars and have been prepared on a historical cost basis except for financial instruments that have been measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These consolidate financial statements, including comparatives, have been prepared on the basis of IFRS standards that are published at the time of preparation and that were in effect at April 30, 2012, the Company's first IFRS annual reporting date.

The preparation of these consolidated financial statements resulted in changes to the accounting policies as compared with the previous year annual financial statements prepared under GAAP. The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements. They also have been applied in preparing an opening IFRS consolidated statement of financial position at May 1, 2010 for the purpose of the transition to IFRS, as required by IFRS 1, First Time Adoption of International Financial Reporting Standards (IFRS 1). The impact of the transition from GAAP to IFRS is explained in Note 13.

iii) Foreign currencies

The presentation currency of the Company is the Canadian dollar. The functional currency of the Company is the Canadian dollar and the functional currency of its wholly owned subsidiary Golden Reef Mining Corp. ("Golden Reef") is the US dollar. Assets and liabilities of Golden Reef are translated into the presentation currency using the exchange rate at period end, and income and expenses are translated using the rate that approximates the exchange rates at the dates of the transactions (ie. the average rate for the period). All resulting translation differences are reported as a separate component of shareholders' equity titled "Reserve for Currency Translation".

iv) Significant accounting judgments and estimates

The preparation of these consolidated financial statements requires management to make judgements and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these judgements and estimates. The consolidated financial statements include judgements and estimates which, by their nature, are uncertain. The impacts of such judgements and estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and may affect both current and future periods.

Significant assumptions about the future and other sources of judgements and estimates that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Critical judgements

- The analysis of the functional currency for each entity of the Company. In concluding that the Canadian dollar is the functional currency of the parent and the US dollar is the functional currency of the subsidiary, management considered the currency that mainly influences the costs of providing goods and services in each jurisdiction in which the Company operates.

NOTE 2 – BASIS OF PRESENTATION (CONTINUED)

iv) Significant accounting judgements and estimates (Continued)

Estimates

- the recoverability of amounts receivable and prepayments which are included in the consolidated statement of financial position;
- the carrying value of the marketable securities and the recoverability of the carrying value which are included in the consolidated statement of financial position;
- the estimated value of the exploration costs which is recorded in the consolidated statement of financial position;
- the provision for income taxes which is included in the consolidation statements of comprehensive loss and composition of deferred income tax assets and liabilities included in the consolidated statement of financial position;
- the inputs used in determining the net present value of the liability for asset retirement obligation included in the consolidated statement of financial position;
- the assessment of indications of impairment of each mineral property and related determination of the net realizable value and write-down of those properties;
- the amounts recorded for stock-based compensation are based on estimates. The Black Scholes model is based on estimates of assumptions for expected volatility yields and risk-free interest rates; and
- valuation of the common share and warrant components of units that the Company issued.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

i) Basis of consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary Golden Reef, a company incorporated in Nevada, USA. Inter-company balances and transactions, including unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

ii) Foreign currencies

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

iii) Financial instruments

Financial assets and financial liabilities are recognized on the statement of financial position when the Company becomes a party to the contractual provision of the financial instrument. The Company does not have any derivative financial instruments.

Financial assets

The Company classifies its financial assets into one of the following categories, at initial recognition depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

iii) Financial instruments (Continued)

Financial assets (continued)
Fair value through profit or loss - This category comprises derivatives, or financial assets acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statements of financial position at fair value with changes in fair value recognized in the income statement. The Company did not hold any fair value through profit or loss financial assets as at April 30, 2012 and 2011 and May 1, 2010.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. The Company has classified its cash and cash equivalents, other receivables and reclamation bonds as loans and receivables financial assets.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest rate method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the income statement. The Company did not hold any held-to-maturity investments as at April 30, 2012 and 2011 and May 1, 2010.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for- sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the income statement. The Company has classified its investments as available-for-sale investments.

Transaction costs - Transactions costs associated with Fair value through profit or loss financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Impairment - All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Effective interest method - The effective interest method calculates the amortized cost of a financial asset and allocates 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, to the net carrying amount on initial recognition. Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as fair value through profit or loss.

De-recognition of financial assets - A financial asset is derecognized when the contractual right to the asset's cash flows expires, or if the Company transfers the financial asset and substantially all risks and rewards of ownership to another entity.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

iii) Financial instruments (Continued)

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 Company are recorded at the proceeds received, net of direct issue costs.

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of operations. The Company did not hold any fair value through profit or loss financial liabilities as at April 30, 2012 and 2011 and May 1, 2011.

Other financial liabilities - This category includes promissory notes, amounts due to related parties, trade payables and other liabilities and site restoration obligations, all of which are recognized at amortized cost.

De-recognition of financial liabilities
The Company derecognizes financial liabilities when, and only when, the Company’s obligations are discharged, cancelled or they expire.

Share purchase warrants
The Company bi-furcates its $Cdn denominated units consisting of common shares and share purchase warrants using the residual value approach, whereby it measures the common share component of the unit at fair value using market prices as input values and then allocates the residual value of the units over the fair value of the common shares to the warrant component. The value of the warrant component is credited to warrants reserve. When warrants are exercised, forfeited or expire, the corresponding value is transferred from warrant reserve to common stock.

For the fiscal years of 2012 and 2011, all issued units were $Cdn denominated.

iv) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand, and short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash. The Company does not hold any cash equivalents as at April 30, 2012 and 2011 and May 1, 2010.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

v) Exploration and evaluation assets

The Company is in the exploration stage with respect to its investment in mineral properties and accordingly follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of mineral claims and crediting all proceeds received against the cost of the related claims. Such costs include, but are not exclusive to, geological, geophysical studies, exploratory drilling and sampling. At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable reserves. The aggregate costs related to abandoned mineral claims are charged to operations at the time of any abandonment, or when it has been determined that there is evidence of a permanent impairment. An impairment charge relating to a mineral property is subsequently reversed when new exploration results or actual or potential proceeds on sale or farmout of the property result in a revised estimate of the recoverable amount, but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

Incidental revenues and operating costs are included in mineral properties and development costs prior to commercial production. Accrued tax credits on eligible exploration expenditures are accounted for as deduction from mineral properties and development costs, on a property by property basis, and will be charged to operations on the same basis as the acquisition, exploration and development expenditures. The exploration tax credits are accrued in the year when the exploration expenditures are incurred and the tax credit is applied for, provided there is reasonable assurance that the tax credits will be realized.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to Mine Properties.

All capitalized exploration and evaluation expenditures are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that exploration expenditure is not expected to be recovered, it is charged to the results of operations

The amounts shown for exploration assets represent net costs incurred to the date of the financial statements and do not necessarily reflect present or future values.

v) Revenue recognition

The Company records revenue arising from the leasing or optioning of its mineral properties when it has a written contract with the lessee and reasonable assurance exists regarding measurement and collectability. The revenue is recognized as it accrues in accordance with the terms of the relevant agreement, and is first allocated against the carrying amount of exploration and evaluation assets retained, with any excess included in profit and loss.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

vi) Other property and equipment

Other property and equipment is recorded at cost on acquisition and amortized over its estimated useful lives as follows:

Office equipment - 30% declining balance

Other property and equipment is written down to net realizable value if it is determined that its carrying value exceeds the estimated future benefits to the Company. Mining and automotive equipment owned by the Company has been written down to a nominal value and accordingly is no longer subject to amortization.

viii) Impairment

At each financial position reporting date, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. 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. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

viii) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

ix) Share-based payment transactions

The share option plan allows Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as an employee or consultant expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value is measured at grant date, and each tranche is recognized on the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

x) Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized as equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affect neither accounting or taxable profit; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a future tax asset will be recovered, it provides a valuation allowance against that excess.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

xi) Provisions

Provisions are recognized where a legal or constructive obligation has been incurred as a result of past events; it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation; and a reliable estimate of the amount of the obligation can be made. If material, provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in any provision due to passage of time is recognized as accretion expense.

xii) Site restoration obligations

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value.

These costs are charged against profit or loss over the economic life of the related asset, through deprecation using either the unit-of-production or the straight-line method. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

xii) Site restoration obligations

The Company evaluated its site restoration obligations to be $15,000 as at April 30, 2012 (April 30, 2011 - $13,000; May 1, 2010 - $nil).

xiii) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. Dilutive loss per share is not presented in the period when the effect is anti-dilutive.

xiv) Comprehensive income (Loss)

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in net profit such as unrealized gains or losses on available-for-sale investments, gains or losses on certain derivative instruments and foreign currency gains or losses related to self-sustaining operations. The Company's comprehensive income (loss), components of other comprehensive income, and cumulative translation adjustments are presented in the consolidated statement of income (loss) and comprehensive income (loss) and the consolidated statement of changes in equity.

xv) New accounting standards and interpretations not yet adopted

Certain new standards, interpretations and amendments to existing standards have been issued by the International Accounting Standards Board ("IASB") or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods beginning after January 1, 2010, or later periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

The Company has not early adopted these standards, amendments and interpretations. However the Company is currently assessing what impact the application of these standards or amendments will have on the condensed consolidated financial statements of the Company.

New accounting standards effective July 1, 2011

Amendments to IFRS 7 Financial Instruments: Disclosures
In October 2010, the IASB issued amendments to IFRS 7 that improve the disclosure requirements in relation to transferred financial assets. The amendments are effective for annual periods beginning on or after July 1, 2011, with early adoption permitted. The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.

IAS 12 Income taxes
In December 2010, the IASB issued an amendment to IAS 12 that provides a practical solution to determining the recovery of investment properties as it relates to the accounting for deferred income taxes. This amendment is effective for annual periods beginning on or after July 1, 2011, with early adoption permitted. The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

xiv)New accounting standards and interpretations not yet adopted (Continued)

New accounting standards effective on or after January 1, 2013

IFRS 9 Financial instruments
IFRS 9 was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: Amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at the fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, others gains and losses (including impairments) associated with such instruments remain in accumulated other comprehensive income indefinitely

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, *Financial Instruments – Recognition and Measurement*, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

IFRS 10 Consolidated financial statements
IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 *Consolidation - Special Purpose Entities* and parts of IAS 27 *Consolidated and Separate Financial Statements.*

IFRS 11 joint arrangements
IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly Controlled Entities - Non-monetary Contributions by Venturers*.

IFRS 12 disclosure of interests in other entities
IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity’s interests in other entities.

IFRS 13 fair value measurement
IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

xvi) New accounting standards and interpretations not yet adopted (Continued)

New accounting standards effective on or after January 1, 2013 (Continued)

Amendments to other standards
In addition, there have been other amendments to existing standards, including IAS 27 *Separate Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*. IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 to IFRS 13.

Each of the new standards, IFRS 9 to 13 and the amendments to other standards, is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. The Company is evaluating the impact of these new standards on its consolidated financial statements but does not anticipate these new standards will have a significant impact on its consolidated financial statements.

NOTE 4 – INVESTMENTS

Investment in available-for-sale shares consists of the following:

	Number of Shares	Cost	Accumulated Unrealized Gain (Loss)	April 30, 2012 Fair Value
		$	$	$
Levon Resources Ltd.	30,000	1,800	18,300	20,100
CMQ Resources Inc.	30,000	105,500	(102,500)	3,000
Dynasty Gold Corp.	500,000	55,000	(42,500)	12,500
Brettco Oil & Gas Inc. (Class “A” shares)	50,000	1	-	1
Oniva International Services Corporation	1	1	-	1
	610,001	162,302	(126,700)	35,602

	Number of Shares	Cost	Accumulated Unrealized Gain (Loss)	April 30, 2011 Fair Value
		$	$	$
Levon Resources Ltd.	30,000	1,800	65,100	66,900
CMQ Resources Inc.	30,000	105,500	(101,900)	3,600
Dynasty Gold Corp.	500,000	55,000	(10,000)	45,000
Brettco Oil & Gas Inc. (Class “A” shares)	50,000	1	-	1
Oniva International Services Corporation	1	1	-	1
	610,001	162,302	(46,800)	115,502

NOTE 4 – INVESTMENT (CONTINUED)

	Number of Shares	Cost $	Accumulated Unrealized Gain (Loss) $	April 30, 2010 Fair Value $
Levon Resources Ltd.	80,000	4,800	62,400	67,200
Coral Gold Resources Ltd.	15,000	13,500	(5,250)	8,250
CMQ Resources Inc.	30,000	105,500	(98,300)	7,200
Brettco Oil & Gas Inc. (Class "A" shares)	50,000	1	-	1
Oniva International Services Corporation	1	1	-	1
	175,001	123,802	(41,150)	82,652

During fiscal 2012, the Company recognized an unrealized loss of $79,900 in other comprehensive income on investment securities designated as available for sale (2011 - $5,650).

The Company's investments are classified as available for sale and are carried at fair value, determined using quoted market prices as at April 30, 2012 and 2011 and May 1, 2010, with the exception of its investment in Brettco Oil & Gas Inc. and Oniva International Services Corporation ("Oniva"), which are carried at a nominal value of $1 as there is no active market for these investments. The fair value measurements of the investments are categorized as a Level 1 in the Fair Value Hierarchy.

Levon Resources Ltd. ("Levon") and Coral Gold Resources Ltd. ("Coral") are related public companies with common directors. Oniva is a private company in which the Company owns a 16.67% equity; the remaining 83.33% equity is shared equally between five other companies that are related by common directors and management. Oniva provides office and administration services to the Company.

NOTE 5 – EXPLORATION AND EVALUATION ASSETS

	Saskatchewan Coal Lease $	Valentine Claims $	BRX Claims $	Ivanpah Claims $	AC Claims $	Golden Repeat Claims $	JDN Claims $	E & E Claims $	Total $
Balance, May 1, 2010	73,840	488,051	565,736	1	135,830	1	1	1	1,263,461
Acquisitions in year:	-	-	-	-	23,552	-	-	-	23,552
Expenditures in year									
Assay	-	40,743	-	-	-	-	-	-	40,743
Consulting	-	136,773	-	-	-	-	-	-	136,773
Drilling	-	299,315	-	-	-	-	-	-	299,315
Geological	-	25,733	-	-	-	-	-	-	25,733
Licenses and taxes	-	3,629	-	-	13,002	-	-	-	16,631
Maintenance	-	-	-	-	-	-	-	-	-
Mapping	-	8,186	-	-	-	-	-	-	8,186
Mining tax credit	-	(1,996)	-	-	-	-	-	-	(1,996)
Option revenue	-	(10,000)	-	-	-	-	-	-	(10,000)
Reclamation	-	8,000	-	-	-	-	-	-	8,000
Write-down in year	-	-	(565,735)	-	-	-	-	-	(565,735)
Balance, April 30, 2011	73,840	998,434	1	1	172,384	1	1	1	1,244,663

NOTE 5 – EXPLORATION AND EVALUATION ASSETS (Continued)

	Saskatchewan Coal Lease	Valentine Claims	BRX Claims	Ivanpah Claims	AC Claims	Golden Repeat Claims	JDN Claims	E & E Claims	Total
	$	$	$	$	$	$	$	$	$
Balance, April 30, 2011	73,840	998,434	1	1	172,384	1	1	1	1,244,663
Acquisitions in year	-	-	-	-	5,286	-	-	-	5,286
Expenditures in year:									
Assay	-	43,475	-	-	-	-	-	-	43,475
Consulting	-	101,202	-	-	-	-	-	-	101,202
Drilling	-	142,103	-	-	-	-	-	-	142,103
Geological	-	18,547	-	-	45,592	-	-	-	64,139
Lease payment	-	-	-	-	15,858	-	-	-	15,858
Licenses and taxes	-	16,003	-	-	17,682	-	-	-	33,685
Mining tax credits	-	(44,864)	-	-	-	-	-	-	(44,864)
Write-down in year	(73,840)	-	-	-	-	-	-	-	(73,840)
Balance, April 30, 2012	-	1,274,900	1	1	256,802	1	1	1	1,531,707

Saskatchewan Coal Lease

During the fiscal year of 2009, the Company filed Coal Disposition Applications with the Ministry of Energy and Resources of Saskatchewan, which were subsequently approved in fiscal 2010.

During the year ended April 30, 2012, the Company terminated the leases and wrote off the value of the property to $nil.

Valentine Claims

During the fiscal year of 2008, the Company acquired 25 mineral claims on Valentine Mountain, located 42 kilometres west of Victoria, B.C., Canada, by a combination of paying acquisition costs of $18,000 cash, issuing 300,000 common shares of the Company and staking. One of the claims is subject to a 5% NSR, which may be purchased by paying $1,000,000.

During the fiscal year of 2009, the Company purchased 5 more claims on Valentine Mountain for total consideration of $15,000 in cash and 50,000 common shares of the Company.

During the fiscal year of 2011, the Company executed a Letter of Intent (the "LOI) with NT Mining Corporation ("NTMG") to enter into an option agreement (the "Option") on the Valentine Mountain property. The Company received $10,000 from NTMG as down payment on the LOI, however; as NTMG did not meet the terms of the Option, the Company terminated the option agreement.

NOTE 5 – EXPLORATION AND EVALUATION ASSETS (Continued)

BRX Claims

The Company holds a 50% joint venture interest in 77 reverted Crown granted claims and 4 modified grid claims in the Lillooet Mining Division, British Columbia; the other 50% joint venture interest is held by Levon. Under the joint venture agreement with Levon each of the participants is required to fund their proportionate share of further exploration expenditures, failing of which will dilute their interest. On dilution to 10%, the non-contributor’s interest will convert to a 10% net profits royalty interest.

During the fiscal year of 2011, the Company wrote down the value of the BRX Claims to a nominal value of $1 due to exploration inactivity. The Company is keeping all claims in good standing.

Ivanpah Claims

During 2007, the Company acquired 16 placer mining claims located in Clark County, Nevada, known as the Ivanpah Property, for consideration of the issuing 220,000 common shares of the Company (issued) and US$128,000 (paid). The claims were acquired from a Company controlled by a director.

During the fiscal year of 2010, the Company wrote down the value of the Ivanpah Claims to a nominal value of $1. The Company is keeping all claims in good standing, however no exploration is currently planned on this property.

AC Claims

During the fiscal year of 2008, the Company entered into an option agreement to acquire 119 mining claims located in Lander County, Nevada, known as the AC Gold Property, covering up to approximately two square miles, in consideration of paying US$1,500,000 in instalments to the optionor and incurring US$1,500,000 in exploration work on the property over the next 15 years.

The Company granted to the optionor a 3% net smelter returns royalty, of which the company has the option to buy-down one-third (i.e. 1%) at any time for the payment of US$1,000,000. During fiscal 2008, the Company issued 10,000 common shares as a finder’s fee to an arm’s length finder in regards to this option agreement.

During the fiscal year of 2010, the Company signed an amending agreement whereby 8 claims were abandoned, reducing the original 119 claims to 111 claims, the advance minimum royalty payments were reduced from US$1,500,000 to US$1,300,000, the expenditure commitments were reduced from US$1,500,000 to US$10,000 (spent) and the 3% net smelter returns royalty was removed, all in consideration for issuing 150,000 common shares of the Company in three annual instalments (paid). The 150,00 common shares were issued at 50,000 common shares each during the fiscal years of 2010, 2011 and 2012.

NOTE 5 – EXPLORATION AND EVALUATION ASSETS (Continued)

AC Claims (Continued)

The terms of the amended option agreement are as follows:

Due Date	**Advance Minimum Royalty Payments** US$	**Expenditure Commitments on the Property** US$
Execution	5,000(paid)	-
1st Anniversary	15,000 (paid)	10,000 (spent)
2nd Anniversary	-	-
3rd Anniversary	15,000 (paid)	-
4th Anniversary	15,000([paid)	-
5th Anniversary	15,000	-
6th Anniversary	20,000	-
7th Anniversary	25,000	-
8th Anniversary	30,000	-
9th Anniversary	35,000	-
10th Anniversary	40,000	-
11th Anniversary	1,085,000	-
Total	1,300,000	10,000

Golden Repeat Claims

The Company has a 100% interest in 49 mining claims in Elko County, Nevada, U.S.A.

During the year ended April 30, 2011, the Company executed a Letter of Intent with Dynasty Gold Corp. (“Dynasty”) to enter into an option agreement whereby Dynasty can earn a 51% interest in the claims for the following consideration:

- Pay $50,000 in cash (received), issue 500,000 shares of its common stock (received) on signing of the Option Agreement, and incur an aggregate $200,000 in exploration expenditures on the claims in year one of the Option.
- Pay $75,000, issue 500,000 shares of its common stock and incur $300,000 in exploration expenditures on the claims in year two of the Option.
- Pay $100,000, issue 500,000 shares of its common stock, and incur the next $300,000 in exploration expenditures on the claims in year three of the Option.
- Pay $250,000, issue 1,000,000 shares of its common stock, and incur the next $300,000 in exploration expenditures on the claims in year four of the Option.

Dynasty can earn up to 70% interest in the claims by paying $2,000,000 after it has earned its initial 51% in the Claims. The Company will retain a 3% NSR.

During the year ended April 30, 2012, the Company signed an amending agreement providing for a reduction in the option payment in year two of the Option from $75,000 to $50,000 and a reduction in required exploration expenditures on the property from $300,000 to $100,000.

NOTE 5 - EXPLORATION AND EVALUATION ASSETS (Continued)

JDN claims

The Company has a 50% interest in 27 mining claims in Lander County, Nevada, U.S.A. (50% owned by a subsidiary of Coral Gold Resources Ltd.).

E & E Claims

The Company has a 100% interest in 26 mining claims in Eureka County, Nevada, U.S.A.

NOTE 6 – RECLAMATION BONDS

The Company has hypothecated a term deposit in the amount of $13,000 2010 - $11,000) as security to the Province of British Columbia for future mineral claims site reclamation. The Company has also provided non-interest bearing cash bonds amounting to $9,800 (2011 - $nil) in favour of the U.S. Bureau of Land Management as a deposit relating to its claims located in the State of Nevada.

NOTE 7 – OTHER PROPERTY AND EQUIPMENT

	Office equipment	Mining equipment, USA	Automotive equipment	Total
Cost				
Balance at May 1, 2010	$ 3,881	$ 255,466	$ 39,714	$ 299,061
Additions	1,574	-	-	1,574
Balance at April 30, 2011 and April 30, 2012	$ 5,455	$ 255,466	$ 39,714	$ 300,635
Accumulated depreciation and impairment loss				
Balance at May 1, 2010	$ 3,171	$ 255,466	$ 39,713	$ 298,350
Depreciation	331	-	-	331
Balance at April 30, 2011	3,502	255,466	39,713	298,681
Depreciation	585	-	-	585
Balance at April 30, 2012	$ 4,087	$ 255,466	$ 39,713	$ 299,266
Net book value				
Balance at May 1, 2010	$ 710	$ -	$ 1	$ 711
Balance at April 30, 2011	$ 1,953	$ -	$ 1	$ 1,954
Balance at April 30, 2012	$ 1,368	$ -	$ 1	$ 1,369

NOTE 8 - SHARE CAPITAL

i) Authorized: unlimited common shares without par value.

ii) Issued:

On April 25, 2012, the Company completed a non-brokered private placement consisting of 2,200,000 units, issued at a price of $0.06 per unit. Each unit consists of one common share and one common share purchase warrant, with each warrant exercisable at a price of $0.10 for two years following the close of the private placement. The company bi-furcated the warrant component from the common share component of the issued units using the residual value approach. As the market price was higher than the unit issue price there was no value attributable to the warrant component. The Company incurred $2,400 in share issuance costs associated with the issuance of the units. 500,000 of the units were purchased by Directors.

On September 22, 2011, the Company completed a non-brokered private placement consisting of 8,000,000 units, issued at a price of $0.10 per unit. Each unit consists of one common share and one common share purchase warrant, with each warrant exercisable at a price of $0.15 for six months following the close of the private placement, at $0.25 in months seven through twelve following the close of the private placement, and at $0.50 in months thirteen through twenty-four following the close of the private placement. The Company bi-furcated the warrant component from the common share component of the issued units using the residual value approach and attributed $40,000 to the warrant component. The Company incurred $124,032 in share issuance costs associated with the issuance of the units, including $43,300 relating to the issuance of 680,000 agents' warrants. The agents' warrants are exercisable on the same terms as the warrants issued as part of the units. The fair value of the agent warrants was determined using the Black-Scholes option pricing model, using the following assumptions: 0.856% risk free rate; 0% dividend yield; 198% expected volatility and 2 years expected life. 250,000 of the units were purchased by Directors.

In the fiscal year of 2012, according to the amending option agreement for the acquisition of AC Claims, the Company issued 50,000 common shares to the Optionor (Note 5). This is the final instalment of issuance to the Optionor of a total of 150,000 common shares as a consideration for the amendment of the option agreement. These common shares were recognized at the Company's market value of its traded shares on the date of issuance for a value of $5,000.

On September 13, 2010, the Company completed a private placement consisting of 3,393,516 flow-through units and 2,148,000 non flow-through units:

- The flow-through units were issued at a price of $0.22 per unit, each unit consists of one flow-through common share and one flow-through share purchase warrant, with each warrant exercisable at a price of $0.25 for a period of two years.
- The non flow-through units were issued at a price of $0.20 per unit, each unit consists of one common share and one share purchase warrant, with each warrant exercisable at a price of $0.25 for a period of two years.

The Company bi-furcated the warrant component from the common share component of the issued units using the residual value approach. As the market price was higher than the unit issue prices there was no value attributable to the warrant component. The Company incurred $209,426 of share issuance costs associated with issuance of the units, including $88,783 relating to the issuance of 467,850 agent warrants. The agent warrants are exercisable at a price of $0.25 for a period of two years. The fair value of the agent warrants was determined using the Black-Scholes option pricing model, using the following assumptions: 1.45% – 1.74% risk free rate; 0% dividend yield; 187% – 248% expected volatility and 2 years expected life. 225,000 flow-through units and 250,000 non flow-through units for total consideration of $99,500 were purchased by Directors and persons related to Directors.

NOTE 8 - SHARE CAPITAL (Continued)

ii) Issued (Continued):

In the year of fiscal 2011, according to the amending option agreement for the acquisition of AC Claims, the Company issued 50,000 common shares to the Optionor (Note 5). This is the second instalment of issuance to the Optionor of a total of 150,000 common shares as a consideration for the amendment of the option agreement. These common shares were recognized at the Company's market value of its traded shares on the date of issuance for a value of $14,750.

iii) Share purchase warrants:

The continuity of warrants for the years ended April 30, 2012 and 2011 is as follows:

	Number Outstanding and Exercisable	Weighted Average Exercise Price
Balance at May 1, 2010	1,297,056	$0.50
Expired	(1,297,056)	$0.50
Issued	6,009,366	$0.25
Balance at April 30, 2011	6,009,366	$0.25
Issued	10,880,000	$0.22
Expired	-	
Balance at April 30, 2012	16,889,366	$0.23

The summary of share purchase warrants outstanding is as follows:

Exercise Price Per Share	**Expiry Date**	**Number of Warrants Outstanding and Exercisable**		
		April 30, 2012	**April 30, 2011**	**May 1, 2010**
$0.50	August 14, 2010		-	1,000,000
$0.50	November 13, 2010		-	297,056
$0.25	October 5, 2012	1,499,998	1,499,998	-
$0.25	November 9, 2012	4,509,368	4,509,368	-
$0.25-$0.50	September 22, 2013	8,680,000	-	-
$0.10	April 25, 2014	2,200,000	-	-
		16,889,366	6,009,366	1,297,056

As at April 30, 2012 and 2011 there were 3,393,516 flow-through warrants outstanding (May 1, 2010 – nil).

iv) Share-based payments:

The Company has an equity-settled stock option plan under which the Board of Directors may grant options to directors, officers, other employees and key consultants.

Under the plan, the number of shares reserved for issuance pursuant to the exercise of all options under the plan may not exceed 10% of the issued and outstanding common shares on a non-diluted basis at any time. The options expire not more than five years from the date of grant, or earlier if the individual ceases to be associated with the Company, and vest over terms determined at the time of grant.

NOTE 8 - SHARE CAPITAL (Continued)

iv) Share-based payments (continued):

The following table summarizes information about stock options outstanding as at April 30, 2012:

	Number Outstanding and Exercisable	Weighted Average Exercise Price
Balance at April 30, 2010	270,000	$1.20
Expired	202,500	$1.20
Balance at April 30, 2011	67,500	$1.20
Issued	1,740,000	$0.15
Forfeited	(10,000)	$1.20
Balance at April 30, 2012	1,797,500	$0.19

The summary of stock incentive options outstanding and exercisable is as follows:

Exercise Price Per Share	Expiry Date	Number of options outstanding and exercisable April 30, 2012	April 30, 2011	May 1, 2010
$1.20	April 25, 2011	-	-	202,500
$1.20	March 12, 2013	17,500	17,500	17,500
$1.20	November 21, 2013	40,000	50,000	50,000
$0.15	October 6, 2016	1,740,000	-	-
		1,797,500	67,500	270,000

The fair value of the 1,740,000 stock options granted on October 6, 2011 was $139,000 ($0.08 per stock option). The stock options were fully vested on the date of grant. The fair value of these options was determined on the date of the grant using the Black-Scholes option pricing model with the following weighted average assumptions: risk free interest rate of 1.498%; expected life of 5 years; expected volatility of 150%; and expected dividends of $nil. Expected volatility is based on historical volatility calculated over 5 years.

v) Escrow shares

As at April 30, 2012, there was 189,000 common shares held in escrow (April 30, 2011 – 330,000 and May 1, 2010 – 422,000).

NOTE 9 – RELATED PARTY BALANCES AND TRANSACTIONS

Balances and transactions with related parties not disclosed elsewhere in these financial statements are as follows:

i) Management transactions

For the years ended April 30, 2012 and 2011

The Company has identified its directors and certain senior officers as its key management personnel. The compensation costs for key management personnel for the years ended April 30, 2012 and 2011 are as follows:

	2012	2011
Salaries and benefits	$ 171,707	$ 137,000
Stock-based compensation	115,833	-
	$ 287,540	$ 137,000

ii) Other related party transactions

$46,080 (2011 - $67,616) was charged for office, occupancy and miscellaneous costs and salaries, and administrative services paid on behalf of the Company by Oniva International Services Corp. (“Oniva”). The Company takes part in a cost-sharing arrangement to reimburse Oniva for a variable percentage of its overhead expenses, to reimburse 100% of its out-of-pocket expenses incurred on behalf of the Company, and to pay a percentage based fee on the total overhead and corporate expenses. The arrangement may be terminated with one month notice by either party.

iii) Due to related parties

There was $2,631 (2011 - $13,432) due to Oniva. The Company receives rent, office and administrative supplies and services from Oniva, a private company related by common management. There was $3,078 (2011 - $6,330) due to directors and officers of the Company. The amounts due to related parties are non-interest bearing, unsecured and due on demand.

All related party transactions are recorded at the value agreed upon by the Company and the related party.

NOTE 10 – FINANCIAL INSTRUMENTS

The Company’s financial instruments are exposed to certain financial risks, credit risk, liquidity risk and market risk.

(a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company’s cash is exposed to credit risk.

The Company manages credit risk, in respect of cash, by maintaining the majority of cash at high credit rated Canadian financial institutions. However, as at April 30, 2012 cash and cash equivalents exceed the amounts covered under federal deposit insurance for a total amount of $324,828 (April 30, 2011 - $212,418).

NOTE 10 – FINANCIAL INSTRUMENTS (Continued)

(a) Credit Risk (Continued)

Concentration of credit risk exists with respect to the Company's cash as the majority of the amounts are held with a single Canadian financial institution.

The Company's amounts receivable consist primarily of harmonized sales tax due from the federal government of Canada and BC Mining Tax Credit from the provincial government of British Columbia. As such, the Company considers this risk to be minimal.

(b) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipated investing and financing activities. The Company has cash at April 30, 2012 in the amount of $424,828 (2011 - $312,418) in order to meet short-term business requirements. At April 30, 2012, the Company had current liabilities of $52,956 (2011 - $81,113). Accounts payable have contractual maturities of approximately 30 days or are due on demand and are subject to normal trade terms. Amounts due to related parties are without stated terms of interest or repayment.

(c) Market Risk

Market risk consists of interest rate risk, foreign currency risk and other price risk. These are discussed further below.

Interest Rate Risk

Interest rate risk consists of two components:

(i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

(ii) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company's cash and cash equivalents are currently held in highly liquid short-term investments and therefore management considers the interest rate risk to be minimal

.
Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities are denominated in foreign currency.

At this time, the Company is not exposed to foreign currency risk.

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is exposed to other price risk with respect to its investments as they are carried at fair value based on quoted market prices.

NOTE 10 – FINANCIAL INSTRUMENTS (Continued)

(d) Classification of Financial Instruments

IFRS 7 *'Financial Instruments: Disclosures'* establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of the Company's other receivables, due to related party and accounts payables and accrued liabilities approximate their carrying values because of the short-term nature of these instruments. The fair value of the Company's cash and cash equivalents and investments is categorized as a Level 1 in the Fair Value Hierarchy.

NOTE 11 – CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its properties and to maintain flexible capital structure for its projects for the benefit of its stakeholders. In the management of capital, the Company includes the components of shareholders' equity as well as cash and cash equivalents.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or adjust the amount of cash and cash equivalents. Management reviews the capital structure on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to any external restrictions with regards to its capital.

As at April 30, 2012, the Company had $2,477,058 of capital (April 30, 2011 - $2,003,808, May 1, 2010 - $1,499,934), an increase of capital of $473,250 during the year ended April 30, 2012 (2011 – increase of $503,874).

NOTE 12 - CASH PROVIDED BY (USED IN) CHANGES IN NON-CASH WORKING CAPITAL ITEMS

	Year ended April 30,	
	2012	**2011**
Other receivables	$ (4,778)	$ (99)
Sales taxes recoverable	31,537	(57,910)
Mining tax credit receivable	(39,825)	(1,996)
Prepaid expense	11,152	(10,556)
Accounts payable and accrued liabilities	(16,104)	10,774
Due to related parties	(14,053)	12,358
Site restoration obligations	2,000	13,000
	$ (30,071)	$ (34,429)

NOTE 13 – FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

These are the Company's first annual consolidated financial statements for the year covered by the first annual consolidated financial statements prepared in accordance with IFRS.

The Company adopted IFRS in accordance with IFRS 1, First-time Adoption of International Financial Reporting Standards ("IFRS 1). The first date at which IFRS was applied was May 1, 2010 ("Transition Date"). IFRS 1 provides for certain mandatory exceptions and optional exemptions for first-time adopters of IFRS.

IFRS 1 requires that the same policies are applied for all periods presented in the first IFRS financial statements and that those policies comply with IFRSs in effect as at the end of the first IFRS annual reporting period. Accordingly, the opening IFRS statement of financial position, 2010 comparatives and current year financial statements have been prepared using the same policies. The previously presented 2010 Canadian GAAP financial information has been reconciled to the IFRS information as part of this transition note in accordance with the requirements of IFRS 1. Further, the policies applied have been done so on a full retrospective basis unless an alternative treatment is permitted or required by an IFRS 1 election or exception. These are discussed below.

Elections Upon First Time Adoption of IFRS

(a)Share-based payment transactions

IFRS 1 encourages, but does not require, first-time adopters to apply IFRS 2 *Share-based Payment* to equity instruments that were granted on or before November 7, 2002, or equity instruments that were granted subsequent to November 7, 2002 and vested before the later of the date of transition to IFRS and January 1, 2005. The Company has elected not to apply IFRS 2 to awards that vested prior to the Transition Date.

Mandatory Exceptions under IFRS

The IFRS 1 mandatory exception applied by the Company in the conversion from Canadian GAAP to IFRS is as follows:

(b) Estimates

In accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under previous GAAP unless those estimates were in error. The Company's IFRS estimates as at the Transition Date are consistent with its Canadian GAAP estimates as at that date.

Reconciliations of Canadian GAAP to IFRS

IFRS 1 requires an entity to reconcile equity and comprehensive income for prior periods presented under Canadian GAAP to IFRS as of the same date. In addition, an explanation is required to any material adjustments to cash flows to the extent that they exist. The analysis which follows represents the reconciliations from Canadian GAAP to IFRS for the respective periods noted:

(c) IFRS permits a transfer of reserves arising from share-based transactions, within equity. At May 1, 2010, the fair value of options and warrants outstanding is $274,764 and $14,853 respectively and has been reclassified from contributed surplus to reserves for options and warrants. The excess amount in the Contributed Surplus balance of $109,920 as at May 1, 2010 has been transferred to deficit.

NOTE 13 – FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

(d) IFRS requires deferred income taxes on unrealized gains on Available for Sale financial assets to be recognized outside profit or loss if the tax relates to items that are recognized, in the same or different period, also outside of profit and loss. In the year ending April 30, 2011, the Company recognized a gain on Available for Sale financial assets in comprehensive income and therefore the related deferred income tax benefit should also be recognized in comprehensive income. As a result, the Company has reclassified a deferred income tax benefit of $5,796 from profit and loss to comprehensive loss for the year ended April 30, 2011, in accordance with IAS 12.

(e) Under Canadian GAAP, the Company recognized a deferred income tax benefit of $21,500, $34,892, and $206,604 in the years ended April 30, 2005, 2010 and 2011 respectively on the renouncement of Canadian exploration expenditures to flow-through shareholders as income and as a reduction of share capital. Under IFRS this deferred income tax benefit is not recognized in profit and loss and share capital. As a result, the Company has restated both share capital and deficit as at May 1, 2010.

(f) IFRS requires that the functional currency of each entity in the Company be determined separately in accordance with the indicators as per IAS 21 “The Effects of Changes in Foreign Exchange Rates” and should be measured using the currency of the primary economic environment in which the entity operates (“the functional currency”).

The consolidated financial statements are presented in $Cdn dollars which is the same as the functional currency of the parent. The functional currency of the subsidiary company is in $US.

Under IFRS, the results and financial position of all the Company entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

-assets and liabilities are translated at period-end exchange rates prevailing at that reporting date;
-income and expenses are translated at average exchange rates for the period; and
-exchange differences arising on translation of foreign operations are transferred directly to the Company’s foreign currency translation reserve in the statement of comprehensive income and are recognized in the profit or loss in the period in which the operation is disposed.

Under Canadian GAAP integrated foreign operation are translated into Canadian dollars using the temporal method. Monetary items are translated at the exchange rate in effect at the balance sheet date and non-monetary items are translated at the historical exchange rate. Income and expenses items are translated at rates approximating those in effect at the time of the transaction. Translation gains and losses are reflected in the earnings (loss) for the year.

As a result of the change in exchange rate to the prevailing rate at the transition date (May 1, 2010) exploration and evaluation assets decreased by $9,100 with a corresponding decrease in reserve for currency translation. As a result of the change in exchange rate to the prevailing rate at the reporting date of April 30, 2011, exploration and evaluation assets decreased $20,048 with an increase in reserve for currency translation of $24,031 and decrease to profit and loss of $3,983.

NOTE 13 – FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

The May 1, 2010 Canadian GAAP consolidated statement of financial position has been reconciled to IFRS as follows:

	Note	Canadian GAAP	Effect of transition to IFRS	IFRS
ASSETS				
Current Assets				
Cash and cash equivalents		$ 85,348	$ -	$ 85,348
Sales taxes recoverable		4,078	-	4,078
Mining tax credit receivable		4,043	-	4,043
Prepaid expense		8,274	-	8,274
		101,743	-	101,743
NON-CURRENT ASSETS				
Reclamation bonds		11,000	-	11,000
Investments		82,652	-	82,652
Exploration and evaluation assets	f)	1,272,561	(9,100)	1,263,461
Other property and equipment		711	-	711
		1,366,924	(9,100)	1,357,824
		$ 1,468,667	$ (9,100)	$ 1,459,567
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities		$ 37,577	$ -	$ 37,577
Due to related parties		7,404	-	7,404
Site restoration obligations		-	-	-
		44,981	-	44,981
SHAREHOLDERS' EQUITY				
Share capital	e)	10,384,688	56,392	10,441,080
Contributed surplus	c)	399,537	(399,537)	-
Reserves for stock options	c)	-	274,764	274,764
Reserves for share purchase warrants	c)	-	14,853	14,853
Reserve for currency translation	f)	-	(9,100)	(9,100)
Accumulated other comprehensive loss		(41,150)	-	(41,150)
Deficit	c), e)	(9,319,389)	53,528	(9,265,861)
		1,423,686	(9,100)	1,414,586
		$ 1,468,667	$ (9,100)	$ 1,459,567

NOTE 13 – FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

The April 30, 2011 Canadian GAAP consolidated statement of financial position has been reconciled to IFRS as follows:

	Note	Canadian GAAP	Effect of transition to IFRS	IFRS
ASSETS				
Current Assets				
Cash and cash equivalents		$ 312,418	$ -	$ 312,418
Other receivable		99	-	99
Sales taxes recoverable		61,988	-	61,988
Mining tax credit receivable		6,039	-	6,039
Prepaid expense		18,840		18,840
		399,384	-	399,384
NON-CURRENT ASSETS				
Reclamation bonds		11,000	-	11,000
Investments		115,502	-	115,502
Exploration and evaluation assets	f)	1,264,711	(20,048)	1,244,663
Other property and equipment		1,954	-	1,954
		1,393,167	(20,048)	1,373,119
		$ 1,792,551	$ (20,048)	$ 1,772,503
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities		$ 48,351	$ -	$ 48,351
Due to related parties		19,762	-	19,762
Site restoration obligations		13,000	-	13,000
		81,113	-	81,113
SHAREHOLDERS' EQUITY				
Share capital	c), e)	11,159,582	277,849	11,437,431
Contributed surplus	c)	488,320	(488,320)	-
Reserves for stock options	c)	-	35,333	35,333
Reserves for share purchase warrants	c)	-	88,783	88,783
Reserve for currency translation	f)	-	(24,031)	(24,031)
Accumulated other comprehensive loss		(52,596)	5,796	(46,800)
Deficit	c), e), f)	(9,883,868)	84,542	(9,799,326)
		1,711,438	(20,048)	1,691,390
		$ 1,792,551	$ (20,048)	$ 1,772,503

NOTE 13 – FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

The April 30, 2011 Canadian GAAP consolidated statement of loss and comprehensive loss has been reconciled to IFRS as follows:

	Note	Canadian GAAP	Effect of transition to IFRS	IFRS
Option Revenue	f)	$ 107,782	$ 10	$ 107,792
Operating Expenses				
Depreciation		331	-	331
Accounting and audit fees		18,500	-	18,500
Consulting fees		13,000	-	13,000
General exploration expenditures		28,185	-	28,185
Investor relations and shareholder information		32,094	-	32,094
Legal fees		11,412	-	11,412
Listing and filing fees		10,762	-	10,762
Management fees		90,000	-	90,000
Mineral properties written down/off		570,735	-	570,735
Office and administrative services and supplies		82,917	-	82,917
Transfer agency fees		19,752	-	19,752
Travel and accommodation		20,030	-	20,030
		(897,718)	**-**	**(897,718)**
Operating Loss		**(789,936)**		**(789,926)**
Other Income and Expenses				
Gain (loss) on foreign exchange	f)	(3,919)	3,973	54
Gain on sale of investments		15,445	-	15,445
Interest income		1,531	-	1,531
Loss before Income Taxes		**(776,879)**	**3,963**	**(772,896)**
Future income tax benefit on renouncement of qualifying exploration expenditures	e)	206,604	(206,604)	-
Future income tax benefit on gain of investment securities	f)	5,796	(5,796)	-
Loss for the Year		(564,479)	(208,427)	(772,896)
Other Comprehensive Loss				
Unrealized loss on investment securities	f)	(11,446)	5,796	(5,650)
Unrealized currency loss	f)	-	(14,931)	(14,931)
Total Comprehensive Loss		**$ (575,925)**	**(217,562)**	**(793,477)**

As there have been no material adjustments to the cash flows, no reconciliations of the consolidated statements of cash flows have been prepared.

NOTE 14 – INCOME TAXES

The Company's Canadian income tax rate is approximately 25% (2011 – 27.8%) while the US income tax rate is approximately 35%. The provision for income taxes differs from the amounts computed by applying the statutory rates to the loss before tax provision due to the following:

		April 30, 2012		2011
Statutory Rate		25%-35%		27.8%-35%
Income taxes recovered at the statutory rates	$	141,117	$	166,905
Permanent differences		14,889		(15,794)
Temporary differences		11,086		21,431
Effect of change of effective tax rate on valuation allowance		(114,876)		(31,738)
Benefit of tax losses not recognized in the year		(52,215)		(140,804)
Deferred income tax recovery (expense) recognized in the year	$	-	$	-

The approximate tax effects of each type of temporary difference that gives rise to deferred tax assets are as follows:

		April 30, 2012		2011
Operating loss carryforwards	$	1,429,688	$	1,345,378
Canadian and foreign exploration and development expenditures		258,006		461,106
Investments		31,674		13,010
Share issuance costs		48,561		47,446
Less: valuation allowance		(1,767,929)		(1,866,940)
Net deferred tax assets	$	-	$	-

The change in valuation allowance relating to deferred tax assets decreased in the fiscal year of 2012 by $99,011.

The Company has $4,767,744 operating loss carryforward expiring from 2022 – 2032**.**

NOTE 15 – FOREIGN OPERATIONS

The consolidated statement of financial position as at April 30, 2012 includes the amount of $256,806 exploration and evaluation assets located in Nevada, USA (April 30, 2011 - $172,388, May 1, 2010 - $135,834).

Further, during fiscal 2012 the Company received $nil of option revenue on a mineral property interest located in Nevada, USA (2011 - $107,792). The revenue was received from one optionee.