MILL BAY VENTURES INC.

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended April 30, 2011 and 2010

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 balance sheets as at April 30, 2011 and 2011 and consolidated statements of comprehensive income, consolidated statement of changes in equity and consolidated statements of cash flows for the years then ended, 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 Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 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 consolidated financial statements.

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

Opinion
In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Mill Bay Ventures Inc. as at April 30, 2011 and 2010, and their financial performance and cash flows for the years then ended in accordance with Canadian generally accepted accounting standards.

Emphasis of Matter
The accompanying consolidated financial statements have been prepared using Canadian generally accepted accounting principles assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has incurred substantial losses and has not yet reached self-sustaining operations, which raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to their planned financing and other matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

August 28, 2011
Vancouver, Canada

"I Vellmer Inc."
Chartered Accountant

MILL BAY VENTURES INC.
CONSOLIDATED BALANCE SHEETS
April 30, 2011 and 2010

As at	April 30, 2011	April 30, 2010
ASSETS		
CURRENT		
Cash and cash equivalents	$ 312,418	$ 85,348
Interest receivable	99	-
Sales taxes recoverable	61,988	4,078
Mining tax credit receivable	6,039	4,043
Prepaid expenses	18,840	8,274
	399,384	101,743
RECLAMATION BONDS (Note 5)	11,000	11,000
INVESTMENT IN SHARES (Note 6)	115,502	82,652
MINERAL PROPERTIES INTERESTS (Note 7)	1,264,711	1,272,561
PROPERTY, PLANT AND EQUIPMENT (Note 8)	1,954	711
	$ 1,792,551	**$ 1,468,667**
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	$ 48,351	$ 37,577
Due to related parties (Note 11(b))	19,762	7,404
Reclamation liabilities (Note 5)	13,000	-
	81,113	44,981
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 9)	11,159,582	10,384,688
CONTRIBUTED SURPLUS	488,320	399,537
ACCUMULATED OTHER COMPREHENSIVE INCOME	(52,596)	(41,150)
DEFICIT	(9,883,868)	(9,319,389)
	1,711,438	1,423,686
	$ 1,792,551	**$ 1,468,667**

Note 1 – Nature of Operations and Going Concern
Note 10 – Commitments

Approved by the Board:

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

MILL BAY VENTURES INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREPHENSIVE LOSS
Years Ended April 30, 2011 and 2010

	2011	2010
OPTION REVENUE	$ 107,782	$ -
GENERAL AND ADMINISTRATIVE EXPENSES		
Amortization	331	305
Audit and accounting fees	18,500	18,400
Consulting fees	13,000	30,000
General exploration expenditures	28,185	1,616
Investor relations and shareholder information	32,094	22,816
Legal fees	11,412	10,349
Listing and filing fees	10,762	9,061
Management fees	90,000	90,000
Mineral properties written down (Note 7)	570,735	539,790
Office and administrative services and supplies	82,917	103,760
Transfer agency fees	19,752	10,538
Travel and accommodation	20,030	8,278
	897,718	844,913
OPERATING LOSS	(789,936)	(884,913)
OTHER INCOME AND EXPENSES		
Loss on foreign exchange	(3,919)	-
Gain on sale of investments	15,445	44,852
Interest income	1,531	1,187
LOSS BEFORE INCOME TAXES	(776,879)	(798,874)
Future income tax benefit of flow-through share renunciation	206,604	34,892
Future income tax benefit on unrealized gain on investment securities	5,796	-
LOSS FOR THE YEAR	(564,479)	(763,982)
OTHER COMPREHENSIVE INCOME		
Unrealized gain (loss) on investment securities (Note 6)	(11,446)	51,150
TOTAL COMPREHENSIVE LOSS	$ (565,625)	$ (712,832)
LOSS PER SHARE (Basic and Diluted)	$ (0.06)	$ (0.12)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING (Basic and Diluted)	10,101,598	6,149,653

MILL BAY VENTURES INC.
CONSOLIDATED STATEMENT OF EQUITY
Years Ended April 30, 2011 and 2010

	Number of Common Shares	Capital Stock	Contributed Surplus	Deficit	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balance, April 30, 2009	**5,257,969**	**$ 10,074,146**	**$ 384,684**	**$ (8,555,407)**	**$ (92,300)**	**$ 1,811,123**
Private placements (Note 9)	1,297,056	330,647	14,853	-	-	345,500
Share issuance costs	-	(5,213)	-	-	-	(5,213)
Common shares issued for AC Claims (Note 9)	50,000	20,000	-	-	-	20,000
Future income tax effect of flow-through share renunciation	-	(34,892)	-	-	-	(34,892)
Net loss for the year	-	-	-	(763,982)	-	(763,982)
Comprehensive gain (loss) on fair value of investments (Note 6)	-	-	-	-	51,150	51,150
Balance, April 30, 2010	**6,605,025**	**$ 10,384,688**	**$ 399,537**	**$ (9,319,389)**	**$ (41,150)**	**$ 1,423,686**
Private placement (Note 9)	5,541,516	1,176,174	-	-	-	1,176,174
Rounding relating to share consolidation	(2)	-	-	-	-	-
Common shares issued for AC claims (Note 9)	50,000	14,750	-	-	-	14,750
Future income tax effect of flow-through share renunciation	-	(206,604)	-	-	-	(206,604)
Share issuance costs	-	(209,426)	88,783	-	-	(120,643)
Net loss for the period	-	-	-	(564,479)	-	(564,479)
Comprehensive gain (loss) on fair value of investments (Note 6)	-	-	-	-	(11,446)	(11,446)
Balance, April 30, 2011	**12,196,539**	**$ 11,159,582**	**$ 488,320**	**$ (9,883,868)**	**$ (52,596)**	**$ 1,711,438**

MILL BAY VENTURES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended April 30, 2011 and 2010

	2011	2010
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Loss for the year	$ (564,479)	$ (763,982)
Items not involving cash in the period:		
- Option revenue	(55,000)	-
- Amortization	331	305
- Mineral property written down	570,735	537,204
- Gain/loss on sale of investment	(15,445)	(44,852)
- Future income tax benefit of flow-through share renunciation	(206,604)	(34,892)
- Future income tax benefit on unrealized gain on investment securities	(5,796)	-
	(276,258)	(306,217)
Changes in non-cash working capital items (Note 12)	(34,439)	16,156
	(310,697)	(290,061)
INVESTING ACTIVITIES		
Mineral property acquisition costs	(15,831)	(69,840)
Mineral property exploration costs, net	(532,304)	(145,457)
Prepaid mineral property acquisition costs	-	72,200
Acquisition of property, plant and equipment	(1,574)	-
Proceeds on sale of investment	31,945	50,852
Investment in reclamation bonds	-	(1,946)
	(517,764)	(94,191)
FINANCING ACTIVITY		
Shares issued for cash, net	1,055,531	340,287
DECREASE IN CASH AND CASH EQUIVALENTS IN YEAR	227,070	(43,965)
CASH AND CASH EQUIVALENTS, beginning of year	85,348	129,313
CASH AND CASH EQUIVALENTS, end of year	$ 312,418	$ 85,348
SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION		
Foreign exchange loss (gain)	3,919	4,901
Income taxes	-	-
Interest expense	-	-
SUPPLEMENTARY DISCLOSURE OF NON-CASH FINANCING AND INVESTING ACTIVITIES		
Mineral properties acquisition costs paid by the issuance of common shares	14,750	20,000

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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.

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 in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") 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, 2011, the Company had working capital of $318,271 (2010 - $56,762) and an accumulated deficit of $9,883,868 (2010 - $9,319,389). The Company will likely be required to raise new financing through the sale of shares to maintain operations. These factors together raise substantial doubt about its ability to continue as a going concern. These consolidated financial statements do not reflect adjustments for the possible future effect on the recoverability and classification of the assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty. Realization values may be substantially different from carrying values as shown in these financial statements should the Company be unable to continue as a going concern.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

These audited consolidated financial statements have been prepared by management in accordance with Canadian GAAP and include the accounts of Mill Bay and its wholly owned subsidiary Golden Reef Mining Co. Inc. ("Golden Reef"), a company incorporated in Nevada, USA. All inter-company balances and transactions have been eliminated upon consolidation.

Cash and cash equivalents

Cash and cash equivalents include cash on deposit with banks and highly liquid short-term interest bearing securities with maturities of three months or less at the time of issuance. As at April 30, 2011, the Company has cash in the amount of $312,418 (2010 - $85,348) and $nil in cash equivalents (2010 - $nil).

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Mineral properties interests

The Company is in the exploration stage with respect to its mineral properties interests and defers all acquisition costs and related exploration expenditures related to its mineral properties interests until such time as the property to which they relate is put into commercial production, sold or abandoned. Mineral property acquisition costs include the cash consideration and the fair value of common shares issued for mineral property interests based on the observed trading price of the shares. The costs will be amortized on a unit-of-production basis following commencement of production or written down/off to operations if the property is sold, abandoned, active exploration has ceased or the property is deemed to not contain economic reserves. Revenues arising from the leasing or optioning of the Company's properties are first netted against the deferred acquisition, exploration and development expenditures of the property; once the deferred costs are depleted, the revenues are recognized into operations. The amounts shown for mineral properties interests and deferred exploration and development costs represent net costs incurred to date and do not necessarily reflect present or future values. Any expenditures related to the application of claims but are not yet granted are recorded in Prepaid Mineral Property Expenditures.

Certain of the Company's mineral properties interests are held jointly with other parties. The capitalized costs of these mineral properties interests include only the Company's joint venture share of the costs.

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 revenues are recognized as they accrue in accordance with the terms of the relevant agreement.

Property, plant and equipment

Property, plant and equipment is recorded at cost on acquisition and amortized over its estimated useful lives as follows:

Office furniture and equipment - 20% declining balance

Property, plant 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.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amount of revenues and expenses for the periods reported. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in operations in the period they become known. Actual results may differ from those estimates.

Significant areas requiring the use of estimates relate to the recoverability of mineral property costs, the valuation of asset retirement obligations, recognition and disclosure of future income tax assets and liabilities, and stock based compensation. Actual result could differ from those estimates.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currency translation

The foreign currency balances of the Company are translated into Canadian dollars using the temporal method as follows:

Monetary assets and liabilities are translated at the year-end exchange rate.

Non-monetary assets are translated at the rate of exchange in effect at their acquisition, unless such assets are carried at market or nominal value, in which case they are translated at the year-end exchange rate.

Revenue and expense items are translated at the average exchange rate for the year.

Foreign exchange gains and losses in the year are included in operations.

The Company's integrated subsidiary Golden Reef is financially and operationally dependent on the Company. The Company uses the temporal method to translate the accounts of its integrated foreign operations into Canadian dollars.

Stock-based compensation

The Company recognizes stock-based compensation for the estimated fair value of equity-based instruments granted to directors, employees and non-employees. Compensation costs attributable to stock options or similar equity instruments granted to employees are measured at the fair value at the grant date, and expensed over the expected vesting period. Transactions in which goods or services are received from non-employees in exchange for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instruments issued, whichever is more reliably measurable.

Income taxes

The Company uses the asset and liability method of accounting for income taxes whereby future tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carry amount of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using tax rates expected to apply to the taxable income in the years in which those temporary differences are expected to be settled. Due to the uncertainty regarding the Company's future profitability, the future tax benefits of its losses have been fully reserved for and no net tax benefit has been recorded in the financial statements.

Loss per share

Basic loss per share is calculated using the weighted average number of shares outstanding during the year. Diluted loss per share on the potential exercise of equity based financial instruments is not presented where anti-dilutive.

Long-lived assets impairment

Long-lived assets of the Company are reviewed when changes in circumstances suggest their carrying value has become impaired. Management considers assets to be impaired if the carrying value exceeds the estimated undiscounted future projected cash flows to result from the use of the asset and its eventual disposition. If impairment is deemed to exist, the assets will be written down to fair value. Fair value is generally determined using a discounted cash flow analysis.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Asset retirement obligations

The Company recognizes the fair value of its liability for asset retirement obligations, which in the mining industry are categorized as "site restoration costs", in the year in which such liability is incurred and can be estimated. Upon recognition of an asset retirement obligation, the capitalized cost of the mineral properties interest is increased by the same amount as the liability. In periods subsequent to initial measurement, the asset retirement obligation is adjusted for both the passage of time and revisions to the original estimates. If the obligation is settled for other than the carrying amount of the liability, a gain or loss on the settlement is recognized.

Mining exploration tax credit ("METC")

The Company recognizes METC receivable amounts from the government and records those amounts as a recovery in the period in which recoverability can be established and the amount quantified. METCs recognized to date by the Company do not contain provisions for their repayment.

Flow-through shares

Flow-through shares entitle a company that incurs certain mineral expenditures in Canada to renounce them for income tax purposes allowing the expenditures to be deducted for income tax purposes by investors who purchase the shares. The income tax benefits foregone are considered to constitute share issue costs and are recognized in capital stock with an offsetting increase to future income tax liability at the date that the exploration expenditures are renounced.

As at April 30, 2011, the Company has approximately a $81,005 commitment to incur qualifying Canadian exploration expenditures (2010 - $11,154) under flow through share subscription agreements.

Financial instruments

Financial instruments – recognition and measurement

This Section establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. All financial instruments are required to be measured at fair value on initial recognition, except for certain related party transactions. Measurement in subsequent periods depends on whether the financial instrument has been classified as held for trading, available for sale, held to maturity, loans and receivables, or other liabilities.

Financial assets and liabilities classified as held for trading are measured at fair value, with gains and losses recognized in net earnings.

Financial assets classified as held to maturity, loans and receivables and financial liabilities (other than those held for trading) are measured at amortized cost using the effective interest method of amortization.

Available for sale financial assets are measured at fair value, with unrealized gains and losses recognized in other comprehensive income. Investments in equity instruments classified as available for sale that do not have a quoted market price in an active market are measured at cost.

The Company has classified its financial instruments as follows:

- Cash and cash equivalents and interest receivable are classified as held for trading;
- Reclamation bonds are classified as held for trading;
- Investments in shares are classified as available for sale; and
- Accounts payable and accrued liabilities, amounts due to related parties and reclamation liabilities are classified as other liabilities.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

The criteria for designating items as held for trading include financial assets that were acquired principally with the intention of generating a profit from price fluctuation. Available for sale assets are all financial assets not classified as either held for trading, accounts receivable, or held to maturity.

Comprehensive income

Comprehensive income is the change in shareholders' equity during a period from transactions and other events and circumstances from non-owner sources, such as any unrealized gains and losses in financial assets classified as available for sale. Accordingly, the Company reports a statement of comprehensive income and a new category, accumulated other comprehensive income, is added to the shareholders' equity section of the balance sheet and to the statement of equity.

Hedges

This Section establishes standards for how hedge accounting may be applied. The Company currently does not have any hedges in place, and therefore this standard has no impact on its financial statements.

Financial Instruments - Disclosure

Handbook Section 3862, Financial Instruments – Disclosures establishes standards for the disclosure of financial instruments. The new standard establishes a three-tier hierarchy as a framework for disclosing fair value of financial instruments based on inputs used to value the Company's investments. The hierarchy of inputs and description of inputs is described as follows:

Level 1 – fair values are based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – fair values are based on inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); or

Level 3 – fair values are based on inputs for the asset or liability that are not based on observable market data, which are unobservable inputs.

Share purchase warrants

The Company bi-furcates units consisting of common shares and share purchase warrants using the residual value approach whereby it first measures the common share component of the unit at fair value using market prices as input values and then allocates any residual amount to the warrant component of the unit. The residual value of the warrant component is credited to contributed surplus. When warrants are exercised, the corresponding residual value is transferred from contributed surplus to capital stock.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements

In February 2008, the CICA announced that Canadian GAAP for publicly accountable enterprises will be replaced by International Financial Reporting Standards ("IFRS") for interim and annual financial statements for fiscal years beginning on or after January 1, 2011. The Company is still assessing the impact of convergence of Canadian GAAP and IFRS.

CICA Section 1582 Business Combinations, which replaces Section 1581, Business Combinations; CICA Section 1601 Consolidated Financial Statement and Section 1602 Non-Controlling Interests, which replace Section 1600, Consolidated Financial Statements. These new standards are based on the International Financial Reporting Standard 3, Business Combinations. These new standards replace the existing guidance on business combination and consolidated financial statements. These new standards require that most assets acquired and liabilities assumed, including contingent liabilities, to be measured at fair value and all acquisition costs to be expensed. These new standards also require non-controlling interests to be recognized as a separate component of equity and net earnings to be calculated without a deduction for non-controlling interests. The objective of these new standards is to harmonize Canadian accounting for business combinations with the International and United States accounting standards. The new standards are to be applied prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011, with earlier application permitted. This standard is effective for the Company for interim and annual financial statements beginning on May 1, 2011. The Company does not anticipate that the adoption of this standard will have a material impact on its consolidated financial statements.

NOTE 3 – FINANCIAL INSTRUMENTS

(a) Fair value

The Company's financial instruments consist of cash and cash equivalents, interest receivables, reclamation bond, accounts payable and accrued liabilities, amounts due to related parties and reclamation liabilities. The carrying amounts of these financial instruments are a reasonable estimate of their fair value because of their short term to maturity.

(b) Credit risk

The Company's cash and cash equivalents are primarily held in accounts with Canadian financial institutions and are exposed to credit risk as their balance exceed the amounts covered under federal deposit insurance of $100,000. As at April 30, 2011, $212,418 of the Company's cash is over the federally insured limit (2010 - $36,780).

(c) Foreign exchange risk

The exploration costs of the Company's subsidiary are denominated in United States dollars ("USD") and are converted into Canadian dollars as the reporting currency in these financial statements. Fluctuations in the exchange rates between the USD and the Canadian dollar could have an effect on the Company's business, however at this time the risk is considered low.

(d) Interest rate 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.

(e) Liquidity risk

The Company ensures that it has sufficient capital to meet short term financial obligations after taking into account its exploration obligations and cash and cash equivalents on hand.

NOTE 4 – 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's capital, as defined above, was $2,023,856 as at April 30, 2011 (2010 - $1,509,034), increased by $514,822 from the prior year.

NOTE 5 - RECLAMATION BONDS

The Company has hypothecated term deposits in the amount of $11,000 (2010 - $11,000) as security to the Province of British Columbia for future mineral claims site reclamation.

The Company has determined that it has site restoration liabilities of $13,000 as at April 30, 2011.

NOTE 6 - INVESTMENT IN SHARES

Investment in shares consists of the following:

	Number of Shares	Cost	Accumulated Unrealized Gain (Loss)	April 30, 2011 Fair Value
		$	$	$
Levon Resources Ltd. ("Levon")	30,000	1,800	65,100	66,900
Coral Gold Resources Ltd. ("Coral Gold")	-	-	-	-
CMQ Resources Inc.	30,000	105,500	(101,900)	3,600
Dynasty Gold Corp.	500,000	55,000		45,000
Brettco Oil & Gas Inc. (Class "A" shares)	50,000	1	-	1
Oniva International Services Corporation	1	1	-	1
	610,001	162,302	(36,800)	115,502

	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

NOTE 6 - INVESTMENT IN SHARES (Continued)

The Company had the following investment transactions during the years ended April 30, 2011 and 2010:

- During the fiscal year 2011, the Company sold 50,000 common shares of Levon and recognized a gain of $22,500 into operations thereon. It further sold 15,000 common shares Coral Gold and recognized a loss of $7,055 into operations.
- During the fiscal year 2010, the Company sold 100,000 common shares of Levon shares and realized a gain of $44,852.
- During the fiscal year ended April 30, 2011 and 2010, the Company did not receive any dividend income on its investment in shares.

The Company further recognized an $11,446 unrealized loss in other comprehensive income on investment securities designated as available-for-sale, net of $5,796 of taxes. The Company recognized an unrealized gain of $51,150 during the year ended April 30, 2010.

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, 2011 and 2010, with the exception of its investment in Brettco Oil & Gas Inc. and 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 International Services Corporation ("Oniva") is a private company with common management, which provides office and administration services to the Company.

The Company owns a 16.67% equity interest in Oniva, a private company with common management, which provides office and administration services to the Company. The remaining 83.33% is shared equally between five other companies that are related by common directors and management (see Note 10 for disclosure on the Company's commitment to Oniva).

NOTE 7 - MINERAL PROPERTIES INTERESTS

	Saskatchewan Coal Lease	Valentine Claims	BRX Claims	Ivanpah Claims	AC Claims	Golden Repeat Claims	JDN Claims	E & E Claims	Total
	$	$	$	$	$	$	$	$	$
Balance, April 30, 2009	-	364,557	566,486	537,205	106,217	1	1	1	1,574,468
Acquisitions in period:	69,840	-	-	-	20,000	-	-	-	89,840
Expenditures in period:									
Assay	-	4,915	-	-	-	-	-	-	4,915
Consulting	2,000	30,494	-	-	-	-	-	-	32,494
Geological	-	3,642	-	-	789	-	-	-	4,431
Drilling	-	48,562	-	-	-	-	-	-	48,562
Licenses and taxes	2,000	227	-	2,586	17,918	-	-	-	22,731
Mapping	-	39,698	-	-	6	-	-	-	39,704
Mining tax credit	-	(4,.044)	(750)	-	-	-	-	-	(4,794)
Write-down in period	-	-	-	(539,790)	-	-	-	-	(539,790)
Balance, April 30, 2010	73,840	488,051	565,736	1	144,930	1	1	1	1,272,561

NOTE 7 - MINERAL PROPERTIES INTERESTS (Continued)

	Saskatchewan Coal Lease	Valentine Claims	BRX Claims	Ivanpah Claims	AC Claims	Golden Repeat Claims	JDN Claims	E & E Claims	Total
	$	$	$	$	$	$	$	$	$
Balance, April 30, 2010	73,840	488,051	565,736	1	144,930	1	1	1	1,272,561
Acquisitions in period:	-	-	-	-	30,581	-	-	-	30,581
Expenditures in period:									
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	-	-	16,921	-	-	-	20,550
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 period	-	-	(565,735)	-	-	-	-	-	(565,735)
Balance, April 30, 2011	73,840	998,434	1	1	192,432	1	1	1	1,264,711

Saskatchewan Coal Lease

During fiscal 2009, the Company filed Coal Disposition Applications to the Ministry of Energy and Resources of Saskatchewan. As at April 30, 2011 total application fees of $55,440 have been paid and $12,000 and 8,000 common shares have been paid as finder's fees on the Applications.

Valentine Claims

During fiscal 2008, the Company acquired 3 mineral claims on Valentine Mountain located 42 kilometres west of Victoria, B.C., Canada, by paying $13,000. Further, the Company acquired six additional mineral claims comprising of 4,495 acres on Valentine Mountain, for total consideration of $5,000 and 300,000 common shares of the Company. One of the claims is subject to a 5% NSR to an end price of $1,000,000. The Company also acquired a further 13 mineral claims on Valentine Mountain by staking.

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

During the period ended January 31, 2011, the Company executed a Letter of Intent (the "LOI") with NT Mining Corporation ("NTMG") to enter into an option agreement (the "Option") on Valentine Mountain Property. The Company received $10,000 from NTMG as down payment for the LOI. As NTMG has not met the terms of the Option, the Company has terminated the option agreement.

NOTE 7 - MINERAL PROPERTIES INTERESTS (Continued)

BRX Claims

During 2003, the Company signed an option agreement with Levon to acquire a 50% joint venture interest in 77 reverted Crown granted claims and 4 modified grid claims in the Lillooet Mining Division, British Columbia, by issuing 10,000 common shares and incurring exploration expenditures of $100,000 on or before each of December 17, 2003, 2004 and 2005.

Effective September 1, 2003, Mill Bay signed an amending option agreement with Levon, deferring the issuance of 10,000 common shares and incurring of $100,000 of exploration expenditures due by December 31, 2003 to December 31, 2004.

During 2005, the Company exercised its option to acquire the 50% joint venture interest in the BRX claims, by issuing 30,000 common shares and incurring total exploration expenditures of $300,000. 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 2008 and 2007, the Company incurred $25,016 and $67,198 respectively of deferred exploration expenditures on the BRX claims, which were not proportionately funded by Levon. The Company waived the requirement of proportionate funding by Levon on these specific expenditures; notwithstanding this waiver, the terms of the Joint Venture Agreement were ratified by the Company and Levon to remain in effect.

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 fiscal 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 installments. The first installment of 50,000 common shares was issued in fiscal 2010 and the second installment was issued in fiscal 2011.

NOTE 7 - MINERAL PROPERTIES INTERESTS (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)	-l
1st Anniversary	15,000 (paid)	10,000 (spent)
2nd Anniversary	-	-
3rd Anniversary	15,000 (paid)	-
4th Anniversary	15,000	-
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 fiscal 2008, the Company and its wholly owned subsidiary, Golden Reef Mining Co, Inc. entered into a letter of intent with Meridian Minerals Corp. ("Meridian") for the exploration and earn-in of the Golden Repeat Claims.

During fiscal 2009, Meridian terminated the letter of intent. As the Company has not completed any exploration or development on the property in recent years, the Company has written down the prior acquisition and exploration costs of to a nominal value. This resulted in a fiscal 2009 write down of $21,331, included in operations of the Company.

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 an aggregate $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 an aggregate $400,000 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 an aggregate $600,000 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.

NOTE 7 - MINERAL PROPERTIES INTERESTS (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 8 - PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated Amortization and Write-downs	Net Book Value
April 30, 2010			
Office equipment	$ 3,881	$ (3,171)	$ 710
Mining equipment, U.S.A.	255,466	(255,466)	-
Automotive equipment	39,714	(39,713)	1
	$ 299,061	$ (298,350)	$ 711
April 30, 2011			
Office equipment	$ 5,455	$ (3,503)	$ 1,952
Mining equipment, U.S.A.	255,466	(255,465)	1
Automotive equipment	39,714	(39,713)	1
	$ 300,635	$ (298,681)	$ 1,954

NOTE 9 - SHARE CAPITAL

(a) Authorized: unlimited common shares without par value.

(b) Issued:

Pursuant to shareholder approval on May 14, 2010, the Company completed a consolidation of its common shares on a 1 new for 10 old common shares basis. These financial statements have been restated to give retroactive effect to this common share consolidation.

Pursuant to a directors' resolution dated 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.

NOTE 9 - SHARE CAPITAL (Continued)

(b) Issued (continued):

- 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.

In 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 7). 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.

On November 18, 2009, the Company closed a private placement of an aggregate 297,056 units, which includes 236,500 flow-through units at a price of $0.50 per unit for proceeds totaling $118,250 and 60,556 common share units at a price of $0.45 for proceeds totaling $27,250. The flow-through units consist of one flow-through common share and one non flow-through share purchase warrant, with each warrant exercisable at a price of $0.50 for a period of one year expiring on November 18, 2010. The common share units consist of one common share and one common share purchase warrant, with each warrant exercisable at a price of $0.50 for a period of one year expiring on November 18, 2010. In connection with the private placement, the Company paid a finder's fee of $1,400. The Company bi-furcated the warrant component from the common share component of the issued units using the treasury method and accordingly recognized $14,853 for the warrant components into contributed surplus as at April 30, 2010. 40,556 of the common share units were sold to a Director of the Company, and 100,000 of the flow-through units were sold to a Director and persons related to Directors.

In fiscal 2010, according to the amending option agreement for the acquisition of AC Claims, the Company issued 50,000 common shares to the Optionor (Note 7). This is the first 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 $20,000.

On August 11, 2009, the Company has completed a private placement of 1,000,000 units at a price of $0.20 per unit for gross proceeds of $200,000. Each unit consists of one common share and one non-transferrable share purchase warrant. Each warrant will entitle the investor to purchase one additional common share with a term of one year at an exercise price of $0.50 expiring on August 11, 2010. Share issuance costs were $2,236. The Company bi-furcated the warrant component from the common share component of the issued units using the treasury method and accordingly recognized $nil for the warrant components into contributed surplus as at April 30, 2010. 180,000 of the units were sold to a Director and a person related to a Director.

NOTE 9 - SHARE CAPITAL (Continued)

(c) Share purchase warrants

The changes in share purchase warrants are as follows:

	April 30, 2011		April 30, 2010	
	Underlying Shares	Weighted Average Exercise Price Per Share $	Underlying Shares	Weighted Average Exercise Price Per Share $
Balance, beginning of year	1,297,056	0.50	-	-
Issued	6,009,366	0.25	1,297,056	0.50
Expired	(1,297,056)	0.50	-	-
Balance, end of period	6,009,366	0.25	1,297,056	0.50

The summary of share purchase warrants outstanding is as follows:

Exercise Price Per Share	Expiry Date	Number of Warrants Outstanding April 30, 2011	April 30, 2010
$0.50	August 14, 2010	-	1,000,000
$0.50	November 13, 2010	-	297,056
$0.25	October 5, 2012	1,499,998	-
$0.25	November 9, 2012	4,509,368	-
		6,009,366	1,297,056

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

(d) Stock options

The changes in management incentive options are summarized and exercisable as follows:

	April 30, 2011		April 30, 2010	
	Number	Weighted Average Exercise Price Per Share $	*Number*	Weighted Average Exercise Price Per Share $
Balance outstanding, Beginning of year	270,000	1.20	287,500	1.20
Expired	(202,500)	-	(15,000)	1.20
Cancelled	(10,000)	-	(2,500)	1.20
Balance outstanding, end of period	57,500	1.20	270,000	1.20

NOTE 9 - SHARE CAPITAL (Continued)

(d) Stock options (continued)

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

Exercise Price Per Share	**Expiry Date**	**Number of options outstanding April 30, 2011**	**April 30, 2010**
$1.20	April 25, 2011	-	202,500
$1.20	March 12, 2013	17,500	17,500
$1.20	November 21, 2013	40,000	50,000
		57,500	270,000

The Company established a stock option plan in fiscal 2006 under which it may grant stock options totalling in aggregate up to 10% of the Company's total number of shares issued and outstanding on a non-diluted basis. The stock option plan provides for the granting of stock options to regular employees and persons providing investor-relation or consulting services up to a limit of 5% and 2% respectively of the Company's total number of issued and outstanding shares per year. The stock options are fully vested on the date of grant. The option price must be greater or equal to the discounted market price on the grant date and the option expiry date can not exceed five years after the grant date.

During the years ended April 30, 2011 and 2010, no stock options were granted and the stock-based compensation recorded in the period was $nil.

(e) Escrow shares

As at April 30, 2011, there was 330,000 common shares held in escrow (2010 – 422,000). Details are as follows:

i) In May 2006, 220,000 shares were issued for the purchase of the Ivanpah mineral claims (Note 7). The shares would be held in escrow and be released over 72 months in six month intervals beginning November 14, 2006, at a rate of 5% per interval for the first 24 months and then 10% every six months thereafter. During fiscal 2011, 22,000 shares were released and as at April 30, 2011, 110,000 common shares remain in escrow (2010 – 132,000).

ii) In April 2008, 300,000 shares were issued for the purchase of the Valentine mineral claims (Note 7). The shares would be held in escrow and be released over a six year period every six months beginning October 14, 2008, at a rate of 5% per interval for the first 24 months and then 10% every six months thereafter. During fiscal 2011, there were 60,000 shares released and as at April 30, 2011, 180,000 common shares remain in escrow (2010 – 240,000).

iii) In June 2008, 50,000 shares were issued for the purchase of additional claims in the Valentine Mountain area (Note 7). 10,000 shares were released in the year ended April 30, 2011 and 40,000 remain in escrow (2010 – 50,000).

NOTE 10 - COMMITMENT

The Company entered into a cost sharing agreement dated October 1, 1997, and amended November 1, 2003 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 fee based on the total overhead and corporate expenses (Note 11 (c)). The agreement may be terminated with one month notice by either party.

NOTE 11 - RELATED PARTY BALANCES AND TRANSACTIONS

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

(a) The Company paid or accrued the following amounts for management and consulting to related parties, as follows:

	2011	2010
Consulting fees to a person related to a Director of the Company	$ 35,820	$ 30,000
Consulting fees to an Officer	17,000	-
Management fees to a Director	90,000	90,000
	$ 142,820	$ 126,000

(b) The amount due to related parties consists of the following:

	April 30, 2011	April 30, 2010
Due to a Director	$ 4,224	$ 677
Due to an Officer	1,680	1,050
Due to Directors of a related companies	426	426
Due to Oniva	13,432	5,251
	$ 19,762	$ 7,404

The amounts due to related parties are non-interest bearing, unsecured and due on demand.

(c) Mill Bay paid or accrued the following amounts for administrative services and expenses to Oniva:

	2010	2010
Salaries and benefits	$ 40,845	$ 46,945
Office and miscellaneous	26,771	24,343
	$ 67,616	$ 71,288

Included in Oniva's salaries and benefits are $21,840, which were paid to the Company's CFO during fiscal 2011 (2010 - $21,840).

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

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

	2011	2010
Interest receivable and other receivable	$ (99)	$ -
Mining tax credit receivable	(1,996)	15,732
Sales taxes recoverable	(57,910)	(2,766)
Prepaid expense	(10,566)	(3,930)
Accounts payable and accrued liabilities	10,774	8,298
Due to related parties	12,358	(1,178)
Reclamation liabilities	13,000	-
	$ (34,439)	$ 16,156

NOTE 13 - INCOME TAXES

The potential benefit of net operating loss carry forwards has not been recognized in the financial statements since the Company cannot be assured that it is more likely than not that such benefit will be utilized in future years. The components of the net future tax asset, the statutory tax rate, the effective rate and the elected amount of the valuation allowance are as follows:

	April 30, 2011	April 30, 2010
Statutory rate	27.8%	29.5%
Income taxes recovered at the Canadian statutory rate	$ 216,500	$ 235,000
Permanent differences	8,000	12,000
Temporary differences	(166,500)	(160,000)
Effect of change of effective tax rate on valuation allowance	(116,000)	(29,000)
Benefit of tax losses not recognized in the year	270,000	(23,000)
Future income tax recovery (expense) recognized in the year	$ 212,000	$ 35,000

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

	April 30, 2011	April 30, 2010
Operating loss carry forwards, expiring 2012 – 2030	$ 1,012,500	$ 1,123,600
Exploration tax pools	884,000	615,000
Less: valuation allowance	(1,896,500)	(1,738,600)
Net future tax assets	$ -	$ -

The Company has $3,642,251 of operating losses carry forwards, expiring 2012 to 2031.

NOTE 14 – COMPARATIVE FITURES

Certain comparative figures for fiscal 2010 have been reclassified to the financial statement presentation adopted for fiscal 2011.

NOTE 15 – FOREIGN OPERATIONS

The balance sheet as at April 30, 2011 includes the amount of $192,436 mineral property interests located in Nevada, USA (2010 - $144,933). Further, during fiscal 2011 the Company received $107,782 of option revenue on a mineral property interest located in Nevada, USA (2010 - $nil).