EVERTON RESOURCES INC.
(An exploration stage Company)

Condensed Consolidated Interim Financial Statements

For the three months ended January 31, 2012

(Expressed in Canadian Dollars)
(Unaudited)

Condensed Consolidated Interim Financial Statements

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NOTICE TO READER

The accompanying unaudited condensed consolidated interim financial statements have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these unaudited condensed consolidated interim financial statements.

Everton Resources Inc.
(An exploration stage Company)
Condensed Consolidated Interim Statements of Financial Position (Unaudited)
(Expressed in Canadian dollars)

As at	**January 31, 2012**	October 31, 2011	November 1, 2010
	$	$	$
ASSETS			
Current assets			
Cash (Note 4)	**578,401**	946,964	1,983,410
Short-term investments (Note 4)	**137,749**	302,870	-
Marketable securities and warrants (Note 5)	**346,048**	608,846	5,500
Accounts receivable	**145,721**	123,877	126,175
Amount due from related party (Note 15)	**30,271**	29,428	-
Tax credits and mining duties receivable	**4,455**	5,435	14,447
Prepaid expenses	**307,487**	342,979	39,108
	1,550,132	2,360,399	2,168,640
Deferred corporate transaction costs	**37,781**	12,781	-
Long-term receivable	**-**	50,000	-
Long-term investment (Note 6)	**3,304,100**	3,312,000	1,277,862
Property, plant and equipment (Note 7)	**48,761**	51,964	21,321
Mineral exploration properties (Note 8)	**5,602,583**	5,434,083	5,885,288
Exploration and evaluation assets (Note 8)	**17,133,106**	16,531,487	13,751,411
Total assets	**27,676,463**	27,752,714	23,104,522
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	**725,667**	807,197	262,227
EQUITY			
Share capital (Note 9)	**35,084,315**	35,084,315	32,739,074
Warrants (Note 10)	**1,436,482**	1,436,482	1,315,022
Contributed surplus	**7,874,106**	7,840,441	7,150,281
	44,394,903	44,361,238	41,204,377
Accumulated other comprehensive income	**2,969,775**	2,781,306	903,875
Deficit	**(20,413,882)**	(20,197,027)	(19,265,957)
	(17,444,107)	(17,415,721)	(18,362,082)
Total equity	**26,950,796**	26,945,517	22,842,295
Total liabilities and equity	**27,676,463**	27,752,714	23,104,522

On behalf of the Board

(signed) "Andre Audet"	(signed) "Michael Farrant"
Andre Audet, Director	Michael Farrant, Director

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

Everton Resources Inc.

(An exploration stage Company)

Condensed Consolidated Interim Statements of Comprehensive Income (Unaudited)

(Expressed in Canadian dollars)

	Three months ended January 31	
	2012	2011
	$	$
Operating expenses		
Management and consulting fees	**45,305**	65,341
Salaries and benefits	**123,708**	111,011
Travel and promotion	**51,465**	86,591
Professional fees	**81,840**	83,846
General	**14,086**	42,798
Amortization (Note 7)	**965**	1,291
Stock-based compensation	**33,665**	39,974
Gain on sale of mineral exploration property (Note 8)	**-**	(407,188)
Write-down of mineral exploration properties and exploration and evaluation assets	**-**	53,455
	(351,034)	(77,119)
Other income (loss)		
Interest and other income	**2,884**	2,763
Gain on sale of long-term investment (Note 6)	**224,605**	816,195
Unrealized (loss) gain on financial assets at fair value through profit or loss	**(27,258)**	11,040
Loss on sale of marketable securities (Note 5)	**(66,052)**	-
Share of net gain of company subject to significant influence	**-**	55,761
	134,179	885,759
Net (loss) earnings	**(216,855)**	808,640
Net (loss) earnings per common share		
Basic	(0.002)	0.008
Diluted	(0.002)	0.008
Basic weighted average number of common shares outstanding	**111,691,725**	102,521,555
Diluted weighted average number of common shares outstanding	**111,691,725**	105,414,969
Other comprehensive income		
Net (loss) earnings	**(216,855)**	808,640
Reclassification of net realized gain on available-for-sale investments	**(158,553)**	(241,978)
Net unrealized gain on available-for-sale investments	**347,022**	2,535,659
Comprehensive (loss) income	**(28,386)**	3,102,321

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

Everton Resources Inc.
(An exploration stage Company)
Condensed Consolidated Interim Statements of Changes in Equity (Unaudited)
(Expressed in Canadian dollars)

	Share capital		Warrants	Contributed surplus	Subtotal	Accumulated OCI	Deficit	Total
	# of shares	$	$	$	$	$	$	$
Balance, November 1, 2010	100,844,233	32,739,074	1,315,022	7,150,281	41,204,377	903,875	(19,265,957)	22,842,295
Shares issued for cash	880,000	147,607	-	-	147,607	-	-	147,607
Shares issued on exercise of warrants	1,286,100	401,311	(79,786)	-	321,525	-	-	321,525
Shares issued on exercise of options	232,500	78,405	-	(30,405)	48,000	-	-	48,000
Shares issued for services rendered	485,625	111,600	-	-	111,600	-	-	111,600
Shares issued for property payments	40,000	14,200	-	-	14,200	-	-	14,200
Warrants issued	-	-	49,012	-	49,012	-	-	49,012
Stock-based compensation	-	-	-	39,974	39,974	-	-	39,974
Transactions with owners	2,924,225	753,123	(30,774)	9,569	731,918	-	-	731,918
Net earnings	-	-	-	-	-	-	808,640	808,640
Reclassification of net realized gain on available-for-sale investments	-	-	-	-	-	(241,978)	-	(241,978)
Net unrealized gain on available-for-sale investments	-	-	-	-	-	2,535,659	-	2,535,659
Comprehensive income	-	-	-	-	-	2,293,681	808,640	3,102,321
Balance, January 31, 2011	103,768,458	33,492,197	1,284,248	7,159,850	41,936,295	3,197,556	(18,457,317)	26,676,534
Shares issued for cash	6,983,840	1,310,929	-	-	1,310,929	-	-	1,310,929
Shares issued on exercise of warrants	769,427	256,182	(63,825)	-	192,357	-	-	192,357
Shares issued on exercise of options	170,000	25,007	-	(8,007)	17,000	-	-	17,000
Warrants issued	-	-	309,612	-	309,612	-	-	309,612
Expiry of warrants	-	-	(93,553)	93,553	-	-	-	-
Stock-based compensation	-	-	-	595,045	595,045	-	-	595,045
Transactions with owners	7,923,267	1,592,118	152,234	680,591	2,424,943	-	-	2,424,943
Net loss	-	-	-	-	-	-	(1,739,710)	(1,739,710)
Reclassification of net realized gain on available-for-sale investments	-	-	-	-	-	(1,025,043)	-	(1,025,043)
Net unrealized gain on available-for-sale investments	-	-	-	-	-	608,793	-	608,793
Comprehensive income	-	-	-	-	-	(416,250)	(1,739,710)	(2,155,960)
Balance, October 31, 2011	111,691,725	35,084,315	1,436,482	7,840,441	44,361,238	2,781,306	(20,197,027)	26,945,517
Stock-based compensation	-	-	-	33,665	33,665	-	-	33,665
Transactions with owners	-	-	-	33,665	33,665	-	-	33,665
Net loss	-	-	-	-	-	-	(216,855)	(216,855)
Reclassification of net realized gain on available-for-sale investments	-	-	-	-	-	(158,553)	-	(158,553)
Net unrealized gain on available-for-sale investments	-	-	-	-	-	347,022	-	347,022
Comprehensive income	-	-	-	-	-	188,469	(216,855)	(28,386)
Balance, January 31, 2012	**111,691,725**	**35,084,315**	**1,436,482**	**7,874,106**	**44,394,903**	**2,969,775**	**(20,413,882)**	**26,950,796**

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

Everton Resources Inc.

(An exploration stage Company)

Condensed Consolidated Interim Statements of Cash Flows (Unaudited)

(Expressed in Canadian dollars)

	Three months ended January 31	
	2012	2011
	$	$
OPERATING ACTIVITIES		
Net (loss) earnings	**(216,855)**	808,640
Adjustments for:		
Stock-based compensation	**33,665**	39,974
Amortization	**965**	1,291
Interest income	**(2,884)**	(2,763)
Write-down of exploration and evaluation assets	**-**	53,455
Gain on sale of mineral exploration property (Note 8)	**-**	(407,188)
Gain on sale of long-term investment (Note 6)	**(224,605)**	(816,195)
Unrealized loss (gain) on held-for-trading investments (Note 5)	**27,258**	(11,040)
Loss on sale of marketable securities (Note 5)	**66,052**	-
Unrealized gain on foreign exchange	**(9,926)**	-
Share of net gain of company subject to significant influence	**-**	(55,761)
Changes in working capital items (Note 12)	**63,769**	195,414
Net cash used in operating activities	**(262,561)**	(194,173)
INVESTING ACTIVITIES		
Proceeds from sale of marketable securities (Note 5)	**345,757**	-
Proceeds from sale of long-term investment (Note 6)	**244,705**	889,874
Proceeds from sale of short-term investments	**165,121**	-
Acquisition of property, plant and equipment	**-**	(44,759)
Deferred corporate transaction costs (Note 8)	**(25,000)**	-
Proceeds from sale of mineral exploration property	**-**	30,000
Option payments received (Note 8)	**50,000**	-
Interest received	**2,884**	2,763
Mineral exploration property costs	**(177,000)**	(60,382)
Exploration and evaluation costs	**(713,449)**	(761,816)
Tax credits and mining duties received	**980**	-
Net cash (used in) provided by investing activities	**(106,002)**	55,680
FINANCING ACTIVITIES		
Common shares issued	**-**	220,000
Warrants exercised	**-**	321,525
Options exercised	**-**	48,000
Share issuance costs	**-**	(23,381)
Net cash provided by financing activities	**-**	566,144
Effect of exchange rate fluctuations on cash	**-**	(260)
(Decrease) increase in cash	**(368,563)**	427,391
Cash, beginning of the period	**946,964**	1,983,410
Cash, end of the period	**578,401**	2,410,801

Supplemental cash flow information is provided in Note 12.

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

1. NATURE OF OPERATIONS

Everton Resources Inc. was incorporated under the Business Corporations Act (Alberta) on November 7, 1996 and commenced operations on December 19, 1996. Until June 2002, the Company was involved in an internet related business. In November 2002, the Company commenced its current nature of operations which involves acquisition, exploration and development of mineral resource properties. Everton Resources and its subsidiaries (the "Company") are in the exploration stage and do not derive any revenue from the development of their properties. The address of the Company's corporate office is 130 Albert Street, Suite 912, Ottawa, Ontario, Canada, K1P 5G4. The Company's common shares are listed for trading on the TSX Venture Exchange ("TSX-V"') under the symbol "EVR" and on the OTCQX Exchange in the U.S. under the symbol "EVRRF".

2. BASIS OF PRESENTATION

(a) Statement of compliance

These unaudited condensed consolidated interim financial statements ("Interim Financial Statements") have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34"), using accounting policies consistent with International Financial Reporting Standards ("IFRS") expected to be in effect when the Company prepares its consolidated financial statements for the year ending October 31, 2012. These accounting policies have been used throughout all periods presented in the financial statements, except where the Company has applied certain exemptions upon transition to IFRS. The exemptions applied by the Company are presented in Note 16. As these Interim Financial Statements are part of the Company's first IFRS reporting period, IFRS 1, "First-time Adoption of International Financial Reporting Standards" ("IFRS 1"), has been applied, thus these Interim Financial Statements do not include all the information required for full annual consolidated financial statements prepared in accordance with IFRS.

The Company previously prepared its consolidated interim and annual financial statements in accordance with Canadian Generally Accepted Accounting Principles ("CGAAP") in effect before the changeover date. These Interim Financial Statements should be read in conjunction with the Company's 2011 annual consolidated financial statements. The adoption of IFRS resulted in changes to certain accounting policies as compared with the most recent annual consolidated financial statements prepared under CGAAP. The description of how the transition from CGAAP to IFRS has affected the reported financial results of the Company is provided in Note 16.

IFRS standards and interpretations are subject to change. Accordingly, the accounting policies for the annual period that are relevant to the interim financial statements will only be finalized when the first annual consolidated financial statements are prepared in accordance with IFRS for the year ending October 31, 2012.

These Interim Financial Statements were authorized for issue by the Board of Directors on April 23, 2012.

(b) Basis of measurement

These Interim Financial Statements have been prepared on a historical cost basis method, except for the available-for-sale financial instruments and financial assets at fair value through profit or loss which are measured at fair value, and are expressed in Canadian dollars, which is the Company's functional and presentation currency. The functional currency for each consolidated entity is determined by the currency of the primary economic environment in which it operates.

(c) Critical accounting estimates, judgments and assumptions

The preparation of consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and disclosures in the notes thereto. These estimates and assumptions are based on management's best knowledge of current events and actions that the Company may undertake in the future. Actual results may differ from those estimates. The most significant items requiring the use of management estimates and valuation assumptions are related to the recoverable value of mining assets (mineral exploration properties and exploration and evaluation assets), the ability of the Company to continue as a going concern and the valuation of stock-based compensation and warrants. .

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations in many cases.

Determining whether to test for impairment of exploration and evaluation assets requires management's judgment, among others, regarding the following: the period for which the entity has the right to explore in the specific area has expired or will expire in the near future, and is not expected to be renewed; substantive expenditure on further exploration and evaluation of mineral resources in a specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; or sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined. Identifying the cash-generating units requires management judgment. In testing an individual asset or cash-generating unit for impairment and identifying a reversal of impairment losses, management estimates the recoverable amount of the asset or the cash-generating unit. This requires management to make several assumptions as to future events or circumstances. These assumptions and estimates are subject to change if new information becomes available. Actual results with respect to impairment losses or reversals of impairment losses could differ in such a situation and significant adjustments to the Company's assets and earnings may occur during the next period.

The estimation of share-based payment costs requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Company has made estimates as to the volatility of its own share, the probable life of share options and warrants granted and the time of exercise of those share options and warrants. The model used by the Company is the Black-Scholes valuation model.

The Company allocates values to share capital and to warrants on the proportional basis when the two are issued together as a unit. As this allocation is based upon the stock price at the time of issuance and the stock is thinly-traded, the actual value of the components may differ from this allocation.

Tax credits and mining duties are subject to audit by the authorities in the province of Quebec and the Company's entitlement to these items is based on management's history of success in past claims and its current understanding of the legislation that governs these matters.

(d) Going concern assumption

These Interim Financial Statements have been prepared on a basis which assumes the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities

in the normal course of operations. In assessing whether this assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. This assessment is based upon planned actions that may or may not occur for a number of reasons including the Company's own resources and external market conditions.

As at January 31, 2012, the Company had a working capital surplus of $824,465, including $578,401 in cash and $137,749 in short-term investments. The Company anticipates having sufficient funds to discharge its current liabilities and meet its corporate administrative expenses for several months. However, the Company will require additional financing, through various means including but not limited to equity financing, to continue the exploration program on its properties and/or to acquire additional exploration properties and to meet its entire general and administrative costs. There is no assurance that the Company will be successful in raising the additional required funds. This material uncertainty casts significant doubt regarding the Company's ability to continue as a going concern.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Presentation of financial statements

In accordance with IFRS 1, the Company has presented three statements of financial position, one for each period that is covered by its first IFRS financial statements. In subsequent periods, the Company will present two comparative periods for the statement of financial position when it: (i) applies an accounting policy retrospectively, (ii) makes a retrospective restatement of items in its financial statements, or (iii) reclassifies items in the financial statements.

(b) Basis of consolidation

These Interim Financial Statements incorporate the financial statements of the Company and its subsidiaries. Everton Resources Inc. is the ultimate parent company of the consolidated group. Subsidiaries are consolidated from the date on which the Company obtains control and continue to be consolidated until control ceases. Control is established when the Company has the power to govern the financial and operating policy decisions of the entity, and generally exists where more than 50% of the voting power of the entity is held by the Company. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All material intercompany transactions and balances are eliminated in full on consolidation.

Where the ownership of a subsidiary is less than 100%, and a non-controlling interest thus exists, any losses of that subsidiary are attributed to the non-controlling interests even if that results in a deficit. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

An associate is an entity in which the Company or its subsidiaries have significant influence, and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in, without having control over, the financial and operating policy decisions of the entity, and generally exists where between 20% and 50% of the voting power of the entity is held by the Company. As at January 31, 2012, the Company does not have any associates.

The subsidiaries of the Company at January 31, 2012 and their principal activities are described below:

Name of subsidiary	Place of incorporation	Ownership interest	Principal activity
Everton Minera Dominicana S.A.	Dominican Republic	100%	Exploration Company
Tropical Resources S.A.	Dominican Republic	100%	Exploration Company
Pan Caribbean Metals Inc.	British Virgin Islands	100%	Holding Company
Dominican Metals Inc.	British Virgin Islands	100%	Holding Company
Hays Lake Gold Inc.	Canada	100%	Exploration Company

(c) Business combinations

Business combinations are accounted for using the acquisition method. For each business combination at the acquisition date, the Company recognizes at fair value all of the identifiable assets acquired, the liabilities assumed, the non-controlling interest in the acquiree and the aggregate of the consideration transferred, including any contingent consideration to be transferred. When the fair value of the consideration transferred and the amount recognized for non-controlling interest exceeds the net amount of the identifiable assets acquired and the liabilities assumed measured at fair value (the "net identifiable assets"), the difference is treated as goodwill. After initial recognition, goodwill is measured at its initial cost from the acquisition date, less any accumulated impairment losses. Goodwill is reviewed annually for impairment or when there is an indication of potential impairment. If the fair value of the Company's share of the net identifiable assets exceeds the fair value of the consideration transferred and non-controlling interest at the acquisition date, the difference is immediately recognized in net income (loss). If the business combination is achieved in stages, the acquisition date fair value of the previously held interest in the acquiree is re-measured to fair value as at the acquisition date through net income (loss). The Company does not currently have goodwill.

Acquisition costs are expensed as incurred in net income (loss). Costs associated with the issuance of equity are charged to the relevant account within equity.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions, and attributed to the shareholders of the Company, through contributed surplus.

(d) Foreign currency translation

Foreign currency transactions are recorded in the functional currency of the respective entity, using the exchange rates prevailing at the dates of the transactions.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not re-translated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Exchange differences resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognized in profit or loss.

(e) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

Financial assets and financial liabilities are measured subsequently as described below.

Financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- Loans and receivables;
- Financial assets at fair value through profit or loss;
- Held-to-maturity investments; and
- Available-for-sale financial assets

The category determines subsequent measurement and whether any resulting income and expense is recognized in profit or loss or in other comprehensive income. All income and expenses relating to financial assets that are recognized in profit or loss are presented within interest income or interest expenses.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortized cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's cash, short-term investments, accounts receivable and amount due from related party fall into this category of financial instruments.

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

Financial assets at fair value through profit or loss include financial assets that are either classified as held-for-trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. The Company's warrants fall into this category of financial instruments. Assets in this category are measured at fair value with gains or losses recognized in profit or loss.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as held-to-maturity if the Company has the intention and ability to hold them until maturity. The Company has no financial assets in this category.

Held-to-maturity investments are measured subsequently at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external

credit ratings, 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 profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Company's available-for-sale financial assets include marketable securities and long-term investment.

Impairment charges are recognized in profit or loss.

All available-for-sale financial assets are measured at fair value. Gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange differences on monetary assets, which are recognized in profit or loss. When the asset is disposed of or is determined to be impaired, the cumulative gain or loss recognized in other comprehensive income is reclassified to profit or loss and presented as a reclassification adjustment within other comprehensive income. Interest calculated using the effective interest method and dividends are recognized in profit or loss within interest income.

Reversals of impairment losses are recognized in other comprehensive income.

Impairment of financial assets

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.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganization.

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. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other available features of shared credit risk characteristics. The percentage of the write-down is then based on recent historical counterparty default rates for each identified group. Impairment of receivables are presented in profit or loss.

Financial liabilities

The Company's financial liabilities include accounts payable and accrued liabilities.

Financial liabilities are measured subsequently at amortized cost using the effective interest method.

All interest-related charges are reported in profit or loss within interest expense.

(f) Mineral exploration properties and exploration and evaluation assets

Mineral exploration properties include the cost of acquiring mining rights. Exploration and evaluation assets include expenses directly related to the exploration and evaluation activities. These costs are capitalized as intangible assets and are carried at cost less any impairment loss recognized.

Costs incurred before the legal right to undertake exploration and evaluation activities on a project was acquired, are expensed in the consolidated statement of comprehensive income.

Mining rights and expenses related to exploration and evaluation activities are capitalized on a property by property basis pending determination of the technical feasibility and commercial viability of the project. No amortization is recognized during the exploration and evaluation phase. Costs capitalized include drilling, project consulting, geophysical, geological and geochemical studies, as well as other costs related to the evaluation of the technical feasibility and commercial viability of extracting a mineral resource.

Whenever a project is considered no longer viable or is abandoned, the capitalized amounts are written down to their net realizable amounts.

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable, mining rights and expenses related to exploration and evaluation activities of the related mining property are transferred to mining assets under construction. Before the reclassification, mineral exploration properties and exploration and evaluation assets are tested for impairment and any impairment loss is recognized in profit or loss before reclassification.

Upon transfer of exploration and evaluation assets into mining assets under construction, all subsequent expenditures on the construction, installation or completion of infrastructure facilities are capitalized with mining assets under construction. After the development stage, all assets included in mining assets under construction are transferred to mining assets and amortized over the expected productive lives of the assets

Although the Company has taken steps to verify title to the mining properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the validity of the Company's titles. Property titles may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

(g) Property, plant and equipment

Property, plant and equipment ("PPE") are carried at cost, less accumulated amortization and accumulated impairment losses.

The cost of an item of PPE consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Amortization is recognized based on the cost of an item of property, plant and equipment, less its estimated residual value, over its estimated useful life at the following rates:

Detail	Percentage	Method
Computer equipment	30%	Declining balance
Furniture and equipment	20%	Declining balance
Exploration equipment	20%	Straight line

An asset's residual value, useful life and amortization method are reviewed, and adjusted if appropriate, on an annual basis.

An item of PPE is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

(h) Impairment of non-financial assets

Impairment assessment and testing is done at the level of a cash generating unit ("CGU"). The Company considers each mineral property to be a separate CGU, and therefor assesses for indicators of impairment individually for each mineral property.

The Company assesses non-financial assets including mineral property assets and property, plant and equipment for impairment when facts and circumstances suggest that the carrying amount of the asset may not exceed its recoverable amount, being the higher of the value in use and the fair value less costs to sell. In assessing value in use, the estimated future cash flows associated with the asset 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 for which the estimates of future cash flows have not been adjusted. If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount with the impairment recognized immediately in net income (loss).

Where an impairment subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, subject to the amount not exceeding the carrying amount that would have been determined had impairment not been recognized for the asset in prior periods. Any reversal of impairment is recognized immediately in net income (loss).

(i) Cash

Cash includes cash in interest-bearing accounts with high credit quality financial institutions.

(j) Short-term investments

Short-term investments include guaranteed investment certificates with maturities at the date of acquisition ranging from 3 to 12 months.

(k) Tax credits and mining duties

The Government of Québec provides a non-taxable refundable credit for losses to help operators meet exploration, mineral deposit evaluation and mine development costs by refunding part of eligible expenditures incurred. The credit is equal to 15% of the lesser of:

- the amount of the annual loss; and
- the exploration, mineral deposit evaluation and mine development expenses.

The Government of Québec also offers businesses having establishments and that carry on activities in Québec a refundable tax credit for mineral exploration activities, covering up to 45% of exploration expenses.

Tax credits and mining duties which are earned as a result of qualifying mineral exploration expenses are recognized when the exploration expenses are incurred. They are applied to reduce related mineral

exploration expenses in the period recognized, based on the assumption that the Company will realize the value of its exploration and evaluation assets through a sale.

(l) Provisions, contingent liabilities and contingent assets

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation, and the amount of the obligation can be reliably estimated. Timing or amount of the outflow may still be uncertain. If the effect is material, provisions are measured by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise 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 in the carrying amount of the asset at the start of each project as soon as the obligation to incur such costs arises. Discount rates using a pretax 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 amortization using either a unit-of-production or the straight-line method as appropriate. 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 and the amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage that is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. The Company had no material provisions as at January 31, 2012, October 31, 2011 and November 1, 2010.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized, unless it was assumed in the course of a business combination. In a business combination, contingent liabilities are recognized in the course of the allocation of the purchase price to the assets and liabilities acquired in the business combination. They are subsequently measured at the higher amount of a comparable provision as described above and the amount initially recognized, less any amortization.

Possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets.

In the normal conduct of operations, the Company is party to litigation and potential litigation, the outcome of which is not determinable. It is in management’s opinion that these matters will not materially affect the Company.

The Company does not currently have any contingent liabilities and assets.

(m) Equity-settled share-based payment transactions

The Company operates an equity-settled share-based remuneration plan (stock option plan) for directors, officers, employees and certain consultants. The Company's plan does not feature any options for a cash settlement. Occasionally, the Company may issue warrants to brokers.

All goods and services received in exchange for the grant of any share-based payments are measured at their fair values. Where employees, or consultants providing similar services, are rewarded using share-based payments, the fair values of the services rendered are determined indirectly by reference to the fair value of the equity instruments granted. The fair value is measured at the grant date and if applicable, recognized over the vesting period. 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. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting. Share-based payment expense incorporates an expected forfeiture rate.

All share-based payments under the plan are ultimately recognized as an expense in the profit or loss or capitalized as an exploration and evaluation asset, depending on the nature of the payment with a corresponding credit to contributed surplus, in equity. At the same time, upon exercise of a stock option, the proceeds received net of any directly attributable transaction costs are recorded as capital stock. The accumulated charges related to the share options recorded in contributed surplus are then transferred to share capital. Warrants issued to brokers are recognized as issuance cost of equity instruments with a corresponding credit to warrants, in equity.

(n) Equity

Share capital represents the amount received on the issue of shares. Transaction costs directly attributable to the issuance of common shares are recognized as a reduction of share capital.

Proceeds from unit placements are allocated between shares and warrants issued according to their fair value using the proportional method.

Warrants includes charges related to the issuance of warrants until such equity instruments are exercised.

Contributed surplus includes charges related to stock-based compensation until such equity instruments are exercised.

Accumulated other comprehensive income includes the available-for-sale assets reserve. Unrealized gains and losses on available-for-sale financial assets are recognized in this reserve.

Deficit includes all current and prior period income or losses.

(o) Income taxes

Tax expense recognized in profit or loss comprises the sum of deferred and current tax not recognized in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases,

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the

reporting period. Deferred tax liabilities are always provided for in full. Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

(p) Loss per share

Basic loss per share is computed by dividing the net loss for the period by the weighted average number of common shares outstanding during the period. The computation of diluted loss per share assumes the conversion or exercise of securities only when such conversion or exercise would have a dilutive effect on earnings per share. The diluted loss per share is equal to the basic loss per share because the effect of stock options and warrants described in Notes 10 and 11 is antidilutive, by application of the treasury stock method.

(q) Segmented reporting

The Company is organized into business units based on mineral properties and has one business segment, being the acquisition, exploration and potential development of mineral properties. The Company has operations in Canada and the Dominican Republic.

(r) Employee benefits

The cost of short-term employee benefits (including non-monetary benefits such as group medical and dental insurance) are recognized in the period in which the service is rendered and are not discounted.

(s) Standards, amendments and interpretations not yet effective

Standards, amendments and interpretations issued but not yet effective up to the date of the issuance of the condensed consolidated interim financial statements are listed below, none of which have been early adopted by the Company. Certain other standards and interpretations have been issued but are not expected to have a material impact on the Company's consolidated financial statements.

IFRS 9, "Financial Instruments"

This new standard is part of the IASB's project to replace IAS 39, "Financial Instruments: Recognition and Measurement" and provides guidance on the classification and measurement of financial assets, financial liabilities, hedge accounting and derecognition. This new standard will also supersede IFRIC 9, "Reassessment of Embedded Derivatives". This standard is effective for annual periods beginning on or after January 1, 2015. Earlier application is permitted. The Company is currently evaluating the impact of this pronouncement on its consolidated financial statements.

IFRS 10, "Consolidated Financial Statements"

This new standard provides guidance on the determination of control where this is difficult to assess and replaces the consolidation requirements in SIC 12, "Consolidation – Special Purpose Entities". This standard is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Company is currently evaluating the impact of this pronouncement on its consolidated financial statements.

IFRS 11, "Joint Arrangements"

This new standard provides guidance on how to account for interests in jointly controlled entities. This standard is effective for annual periods beginning on or after January 1, 2013. Earlier application is

permitted. This pronouncement is not expected to have a material impact on the Company's consolidated financial statements.

IFRS 12, "Disclosure of Interests in Other Entities"

This new standard provides disclosure guidance on interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. This standard is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Company is currently evaluating the impact of this pronouncement on its consolidated financial statements.

IFRS 13, "Fair Value Measurement"

This new standard sets out a single IFRS definition and measurement framework for fair value. This standard is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Company is currently evaluating the impact of this pronouncement on its consolidated financial statements.

Amendment to IAS 1, "Presentation of Financial Statements"

This amendment requires an entity to group items presented in other comprehensive income into those that, in accordance with other IFRSs: (a) will not be reclassified subsequently to profit or loss and (b) will be reclassified subsequently to profit or loss when specific conditions are met. It is applicable for annual periods beginning on or after July 1, 2012. The Company expects this will change the current presentation of items in other comprehensive income, however, it will not affect the measurement or recognition of such items.

4. CASH AND SHORT-TERM INVESTMENTS

Cash includes the following:

	January 31, 2012	October 31, 2011	November 1, 2010
	$	$	$
Cash	**259,940**	284,272	1,983,410
Investment savings accounts	**318,461**	662,692	-
Total cash	**578,401**	946,964	1,983,410

As at January 31, 2012 and October 31, 2011, cash includes amounts held in investment saving accounts with interest rates ranging from 1.20% to 1.50%.

Short-term investments include the following:

	January 31, 2012	October 31, 2011	November 1, 2010
	$	$	$
Guaranteed Investment Certificate	**137,749**	302,870	-
Total short-term investments	**137,749**	302,870	-

As at January 31, 2012 and October 31, 2011, short-term investments consist of a guaranteed investment certificate bearing interest at 1.30%, maturing 12 months from the date of acquisition, which is cashable anytime without any penalties.

5. MARKETABLE SECURITIES AND WARRANTS

As at January 31, 2012, the following securities were included in marketable securities and warrants:

	Cost	Cumulative impairment	Fair value adjustment	Fair value
	$	$	$	$
Augyva Inc. - 25,000 common shares	17,250	(15,625)	5,375	7,000
Strike Minerals Inc. ("Strike") - 3,590,000 common shares	359,000	-	(71,800)	287,200
Marketable securities	**376,250**	**(15,625)**	**(66,425)**	**294,200**
Exploration Nemaska Inc. ("Nemaska") - 500,000 warrants	123,025	-	(92,924)	30,101
Nemaska - 250,000 warrants	38,098	-	(16,351)	21,747
Warrants	**161,123**	**-**	**(109,275)**	**51,848**
Marketable securities and warrants	**537,373**	**(15,625)**	**(175,700)**	**346,048**

During the three month period ended January 31, 2012, the Company sold 398,000 shares of Nemaska for net proceeds of $147,962 and 2,110,000 shares of Strike for net proceeds of $197,795, realizing a loss of $52,847 and $13,205 respectively. Total proceeds realized from the sale of marketable securities were $345,757 and the total loss realized was $66,052.

As at October 31, 2011, the following securities were included in marketable securities:

	Cost	Cumulative impairment	Fair value adjustment	Fair value
	$	$	$	$
Augyva Inc. - 25,000 common shares	17,250	(15,625)	6,375	8,000
Nemaska - 398,000 common shares	200,809	-	(49,569)	151,240
Strike - 5,700,000 common shares	570,000	-	(199,500)	370,500
Marketable securities	**788,059**	**(15,625)**	**(242,694)**	**529,740**
Nemaska - 500,000 warrants	123,025	-	(74,826)	48,199
Nemaska - 250,000 warrants	38,098	-	(7,191)	30,907
Warrants	**161,123**	**-**	**(82,017)**	**79,106**
Marketable securities and warrants	**949,182**	**(15,625)**	**(324,711)**	**608,846**

As at November 1, 2010, the following securities were included in marketable securities:

	Cost	Cumulative impairment	Fair value adjustment	Fair value
	$	$	$	$
Augyva Inc. - 25,000 common shares	**17,250**	**(15,625)**	**3,875**	**5,500**

6. LONG-TERM INVESTMENT

Investment in Focus Metals Inc. ("Focus")

The Company holds common shares in Focus which are classified as available-for-sale financial assets and are measured at fair value. The Company does not have exercise significant influence over Focus.

Under a Surplus Security Escrow agreement, the 6,000,000 common shares of Focus, received by the Company in May 2010 further to the sale of certain properties, were subject to a 36 month staged release escrow, and will be/ have been released according to the following schedule:

	Number of shares	Date of release from escrow
Shares issued under escrow agreement	6,000,000	
	(300,000)	May 27, 2010
	(300,000)	November 27, 2010
	(600,000)	May 27, 2011
	(600,000)	November 27, 2011
Shares released as at January 31, 2012	**(1,800,000)**	
	900,000	May 27, 2012
	900,000	November 27, 2012
	2,400,000	May 27, 2013
Shares escrowed as at January 31, 2012	**4,200,000**	

As at January 31, 2012, the Company's investment in Focus Metals was as follows:

	Cost	Fair value adjustment	Fair value
	$	$	$
Focus - 4,465,000 common shares (1)	**267,900**	**3,036,200**	**3,304,100**

(1) Includes 4,200,000 common shares held in escrow.

During the three month period ended January 31, 2012, the Company sold 335,000 shares of Focus for net proceeds of $244,705, realizing a gain of $224,605.

During the three month period ended January 31, 2011, the Company sold 600,000 shares of Focus for net proceeds of $277,977, realizing a gain of $241,977.

As at October 31, 2011, the Company's investment in Focus Metals was as follows:

	Cost	Fair value adjustment	Fair value
	$	$	$
Focus - 4,800,000 common shares	**288,000**	**3,024,000**	**3,312,000**

As at November 1, 2010, the Company's investment in Focus Metals was as follows:

	Cost	Fair value adjustment	Fair value
	$	$	$
Focus - 6,000,000 common shares	360,000	900,000	1,260,000

Investment in NQ Exploration Inc. ("NQ")

Further to a sale agreement dated November 22, 2007 and amended on December 5, 2007, the Company sold 18 properties located in the James Bay area of Quebec to NQ in exchange for 12,000,000 common shares of NQ.

The Company had significant influence over NQ and therefore it had been accounted for as an associate from the date of acquisition. In January 2011, Everton sold 6,100,000 shares of NQ. As a result of selling these shares, the Company's ownership was such that it no longer exercised significant influence over NQ and the remaining investment was re-classified from long-term investment to marketable securities.

As at November 1, 2010, the Company's investment in NQ was as follows:

	Cost	Cumulative share of net loss of NQ	
	$	$	$
NQ - 11,919,000 common shares	1,191,900	(1,174,038)	17,862

During the three month period ended January 31, 2011, the Company sold 6,100,000 shares of NQ for net proceeds of $611,897, realizing a gain of $574,218.

7. PROPERTY, PLANT AND EQUIPMENT

	Computer equipment	Furniture & equipment	Exploration equipment	Total
	$		$	$
Cost				
Balance, November 1, 2011	40,259	31,952	44,759	116,970
Additions	-	-	-	-
Cost, January 31, 2012	**40,259**	**31,952**	**44,759**	**116,970**
Accumulated amortization				
Balance, November 1, 2011	33,962	22,092	8,952	65,006
Amortization	472	493	2,238	3,203
Accumulated amortization, January 31, 2012	**34,434**	**22,585**	**11,190**	**68,209**
Net Book Value, January 31, 2012	**5,825**	**9,367**	**33,569**	**48,761**

During the three months ended January 31, 2012, the Company allocated amortization of exploration equipment in the amount of $2,238 to exploration and evaluation assets, and included amortization of computer equipment and furniture and equipment in the amount of $965 in the statement of comprehensive income.

	Computer equipment	Furniture & equipment	Exploration equipment	Total
	$		$	$
Cost				
Balance, November 1, 2010	40,259	31,952	-	72,211
Additions	-	-	44,759	44,759
Cost, October 31, 2011	**40,259**	**31,952**	**44,759**	**116,970**
Accumulated amortization				
Balance, November 1, 2010	31,262	19,628	-	50,890
Amortization	2,700	2,464	8,952	14,116
Accumulated amortization, October 31, 2011	**33,962**	**22,092**	**8,952**	**65,006**
Net Book Value, October 31, 2011	**6,297**	**9,860**	**35,807**	**51,964**
Net Book Value, November 1, 2010	**8,997**	**12,324**	**-**	**21,321**

During the year ended October 31, 2011, the Company allocated amortization of exploration equipment in the amount of $8,952 to exploration and evaluation assets.

8. MINERAL EXPLORATION PROPERTIES AND EXPLORATION AND EVALUATION ASSETS

	January 31, 2012		October 31, 2011		November 1, 2010	
	Mineral exploration properties	**Exploration and evaluation assets**	Mineral exploration properties	Exploration and evaluation assets	Mineral exploration properties	Exploration and evaluation assets
	$	**$**	$	$	$	$
Dominican Republic						
a) Cuance	**-**	**1,021,392**	-	1,021,392	-	1,020,792
a) Los Hojanchos	**-**	**324,674**	-	324,674	-	324,185
b) La Cueva (Loma El Mate)	**183,836**	**940,955**	183,836	940,566	183,836	936,104
c) Jobo Claro	**302,280**	**536,457**	302,280	536,457	302,280	536,139
d) Maimon Copper	**-**	**870,541**	-	869,827	-	988,556
e) La Mireya	**-**	**-**	-	-	5,635	47,195
f) Ampliacion Pueblo Viejo	**1,258,460**	**5,984,863**	1,258,460	5,537,514	1,258,460	2,976,907
f) La Lechoza	**-**	**918,756**	-	908,752	-	6,506
g) Ponton (Loma Hueca)	**197,197**	**335,232**	197,197	280,548	197,197	177,149
h) Fresso	**-**	**-**	-	-	91,712	562,721
i) Other	**24,944**	**236,051**	24,944	109,768	-	106,736
	1,966,717	**11,168,921**	**1,966,717**	**10,529,498**	**2,039,120**	**7,682,990**
Canada						
Ontario						
j) Shoal Lake West (Duport)	**1,650,893**	**1,598,429**	1,530,893	1,598,224	1,410,893	1,588,868
k) Shoal Lake East (Machin)	**369,544**	**278,523**	342,544	278,421	315,544	278,421
l) Shoal Lake East (KPM)	**896,012**	**125,588**	866,012	125,485	836,012	125,485
m) Hays Lake	**-**	**-**	-	-	555,562	70,216
Quebec						
n) Opinaca	**541,952**	**2,713,206**	550,452	2,754,706	550,452	2,750,051
o) Wildcat	**176,465**	**1,125,390**	176,465	1,125,390	176,465	1,125,390
p) Sirmac Lithium	**-**	**-**	-	-	240	20,597
British Columbia						
q) Hot Springs	**1,000**	**123,049**	1,000	119,763	1,000	109,393
	3,635,866	**5,964,185**	**3,467,366**	**6,001,989**	**3,846,168**	**6,068,421**
TOTAL	**5,602,583**	**17,133,106**	**5,434,083**	**16,531,487**	**5,885,288**	**13,751,411**

Dominican Republic

a) Cuance and Los Hojanchos, Dominican Republic

On August 26, 2003, Everton entered into an option agreement with Globestar Mining Corporation (''Globestar'') to earn up to a 70% interest in three gold and base metals concessions, namely Cuance, Los Hojanchos and Loma de Payabo concessions. The concessions, collectively known as the Everton Concession Group, are located in the Central Cordillera of the Dominican Republic within the Maimon Copper and Los Ranchos Formations. The above agreement was amended on August 17, 2007 and again on September 29, 2008, March 31, 2009 and September 3, 2009.

Everton agreed to incur exploration expenditures totaling US$1,170,000 (CAD$1,184,000) by July 31, 2010 to earn a 50% interest in two of these properties, Cuance and Los Hojanchos (a minimum of US$585,000 (CAD$592,000) per concession). The Company has earned its undivided 50% interest in the two properties, and a joint venture has been formed with Globestar, with Everton acting as the operator.

b) La Cueva (Loma El Mate), Dominican Republic

On December 8, 2003, the Company entered into an earn-in agreement with Brigus Gold Corp. ("Brigus") for the La Cueva (Loma El Mate) Project, located in the Dominican Republic, which is contiguous to the southeast corner of the Pueblo Viejo Gold Mine concession. The Company had the option to acquire a 50% interest in the property by incurring cumulative expenditures of US$500,000 (CAD$567,000) over a two year period, issuing 200,000 common shares and paying an option fee of US$70,000 (CAD$79,000). All of the above conditions were met and the Company acquired its 50% interest.

In April 2007, and as amended in August 2010, the Company signed an option agreement with Brigus whereby Everton could earn an additional 20% interest in the concession by incurring an additional US$1,000,000 (CAD$1,005,000) in exploration work by April 10, 2012.

In May 2011, and as amended in September 2011 and January 2012, the Company signed a letter of intent with Brigus whereby Everton can acquire Brigus' remaining interest in the property. The terms of the agreement are described below (Note 8.f)).

c) Jobo Claro, Dominican Republic

The Company holds a 100% interest in the Jobo Claro concession which it acquired from a local concession holder in 2007. The property is adjacent to the Pueblo Viejo Mine in the Dominican Republic.

d) Maimon Copper, Dominican Republic

In January 2005, five polymetallic concessions were granted to the Company: Miranda, Loma Blanca, Caballero, Los Naranjos and Tocoa. These five concessions which are located within the Maimon Formation in the Dominican Republic were held 100% by the Company. In November 2005, the Company was granted another three polymetallic concessions in the same area: La Sidra, El Llano and La Yautia.

During the year ended October 31, 2009, the Company wrote down the cost of the Loma Blanca, Caballero and Los Naranjos concessions to $Nil ($120,318 in exploration and evaluation costs) as the projects no longer fit the Company's strategy.

During the year ended October 31, 2011, the Company wrote down the cost of the Tocoa and Miranda concessions to $Nil ($119,167 in exploration and evaluation costs) as the projects no longer fit the Company's strategy.

As at January 31, 2012, Maimon Copper consists of 3 properties: La Sidra, El Llano and La Yautia.

e) La Mireya, Dominican Republic

In May 2006, the Company executed an agreement with Globestar to acquire a 100% interest in La Mireya gold concession in the eastern cordillera of the Dominican Republic.

Under the terms of the agreement with Globestar, Everton exchanged its 50% joint venture interest in the Corozal and Cercadillo nickel laterite concessions in return for Globestar's La Mireya gold concession. Everton retains a 1% NSR on Corozal and Cercadillo while Globestar retains a 2% NSR on La Mireya. Globestar and Everton also have the right to purchase half of the other's NSR at any time for US$500,000 (CAD$503,000).

During the year ended October 31, 2011, the Company wrote down the cost of the La Mireya concession to $Nil ($5,635 in acquisition costs and $48,049 in exploration and evaluation costs) further to the Company's decision to abandon the property as a result of the Dominican government converting 50% of the land covered by the concession into a national park.

f) Ampliacion Pueblo Viejo, La Lechoza, Dominican Republic

In April 2007, the Company obtained an option to acquire from Brigus an undivided 50% interest in the Ampliacion Pueblo Viejo ("APV") (which includes the La Lechoza prospect) concession.

APV and La Lechoza

To earn its 50% interest in the APV Concession, which includes the La Lechoza prospect, the Company was required to make cash payments totaling US$700,000 (CAD$818,460), incur US$2,500,000 (CAD$2,660,000) in exploration work and issue 1,200,000 common shares over a three-year period. During the year ended October 31, 2010, all remaining conditions were met and the Company earned its initial 50% interest in the property.

In August 2010, the Company signed an amended agreement with Brigus whereby Everton could earn an additional 20% interest in the concession by incurring an additional US$2,500,000 (CAD$2,513,000) in exploration work by April 10, 2012.

On September 29, 2011, the Company and Brigus announced that they had agreed to revise the terms of a letter of intent ("LOI"), signed in May 2011, whereby Everton can acquire the option to purchase Brigus' remaining interest in the APV, Ponton (Note 8.g)) and La Cueva (Note 8.b)) concessions ("the Concessions").

The binding agreement requires Everton to issue 15,000,000 common shares to Brigus to acquire the option. Pursuant to the option, Everton can acquire Brigus' remaining interest in the Concessions by paying Brigus $500,000 cash and an additional $500,000 in cash or common shares with a value of $500,000 by December 31, 2011.

Further to an amendment, announced on January 25, 2012, the total cash consideration will be paid in four installments, including an initial non-refundable payment of $25,000 which was paid by Everton upon execution of the amendment and is included in deferred corporate transaction costs. As part of the amendment, Brigus has agreed to a voluntary twenty-four month escrow period for the 15,000,000 common shares to be issued in connection with the transaction, with an initial 10% to be released upon closing and an additional 22.5% every six months thereafter.

Brigus will also receive a sliding scale NSR royalty on the Concessions equal to 1.0% when the price of gold is less than US$1,000 per ounce, 1.5% when the price of gold is between US$1,000 and US$1,400 per ounce, and 2.0% when the price of gold is above US$1,400 per ounce.

Everton will also issue Brigus a promissory note equal to the greater of $5 million or 5,000,000 common shares of Everton. The promissory note will be subject to completion of a NI 43-101 compliant measured and indicated resource estimate on the Concessions of a minimum 1 million ounces of gold equivalent ("AuEq") (at an average grade of 2.5 g/t AuEq or higher for APV and 1.5 g/t AuEq or higher for Ponton and La Cueva) or actual gold production from the Concessions plus a NI 43-101 compliant measured and indicated resource estimate on the Concessions (at an average grade of 2.5 g/t AuEq or higher for APV and 1.5 g/t AuEq or higher for Ponton and La Cueva) exceeding 1 million ounces of gold equivalent.

The above transaction is subject to regulatory approval.

g) Ponton (Loma Hueca), Dominican Republic

In April 2007, the Company obtained an option to acquire from Brigus an undivided 50% interest in the Ponton (Loma Hueca) concession.

Under the initial option agreement, the Company could earn a 50% interest in the Ponton (Loma Hueca) Concession by making cash payments totaling US$100,000 (CAD$100,000), completing work commitments of US$600,000 (CAD$603,000) and issuing 200,000 common shares over a three-year period. The Company issued the 200,000 common shares in accordance with the agreement.

Furthermore, the Company could increase its interest in the concession to 65% by incurring all additional expenditures on the concession to the completion of a bankable feasibility study and by paying Brigus US$250,000 (CAD$251,000) and issuing 300,000 additional common shares.

In May 2011, and as amended in September 2011 and January 2012, the Company signed a letter of intent with Brigus whereby Everton can acquire Brigus' remaining interest in the property. The terms of the agreement are described above (Note 8.f)).

h) Fresso, Dominican Republic

On May 28, 2008, the Company signed an option agreement with Asesores Internacionales Expecializados, S.A. (''Asesores'') to acquire a 100% interest in the Fresso concession located in the north-western Dominican Republic. The Company paid cash consideration of US$97,500 (CAD$112,095) to Asesores for the initial one-year evaluation period and four additional six-month extension periods

During the year ended October 31, 2011, the Company wrote down the cost of the Fresso concession to $Nil ($112,095 in acquisition costs and $799,514 in exploration and evaluation costs), further to the Company's decision not to exercise its option to acquire the property.

i) Other

Other properties consist of several eastern Dominican Republic concessions.

During the year ended October 31, 2011, the Company wrote down the cost of the La Patilla and Loma Ceiba de Agua concessions to $Nil ($43,018 and $564 in exploration and evaluation costs respectively) as results of exploration did not identify any viable targets that justified further exploration expenditures.

Canada

On September 1, 2010, and as amended by a formal agreement in February 2011, and June 2011, the Company entered into a binding letter agreement to sell all of the issued and outstanding shares of its wholly-owned subsidiary Hays Lake Gold Inc. (''HLG'') to Kaskattama Inc. ("Kaskattama") for a total consideration of approximately $6,000,000. HLG holds the Shoal Lake Gold properties comprised of two significant high-grade gold deposits: Duport and Cedar Island, on 81.3 km^2, located in the Shoal Lake area, near Kenora, Ontario. Consequently, all of the cash payments and exploration expenditure commitments on the Shoal Lake West and East (Machin and KPM) properties (Note 8.j), Note 8.k) and Note 8.l) below) were to be assumed by Kaskattama, once the sale transaction was finalized. The $6,000,000 consideration was to be allocated as follows:

- $1,000,000 in cash to be paid upon execution of a final Sale and Purchase Agreement
- $500,000 in cash to be paid by December 31, 2012
- $500,000 in cash to be paid by December 31, 2013
- 10,000,000 common shares of Kaskattama at a minimum price of $0.40 per common share

In addition, non-refundable amounts totalling $348,000 were paid by Kaskattama to the Company in respect of option payment obligations on the properties.

The transaction was subject to various conditions customary to this type of transaction, including:

(i) Completion by Kaskattama of a legal, technical, and environmental due diligence investigation on HLG and its business with the results of such investigation being acceptable to Kaskattama in its sole and absolute discretion, which has been completed

(ii) Successful financing to allow Kaskattama to make the $2,000,000 in cash payments to Everton. Kaskattama had until March 31, 2011 to confirm to the reasonable satisfaction of Everton that Kaskattama is able to make such payments

(iii) Listing of Kaskattama's common shares on the TSX or TSX-V by no later than March 31, 2011

The deadline to meet conditions (ii) and (iii) was further extended, to November 30, 2011, from the previously extended deadlines of September 30, 2011 and August 31, 2011.

Subsequent to quarter-end, on March 23, 2012, the Company announced that the agreement with Kaskattama has been terminated.

j) Shoal Lake West (Duport), Ontario

Under an option agreement, dated October 7, 2008, between the Company and Halo Resources Ltd. (''Halo''), the Company can acquire a 51% interest in mining claims located in Glass Township, Shoal Lake Ontario, by issuing 5,438,400 HLG common shares (converted to 2,012,208 Everton shares on September 17, 2009), making cash payments totalling $770,000 over 4 years and incurring $1,500,000 in exploration work by May 1, 2010.

As at January 31, 2012, the Company has met the exploration work commitment of $1,500,000 and the only remaining commitments are quarterly cash payments as follows:

	Cash payments
	$
3 quarterly payments of $60,000, ending October 31, 2012 (1)	180,000
	180,000

(1) The $60,000 payment that was due January 31, 2012 was not paid until subsequent to quarter end, on February 14, 2012. The amount has been included in accounts payable and accrued liabilities as at January 31, 2012.

Under the same agreement, the Company has the option to increase its interest in the property from 51% to 75% by incurring an additional $3,500,000 in exploration work and making a cash payment of $6,000,000, by October 31, 2012.

	Cash payments	Exploration expenses
	$	$
On or before October 31, 2012	6,000,000	3,500,000

Halo retains a 1.5% NSR on the first 1,000,000 ounces of gold produced and 5% on all gold produced in excess of 1,000,000 ounces. The Company has the right to buy back 1% of the NSR at any time prior to commercial production for $2,500,000.

k) Shoal Lake East (Machin), Ontario

Under an option agreement, dated September 19, 2008, between the Company and Machin Mines Ltd. (''Machin''), the Company can acquire a 100% interest in 15 patents and 8 claims located in Glass Township, Shoal Lake Ontario, for cash consideration of $1,517,000 over 4 years and the issuance of 500,000 HLG common shares (converted to 185,000 Everton shares on September 17, 2009).

As at January 31, 2012, the remaining commitments are as follows:

	Cash payments
	$
3 quarterly payments of $27,000 ending September 30, 2012	81,000
On or before September 30, 2012	1,114,000
	1,195,000

Machin retains a 1.5% NSR on the first 500,000 ounces of gold produced and 2% on all gold produced in excess of 500,000 ounces. The Company has the right to purchase one-third of the NSR at any time prior to commercial production for $1,000,000.

l) Shoal Lake East (KPM), Ontario

On December 19, 2008, the Company signed an agreement with Kenora Prospectors & Miners Ltd ("KPM") to acquire a 100% interest in the Kenora property, located in Glass Township, Ontario, for cash consideration of $3,260,000 over 4 years.

As at January 31, 2012, the remaining commitments are as follows:

	Cash payments
	$
4 quarterly payments of $30,000, ending December 31, 2012	120,000
On or before December 31, 2012	2,242,684
	2,362,684

KPM retains a 1.5% NSR on the first 500,000 ounces of gold and silver produced and 2% on all gold and silver produced in excess of 500,000 ounces. The Company has the right to purchase one-third of the NSR at any time prior to commercial production for $1,000,000.

m) Hays Lake, Ontario

Under an option agreement with five individuals (''the optioners''), dated December 19, 2007 and an assignment, dated April 7, 2008, by which the Company became bound to the option agreement, the Company could acquire a 100% interest in 3 mining claims located in the Priske Township, Ontario, by incurring $100,000 in exploration work, making cash payments totaling $100,000 and issuing 5,300,000 HLG common shares (converted to 1,961,000 Everton shares on September 17, 2009) to the optioners and the assignor.

The optioners retain a 3% NSR on the mining claims and HLG has the right to purchase up to 1.5% NSR for cash consideration of $1,500,000. Such purchase can be made in increments of $500,000 per each 0.5% NSR. Commencing on the 4th anniversary of the agreement the Company will be required to pay to the optioner a pre-production advance royalty of $10,000 per annum.

On December 8, 2010, the Company announced the execution of a Memorandum of Understanding ("MOU") to sell or transfer ownership of options to give Strike Minerals Inc. ("Strike") a 100% undivided interest in the property. Subject to regulatory approval, necessary corporate approvals and closing, Strike could acquire a 100% interest in the property for $100,000 in cash and the issuance of 5,700,000 common shares of Strike. The $100,000 in cash is payable as follows: $20,000 on signing of the MOU, $30,000 on closing of the transaction, and $50,000 on the 1st anniversary of the closing of the transaction. The Company retains a 0.5% NSR on the property that can be purchased by Strike for $500,000 at any time.

On May 17, 2011, the transaction was completed with the execution of a purchase and sale agreement with Strike. As of January 31, 2012, the Company had received the 5,700,000 shares of Strike (recorded at a value of $570,000 upon recognition) and $50,000 in cash. Included in accounts receivable is $50,000, which is due on the 1st anniversary of the closing of the transaction. The Company recorded a loss on the sale of the property of $9,977.

n) Opinaca, Quebec

On November 15, 2011, the Company executed an option agreement with Aurizon Mines Ltd. ("Aurizon") whereby Aurizon can acquire up to an undivided 60% ownership interest in the Opinaca property, in which Everton and Azimut Exploration (''Azimut") each hold an undivided 50% interest, by making total cash payments of $880,000, $440,000 payable to Everton, and incurring exploration expenditures of $9,000,000.

Aurizon can earn a 50% interest in the property by making cash payments totalling $580,000 and incurring exploration expenditures of $6,000,000 over four years, including 5,000 meters of drilling by the second anniversary.

Aurizon will be the operator during the earn-in period for the initial 50% interest in the property, after which a joint venture will be formed.

After earning its initial 50% interest in the property, Aurizon may then elect to earn an additional interest of 10%, for a total interest of 60%, by making cash payments totalling $300,000 over three years from the election date, incurring exploration expenditures totalling $3,000,000 over three years from the election date, and delivering an independent pre-feasibility study on or before the fourth anniversary.

In addition, in the event that prior to the end of the eighth year of the initial option agreement, mineral resources of at least 2,000,000 ounces of gold, at an average grade of at least 6 grams of gold per tonne, are estimated, Aurizon shall make a payment of $1,500,000, payable in Aurizon common shares, subject to regulatory approval.

o) Wildcat, Quebec

On October 15, 2010, the Company executed an option agreement with Aurizon whereby Aurizon can acquire up to an undivided 65% interest in Everton's wholly-owned Wildcat property, by making total cash payments of $300,000 and incurring expenditures of $3,250,000.

Aurizon can earn an initial 50% interest in the property by incurring expenditures of $3,250,000 over four years, including 3,000 meters of drilling within two years. Aurizon will be the operator during the earn-in period for the initial 50% interest in the property, after which a joint venture will be formed.

After earning its initial 50% interest in the property, Aurizon may then elect to earn an additional interest of 15%, for a total interest of 65%, by making cash payments totalling $300,000 over three years from the election date, and delivering an independent pre-feasibility study by the end of the fourth anniversary of the election date.

In addition, in the event that prior to the end of the eighth year of the initial option agreement, mineral resources of at least 2,000,000 ounces of gold, at an average grade of at least 6 grams of gold per tonne, are estimated, Aurizon shall make a payment of $1,500,000 payable in Aurizon common shares, subject to regulatory approval.

p) Sirmac Lithium, Quebec

On January 7, 2011, the Company signed an agreement with Exploration Nemaska ("Nemaska") whereby Nemaska acquired a 100% interest in the property for $30,000 cash, 500,000 shares, valued at $275,000, and 500,000 share purchase warrants, each warrant entitling the Company to purchase one common share of Nemaska at a price of $0.60 until January 7, 2013. The warrants were recorded at a fair value of $123,025, based on the Black-Scholes option pricing model. The Company recorded a gain on the sale of the property of $407,188. The Company retains a 1% NSR which can be purchased by Nemaska at any time for $1,000,000.

In accordance with an adjustment clause in the sale agreement with Nemaska, Nemaska was required to separate its lithium related assets and its non-lithium related assets into two separate companies on or before June 30, 2011. Given that this did not occur, Nemaska was required to issue to Everton on July 1, 2011, an additional 250,000 common shares (valued at $107,500) and 250,000 warrants, each warrant entitling the Company to purchase one common share of Nemaska at a price of $0.60 until June 30, 2013. The warrants were recorded at a value of $38,098, based on the Black-Scholes option pricing model.

q) Hot Springs, British Columbia

Hot Springs property is located in the New Westminster Mining Division in British Columbia, Canada. The property is owned 100% by the Company.

The following table reflects the changes to mineral exploration properties and exploration and evaluation assets between November 1, 2010 and January 31, 2012:

	Three months ended January 31, 2012	Year ended October 31, 2011
	$	$
Balance, beginning of the period	**21,965,570**	19,636,699
Additions		
Drilling	**386,806**	2,985,624
Project consulting	**6,441**	31,791
Geological survey	**140,424**	706,426
Geochemical survey	**64,055**	64,723
Report preparation	**-**	14,383
Resource estimate	**6,101**	22,973
Renewal of licenses and permits	**3,787**	24,366
General field expenses	**35,505**	35,184
	643,119	3,885,470
Acquisition of mineral exploration properties	**177,000**	276,527
Write-down of mineral exploration properties and exploration and evaluation assets	**-**	(1,128,042)
Option payments received	**(50,000)**	-
Cost of mineral properties sold	**-**	(700,815)
Tax credits and mining duties	**-**	(4,269)
	127,000	(1,556,599)
Balance, end of the period	**22,735,689**	21,965,570

9. SHARE CAPITAL

Authorized

An unlimited number of common shares without par value:

Issued

	Number of shares	
		$
Balance, November 1, 2010	**100,844,233**	**32,739,074**
Shares issued for cash (1) (2)	7,863,840	1,458,536
Shares issued on exercise of warrants	2,055,527	657,493
Shares issued on exercise of options	402,500	103,412
Shares issued for services rendered	485,625	111,600
Shares issued for property payments (Note 8.m)	40,000	14,200
Balance, October 31, 2011	**111,691,725**	**35,084,315**
	-	-
Balance, January 31, 2012	**111,691,725**	**35,084,315**

(1) On November 12, 2010, the Company completed a non-brokered private placement for gross proceeds of $220,000. The private placement was comprised of 880,000 Units at a price of $0.25 per Unit. Each Unit is comprised of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at a price of $0.40 until November 12, 2012. The Company paid finders' fees of $16,000 and issued 64,000 warrants, each warrant entitling the holder to purchase one common share of the Company at a price of $0.25 until November 12, 2012. Other share issuance costs total $7,381. The warrants issued in connection to the private placement have been recorded at a fair value of $38,402 based on the proportional method and finders' fees have been recorded at a value of $10,610 based on the Black-Scholes option pricing model, using the following assumptions: risk-free interest rate of 1.59%, expected life of warrants of 2 years, annualized volatility of 92% and dividend rate of 0%. The underlying expected stock price volatility is based on historical data of the Company's shares over a three year period. The risk-free interest rate is based on the yield of a Government of Canada benchmark bond in effect at the time of grant with an expiry commensurate with the expected life of the warrants.

In June 2011, the Company filed a preliminary short form prospectus dated June 7, 2011 in connection with a proposed marketed public offering of Units in the provinces of British Columbia, Alberta and Ontario on a fully-marketed best efforts agency basis for minimum gross proceeds to Everton of $5 million and maximum gross proceeds to be determined.

On June 22, 2011, the Company announced that it had cancelled the above mentioned financing as a result of unfavourable market conditions.

(2) On August 25, 2011, the Company completed a non-brokered private placement for gross proceeds of $1,745,960. The private placement was comprised of 6,983,840 Units at a price of $0.25

per Unit. Each Unit is comprised of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at a price of $0.35 until August 25, 2013. The Company paid finders' fees of $100,200 and issued 400,800 warrants, each warrant entitling the holder to purchase one common share of the Company at a price of $0.25 until August 25, 2013. Other share issuance costs total $25,219. The warrants issued in connection to the private placement have been recorded at a fair value of $269,760 based on the proportional method and finders' fees have been recorded at a value of $39,852 based on the Black-Scholes option pricing model, using the following assumptions: risk-free interest rate of 0.99%, expected life of warrants of 2 years, annualized volatility of 91% and dividend rate of 0%. The underlying expected stock price volatility is based on historical data of the Company's shares over a three year period. The risk-free interest rate is based on the yield of a Government of Canada benchmark bond in effect at the time of grant with an expiry commensurate with the expected life of the warrants.

10. WARRANTS

The following table reflects the continuity of warrants:

	Number of warrants	Weighted average exercise price
		$
Balance, November 1, 2010	**16,983,932**	**0.35**
Granted	4,396,720	0.34
Exercised	(2,055,527)	0.25
Expired	(1,734,465)	0.25
Balance, October 31, 2011	**17,590,660**	**0.37**
	-	-
Balance, January 31, 2012	**17,590,660**	**0.37**

As at January 31, 2012, the following warrants were issued and outstanding:

Number of warrants	Fair value	Exercise price	Expiry date
	$	$	
480,000	35,935	0.40	April 1, 2012
24,000	2,667	0.25	April 1, 2012
940,000	77,108	0.40	April 9, 2012
148,800	21,044	0.25	April 9, 2012
4,715,000	371,401	0.40	April 26, 2012
469,200	59,279	0.25	April 26, 2012
550,000	43,093	0.40	June 28, 2012
500,000	36,346	0.40	September 9, 2012
80,000	8,286	0.25	September 9, 2012
1,000,000	67,664	0.40	October 15, 2012
3,633,000	277,790	0.40	October 29, 2012
653,940	77,245	0.25	October 29, 2012
440,000	38,402	0.40	November 12, 2012
64,000	10,610	0.25	November 12, 2012
3,491,920	269,760	0.35	August 25, 2013
400,800	39,852	0.25	August 25, 2013
17,590,660	**1,436,482**		

11. STOCK OPTION PLAN

On January 24, 2011, the Company increased the maximum number of common shares reserved for issuance under its stock option plan from 7,712,893 to 10,277,629, representing 10% of the outstanding common shares at that date. These options may be granted to the Company's employees, officers, directors, and persons providing ongoing services to the Company, subject to regulatory approval. The exercise price of each option can be set equal to or greater than the closing market price, less allowable discounts, of the common shares on the TSX Venture Exchange on the day prior to the date of the grant of the option. Options have a maximum term of five years and terminate 60 days following the termination of the optionee's employment, office, directorship or consulting arrangement. Vesting of options is made at the discretion of the Board of Directors at the time the options are granted.

The following table reflects the continuity of stock options:

	Number of stock options	Weighted average exercise price
		$
Balance, November 1, 2010	**7,369,500**	**0.35**
Granted to employees (1)(2)(3)	1,750,000	0.33
Granted to non-employees (1)(2)(3)	950,000	0.33
Forfeited	(705,000)	0.34
Expired	(1,090,000)	0.70
Exercised (4)	(402,500)	0.16
Balance, October 31, 2011	**7,872,000**	**0.31**
Expired	(435,000)	0.56
Balance, January 31, 2012	**7,437,000**	**0.29**

(1) On February 15, 2011, 1,740,000 stock options were granted to Directors, Officers, employees and consultants of the Company at an exercise price of $0.32 per share, expiring on February 15, 2016.

(2) On April 4, 2011, 410,000 stock options were granted to an Officer, an employee and consultants at an exercise price of $0.335 per share, expiring on April 4, 2016.

(3) On May 24, 2011, 550,000 stock options were granted to a Director and certain consultants at an exercise price of $0.35 per share, expiring on May 24, 2016.

(4) The weighted-average share price at the date of exercise of these options was $0.31.

As at January 31, 2012, the following stock options were outstanding and exercisable:

	Outstanding			Exercisable	
Range of exercise prices	**Number outstanding**	**Weighted average remaining contractual life**	**Weighted average outstanding exercise price**	**Number vested**	**Weighted average vested exercise price**
$		(in years)	$		$
$0.10-$0.15	1,370,000	1.88	$0.10	1,370,000	$0.10
$0.22-$0.32	4,357,000	3.39	$0.27	4,282,000	$0.27
$0.335-$0.40	1,160,000	3.76	$0.35	985,000	$0.35
$0.82	550,000	0.46	$0.82	550,000	$0.82
	7,437,000	**2.95**	**$0.29**	**7,187,000**	**$0.29**

As at October 31, 2011, the following stock options were outstanding and exercisable:

	Outstanding			Exercisable	
Range of exercise prices	**Number outstanding**	**Weighted average remaining contractual life**	**Weighted average outstanding exercise price**	**Number vested**	**Weighted average vested exercise price**
$		(in years)	$		$
$0.10-$0.15	1,370,000	2.14	$0.10	1,370,000	$0.10
$0.22-$0.32	4,657,000	3.60	$0.27	4,507,000	$0.27
$0.335-$0.40	1,160,000	4.01	$0.35	897,500	$0.35
$0.82	550,000	0.71	$0.82	550,000	$0.82
$1.30-$1.38	135,000	0.08	$1.31	135,000	$1.31
	7,872,000	**3.15**	**$0.31**	**7,459,500**	**$0.31**

The following table reflects the weighted-average fair value of stock options granted between November 1, 2010 and January 31, 2012 and the related Black-Scholes option pricing model inputs that were used in the calculation:

	Three months ended January 31, 2012	**Year ended October 31, 2011**
		$
Stock options granted	-	2,700,000
Weighted average fair value	-	0.24
Weighted-average exercise price	-	0.33
Weighted-average market price at date of grant	-	0.33
Expected life of stock options	-	5.00
Expected stock price volatility	-	91%
Risk-free interest rate	-	2.72%
Expected dividend yield	-	-

The underlying expected stock price volatility is based on historical data of the Company's shares over a three year period.

The risk-free interest rate is based on the yield of a Government of Canada benchmark bond in effect at the time of grant with an expiry commensurate with the expected life of the options.

12. SUPPLEMENTAL CASH FLOW INFORMATION

	Three months ended January 31	
	2012	2011
	$	$
Changes in working capital are as follows:		
Accounts receivable	**28,156**	56,824
Amount due from related party	**(843)**	-
Prepaid expenses	**35,492**	10,379
Accounts payable and accrued liabilities	**964**	108,211
Other current liabililties	**-**	20,000
	63,769	195,414
Exploration and evaluation costs included in accounts payable and accrued liabilities	**519,715**	110,682

13. RISK MANAGEMENT AND CAPITAL MANAGEMENT

Risk management

The Company thoroughly examines the various financial risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include credit risk, liquidity risk, currency risk, interest rate risk, market risk and political risk. Where material, these risks are reviewed and monitored by the Board of Directors.

(i) Credit risk

Credit risk is the risk of an unexpected loss if a party to its financial instruments fails to meet its contractual obligations. The Company's financial assets exposed to credit risk are primarily composed of cash, short-term investments, accounts receivable and amount due from related party and maximum exposure is equal to the carrying values of these assets. The Company's cash and short-term investments are held at several large financial institutions. It is management's opinion that the Company is not exposed to significant credit risk.

None of the Company's financial assets are secured by collateral or other credit enhancements.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages its liquidity needs by carefully monitoring cash outflows due in day-to-day business. The Company's working capital totals $824,465 as at January 31, 2012 ($1,553,202 as at October 31, 2011 and $1,906,413 as at November 1, 2010), including $578,401 in cash, $137,749 in short-term investments and current liabilities totalling $725,667 ($807,197 as at October 31, 2011 and $262,227 as at November 1, 2010). The Company anticipates having sufficient funds to discharge its current liabilities and meet its corporate administrative expenses for several months. However, the Company will require additional financing, through various means including but not limited to equity financing, to continue the exploration program on its properties and/or to acquire additional exploration properties and to meet its entire general

and administrative costs. There is no assurance that the Company will be successful in raising the additional required funds.

All current liabilities are due on demand.

(iii) Currency risk

The Company has exposure to financial risk arising from fluctuations in exchange rates (US dollars and Dominican Peso "DOP") and the degree of volatility of these rates. Although the Company has significant future commitments denominated in foreign currencies, the Company does not use forward exchange contracts to reduce exposure to foreign currency risk.

(iv) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has not entered into any derivative contracts to manage this risk. The Company's policy as it relates to its cash balances is to invest excess cash in highly liquid, low-risk, short-term interest-bearing investments (such as investment savings accounts and guaranteed investment certificates) with maturities of 360 days or less from the original date of acquisition. The Company has limited exposure to financial risk arising from fluctuations in interest rates earned on cash and short-term investments and the volatility of these rates. As at January 31, 2012, cash and short-term investments total $716,150 ($1,249,834 as at October 31, 2011 and $1,983,410 as at November 1, 2010) and interest income derived from these investments during the three months ended January 31, 2012 was $2,710 (2011 - $2,455).

(v) Market risk

The Company holds shares of publicly listed companies in the mineral exploration industry. The Company is exposed to market risk in trading these shares and unfavourable market conditions could result in the disposal at less than their value at January 31, 2012. At January 31, 2012, the value of these publicly listed shares (including those held in escrow) is $3,598,300 ($3,841,740 as at October 31, 2011 and $1,283,362 as at November 1, 2010). At January 31, 2012, had the bid price for these shares been 10% lower, the comprehensive loss for the period would have been approximately $359,800 higher ($384,200 at October 31, 2011 and $128,300 at November 1, 2010). Conversely, had the bid price been 10% higher, the comprehensive loss for the period would have been approximately $359,800 lower ($384,200 at October 31, 2011 and $128,300 at November 1, 2010).

(vi) Political risk

The Company carries out some of its exploration activities in the Dominican Republic. These activities may be subject to political, economic or other risks that could influence the Company's exploration activities and future financial situation.

Capital management

The Company manages its capital to ensure its ability to continue as a going concern and to provide an adequate return to its shareholders. In the management of capital, the Company includes the components of shareholders' equity. As long as the Company is in the exploration stage of its mining properties, it is not the intention of the Company to contract additional debt obligations to finance its work programs. 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 acquire or dispose of assets. The Company is not subject to any externally imposed capital requirements. In order to facilitate the management of its capital requirements, the

Company prepares annual budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

14. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, short-term investments, marketable securities and warrants, accounts receivable, amount due from related party, long-term receivable, long-term investment and accounts payable and accrued liabilities. The fair value of cash, short-term investments, accounts receivable, amount due from related party and accounts payable and accrued liabilities approximate their carrying value due to their short-term nature.

Financial instruments measured at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – includes unadjusted quoted prices in active markets for identical assets or liabilities
Level 2 – includes inputs other than quoted prices in level 1 that are observable for the asset or liability, either directly or indirectly
Level 3 – includes inputs for the asset or liability that are not based on observable market data

The fair value of available-for-sale marketable securities and long-term investment are classified as level 1 and warrants are classified as level 3 and valued using the Black-Scholes option pricing model. There were no transfers between levels during the three months ended January 31, 2012.

The classification of financial instruments is as follows:

	January 31, 2012	October 31, 2011	November 1, 2010
	$	$	$
Financial assets			
Available-for-sale			
Marketable securities (non-derivative)	**294,200**	529,740	5,500
Long-term investment	**3,304,100**	3,312,000	1,260,000
Financial assets at FVTPL			
Warrants	**51,848**	79,106	-
Loans and receivables			
Cash	**578,401**	946,964	1,983,410
Short-term investments	**137,749**	302,870	-
Accounts receivable	**145,721**	123,877	126,175
Amount due from related party	**30,271**	29,428	-
Long-term receivable	**-**	50,000	-
Financial liabilities			
Other financial liabilities			
Accounts payable and accrued liabilities	**(725,667)**	(807,197)	(262,227)
Net financial instruments	**3,816,623**	4,566,788	3,112,858

15. RELATED PARTY TRANSACTIONS

Administrative fees

Under a cost sharing agreement between the Company and Focus Metals ("Focus") (which shares common management), the Company charges Focus for shared salaries and benefits, rent and office expenses. During the three months ended January 31, 2012, the cost of shared salaries and benefits was $27,475 (2011 - $17,010) and office expenses was $15,181 (2011 - $6,990). Included in amount due from related party is $30,271 ($29,428 as at October 31, 2011 and $Nil as at November 1, 2010).

Key management compensation

The following table reflects compensation of key management personnel, including the Chief Executive Officer ("CEO"), the Chief Financial Officer ("CFO") and Directors:

	Three months ended January 31	
	2012	2011
	$	$
Salaries (including bonuses) (1)	**90,385**	105,577
Benefits	**1,215**	1,737
Share-based compensation	**-**	202
	91,600	107,516

(1) Includes directors' fees presented as M*anagement and consulting fees* in the consolidated statements of comprehensive income.

16. FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

These are the Company's first condensed consolidated interim financial statements prepared in accordance with IFRS. The date of transition to IFRS for the Company is November 1, 2010.

The Company's IFRS accounting policies presented in Note 3 have been applied in preparing the consolidated financial statements for the three months ended January 31, 2012, the comparative information and the opening consolidated statement of financial position at the date of transition.

The Company has applied IFRS 1 in preparing these first IFRS consolidated financial statements. The effects of the transition to IFRS on equity, comprehensive income and reported cash flows already established are presented in this section and are further explained in the notes that accompany the tables.

FIRST-TIME ADOPTIONS – EXEMPTIONS APPLIED

Upon transition, IFRS 1 dictate certain mandatory exceptions and certain optional exemptions from full retrospective application. The exceptions and exemptions adopted by the Company are set out below:

Mandatory exceptions

The estimates established by the Company in accordance with IFRS at the date of transition to IFRS are consistent with estimates made for the same date in accordance with Canadian Generally Accepted Accounting Principles ("CGAAP"), after adjustments to reflect any difference in accounting principles, if applicable.

Financial assets and liabilities that were derecognized before November 1, 2010, under pre-changeover accounting standards, were not recognized under IFRS.

Optional exemptions

The Company has chosen not to apply IFRS 2, "Share-based Payments", retrospectively to options that had completely vested before the date of transition to IFRS.

The Company has elected not to apply IFRS 3, "Business Combinations", retrospectively to business combinations that occurred before the date of transition to IFRS.

RECONCILIATION OF EQUITY AND STATEMENT OF FINANCIAL POSITION

As at November 1, 2010	Canadian GAAP	Effect of transition to IFRS	IFRS
	$	$	$
ASSETS			
Current assets			
Cash	1,983,410	-	1,983,410
Marketable securities	5,500	-	5,500
Accounts receivable	126,175	-	126,175
Tax credits and mining duties receivable	14,447	-	14,447
Prepaid expenses	39,108	-	39,108
	2,168,640	-	2,168,640
Long-term investment	1,277,862	-	1,277,862
Property, plant and equipment	21,321	-	21,321
Mineral exploration properties	5,885,288	-	5,885,288
Exploration and evaluation assets	13,751,411	-	13,751,411
Total assets	23,104,522	-	23,104,522
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	262,227	-	262,227
EQUITY			
Share capital	32,739,074	-	32,739,074
Warrants	1,315,022	-	1,315,022
Contributed surplus	7,129,679	20,602	7,150,281
	41,183,775	20,602	41,204,377
Accumulated other comprehensive income	903,875	-	903,875
Deficit	(19,245,355)	(20,602)	(19,265,957)
	(18,341,480)	(20,602)	(18,362,082)
Total equity	22,842,295	-	22,842,295
Total liabilities and equity	23,104,522	-	23,104,522

As at January 31, 2011	Canadian GAAP	Effect of transition to IFRS	IFRS
	$	$	$
ASSETS			
Current assets			
Cash	2,410,801	-	2,410,801
Marketable securities	1,160,190	-	1,160,190
Accounts receivable	69,351	-	69,351
Tax credits and mining duties receivable	14,447	-	14,447
Prepaid expenses	28,989	-	28,989
	3,683,778	-	3,683,778
Long-term investment	2,808,000	-	2,808,000
Property, plant and equipment	62,551	-	62,551
Mineral exploration properties	5,959,630	-	5,959,630
Exploration and evaluation assets	14,413,555	-	14,413,555
Total assets	26,927,514	-	26,927,514
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	230,980	-	230,980
Other current liabilities	20,000	-	20,000
	250,980	-	250,980
EQUITY			
Share capital	33,492,197	-	33,492,197
Warrants	1,284,248	-	1,284,248
Contributed surplus	7,141,600	18,250	7,159,850
	41,918,045	18,250	41,936,295
Accumulated other comprehensive income	3,197,556	-	3,197,556
Deficit	(18,439,067)	(18,250)	(18,457,317)
	(15,241,511)	(18,250)	(15,259,761)
Total equity	26,676,534	-	26,676,534
Total liabilities and equity	26,907,514	-	26,907,514

As at October 31, 2011	Canadian GAAP	Effect of transition to IFRS	IFRS
	$	$	$
ASSETS			
Current assets			
Cash	946,964	-	946,964
Short-term investments	302,870	-	302,870
Marketable securities and warrants	608,846	-	608,846
Accounts receivable	123,877	-	123,877
Amounts due from related parties	29,428	-	29,428
Tax credits and mining duties receivable	5,435	-	5,435
Prepaid expenses	342,979	-	342,979
	2,360,399	-	2,360,399
Deferred corporate transaction costs	12,781	-	12,781
Long-term receivable	50,000	-	50,000
Long-term investment	3,312,000	-	3,312,000
Property, plant and equipment	51,964	-	51,964
Mineral exploration properties	5,434,083	-	5,434,083
Exploration and evaluation assets	16,531,487	-	16,531,487
Total assets	27,752,714	-	27,752,714
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	807,197	-	807,197
EQUITY			
Share capital	35,084,315	-	35,084,315
Warrants	1,436,482	-	1,436,482
Contributed surplus	7,777,991	62,450	7,840,441
	44,298,788	62,450	44,361,238
Accumulated other comprehensive income	2,781,306	-	2,781,306
Deficit	(20,134,577)	(62,450)	(20,197,027)
	(17,353,271)	(62,450)	(17,415,721)
Total equity	26,945,517	-	26,945,517
Total liabilities and equity	27,752,714	-	27,752,714

RECONCILIATION OF COMPREHENSIVE INCOME

Three months ended January 31, 2011	Canadian GAAP	Effect of transition to IFRS	IFRS
	$	$	$
Operating expenses			
General and administrative	389,587	-	389,587
Amortization	1,291	-	1,291
Stock-based compensation	42,326	(2,352)	39,974
Gain on sale of mineral property	(407,188)	-	(407,188)
Write-down of mineral exploration properties and exploration and evaluation assets	53,455	-	53,455
Loss from operations	(79,471)	2,352	(77,119)
Other income (loss)			
Interest and other income	2,763	-	2,763
Gain on sale of long-term investment	816,195	-	816,195
Unrealized gain on held-for-trading investments	11,040	-	11,040
Share of net gain of company subject to significant influence	55,761	-	55,761
	885,759	-	885,759
Net earnings	806,288	2,352	808,640
Reclassification of net realized gain on available-for-sale investments	(241,978)	-	(241,978)
Net unrealized gain on available-for-sale investments	2,535,659	-	2,535,659
Comprehensive income	3,099,969	2,352	3,102,321

Year ended October 31, 2011	Canadian GAAP	Effect of transition to IFRS	IFRS
	$	$	$
Operating expenses			
General and administrative	1,534,956	-	1,534,956
Amortization	5,164	-	5,164
Stock-based compensation	593,171	41,848	635,019
Gain on sale of mineral properties	(397,211)	-	(397,211)
Write-down of mineral exploration properties and exploration and evaluation assets	1,128,042	-	1,128,042
Loss from operations	(2,864,122)	(41,848)	(2,905,970)
Other income (loss)			
Interest and other income	159,918	-	159,918
Gain on sale of long-term investment	1,316,704	-	1,316,704
Unrealized loss on held-for-trading investments	(82,017)	-	(82,017)
Gain on sale of marketable securities	524,534		524,534
Share of net gain of company subject to significant influence	55,761	-	55,761
	1,974,900	-	1,974,900
Net loss	(889,222)	(41,848)	(931,070)
Reclassification of net realized gain on available-for-sale investments	(1,267,021)	-	(1,267,021)
Net unrealized gain on available-for-sale investments	3,144,452	-	3,144,452
Comprehensive income	988,209	(41,848)	946,361

RECONCILIATION OF CASH FLOWS

There were no material adjustments to the consolidated statements of cash flows related to the Company's transition to IFRS.

Notes to reconciliation

a) Share-based payments

IFRS 2, "Share-based Payments", and CGAAP are largely converged, with the exception of two main differences. IFRS 2 does not allow straight-line amortization of compensation expense related to stock options granted with a graded vesting schedule. The attribution method is instead required which effectively splits the grant into separate units for valuation purposes based on the vesting schedule. Additionally, IFRS 2 requires the incorporation of an estimate of forfeiture rates.

The related impact on transition to IFRS was as follows:

	October 31, 2011	January 31, 2011	November 1, 2010
	$	$	$
Contributed surplus	62,450	18,250	20,602
Deficit	(62,450)	(18,250)	(20,602)
	-	-	-

b) Impairment of assets

On transition to IFRS, the adoption of IAS 36, "Impairment of Assets", had no impact on the Company.

17. POST-REPORTING DATE EVENTS

Termination of agreement with Kaskattama

On March 23, 2012, the Company announced that the share purchase agreement with Kaskattama Inc. ("Kaskattama"), whereby Kaskattama was to purchase all of the issued and outstanding shares of the Company's wholly-owned subsidiary Hays Lake Gold Inc., had been terminated.