EXPEDITION MINING INC.

(Formerly Universal Uranium Ltd.)

CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2011

and

September 30, 2010

DeVISSER GRAY *LLP*
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Expedition Mining Inc. (formerly Universal Uranium Ltd.)

We have audited the accompanying consolidated financial statements of Expedition Mining Inc. and its subsidiaries, which comprise the consolidated balance sheets as at September 30, 2011 and 2010 and the consolidated statements of loss, comprehensive loss and deficit, and cash flows for the years then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Expedition Mining Inc. and its subsidiaries as at September 30, 2011 and 2010 and their financial performance and their cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

De Visser Gray LLP

CHARTERED ACCOUNTANTS

Vancouver, Canada
January 24, 2012

EXPEDITION MINING INC.
(Formerly Universal Uranium Ltd.)
CONSOLIDATED BALANCE SHEETS
As at September 30

	2011 $	2010 $
A S S E T S		
Current assets		
Cash	2,918,647	989,389
Amounts receivable	85,288	38,253
Security deposits	5,750	5,750
Prepaid expense	11,070	-
	3,020,755	1,033,392
Long term receivable (Note 5)	-	80,697
Reclamation bond (Note 12)	9,959	17,886
Equipment (Note 3)	20,189	22,720
Other assets (Note 4)	-	1,032,900
Mineral properties (Note 6)	1,757,307	840,173
	4,808,210	3,027,768
L I A B I L I T I E S & S H A R E H O L D E R S' E Q U I T Y		
Current liabilities		
Accounts payable and accrued liabilities (Note 7)	476,657	134,882
Asset Retirement Obligation (Notes 8 and 12)	9,959	17,886
	486,616	152,768
Shareholders' Equity		
Share capital (Note 9)	24,902,181	22,216,588
Contributed surplus (Note 9d)	3,752,039	3,251,857
Deficit	(24,332,626)	(22,593,445)
	4,321,594	2,875,000
	4,808,210	3,027,768

Continuing operations (Note 1)

Approved on behalf of the Board of Directors:

"*Ronald Atlas*", Director

"*Steven Chan*", Director

See notes to financial statements

EXPEDITION MINING INC.
(Formerly Universal Uranium Ltd.)
CONSOLIDATED STATEMENTS OF LOSS, COMPREHENSIVE LOSS AND DEFICIT
For the Years Ended September 30,

	2011	2010
	$	$
General and administrative expenses:		
Bank charges and interest	921	10,029
Corporate and administration fees	38,065	9,731
Directors' fees	24,066	24,710
Filing and transfer agent fees	24,530	19,523
Legal & accounting fees	101,821	130,951
Management fees	198,837	205,712
Office and salaries	57,754	81,828
Property investigation	-	3,057
Shareholders' communication, & promotion	40,178	30,061
Travel, meals & entertainment	19,337	13,064
	(505,509)	(528,666)
Other items:		
Amortization	(6,399)	(6,920)
Interest income	25,474	19,669
Foreign exchange loss	-	-
Revaluation and write-off of receivable (Note 5)	(91,697)	(20,531)
Stock based compensation (Note 9(c))	(476,844)	(74,750)
Gain on sale of Asset Backed Commercial Paper (Note 4)	-	645,940
Gain (loss) on sale of other assets	434,627	(37,550)
Write-off of other assets	-	(156,428)
Write-off of mineral properties	(1,118,833)	-
Gain due to fair value of short sale	-	30,622
Expenses recovered	-	64,322
Net loss and comprehensive loss for the year	(1,739,181)	(64,292)
Deficit - beginning of the year	(22,593,445)	(22,529,153)
Deficit - end of the year	(24,332,626)	(22,593,445)
Loss per share	(0.03)	(0.00)
Weighted average – number of shares outstanding	52,232,150	47,330,643

See notes to financial statements

EXPEDITION MINING INC.
(Formerly Universal Uranium Ltd.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended September 30,

	2011 $	2010 $
Cash provided by (used for):		
Operating Activities		
Net loss for the year	(1,739,181)	(64,292)
Adjustment which do not affect cash:		
Amortization	6,399	6,920
Stock-based compensation	476,844	74,750
Write-off of other assets	-	156,428
Write-off mineral properties	1,118,833	-
Write-off of reclamation bond	7,927	-
Revaluation and write-off of receivable	91,697	20,531
Gain on sale of asset backed commercial paper	-	(645,940)
Gain on fair value of short sale	-	(30,622)
Loss (gain) on sale of other assets	(434.627)	37,550
	(472,108)	(444,675)
Net changes in non-cash working capital items:		
Amounts receivable	(58,035)	(6,646)
Prepaid expense	(11,070)	12,504
Accounts payable and accrued liabilities	16,127	(34,074)
	(525,086)	(472,891)
Financing Activities		
Common shares issued	2,326,841	-
Proceeds from options exercised	146,250	-
Share issue costs	(171,660)	-
	2,301,431	-
Investing Activities		
Mineral property costs	(1,310,746)	(623,459)
Reclamation bonding refunded	-	99,948
Equipment purchased	(3,868)	(420)
Repayment of margin account	-	(502,793)
Proceeds from sale of asset backed commercial paper	-	785,035
Sale of other assets	1,467,527	416,242
Security deposits	-	23,372
	152,913	197,925
Increase (decrease) in cash	1,929,258	(274,966)
Cash - beginning of year	989,389	1,264,355
Cash - end of year	2,918,647	989,389

Supplementary disclosures:

	2011 $	2010 $
Interest income received	16,925	15,450
Shares issued for mineral properties	407,500	12,000
Accounts payable related to mineral properties	429,518	103,870

See notes to financial statements

EXPEDITION MINING INC.
(Formerly Universal Uranium Ltd.)
Consolidated Schedule of Deferred Mineral Property Costs
For the Years Ended September 30

	Balance 30-Sep-09 $	Additions $	Balance 30-Sep-10 $	Additions $	Write-off $	Balance 30-Sep-11 $
Tact & Buff (Nevada)						
Acquisition costs	19,908	12,000	31,908	-	(31,908)	-
Exploration costs:						
Advances	5,546	(5,546)	-	-	-	-
Assays & sampling	11,790	18,020	29,810	-	(29,810)	-
Claims and maintenance	17,429	81,831	99,260	502	(99,762)	-
Consulting	47,216	68,212	115,428	-	(115,428)	-
Drilling	142,127	7,714	149,841	-	(149,841)	-
Field administration	65	167	232	-	(232)	-
Field work and supplies	1,483	11,267	12,750	-	(12,750)	-
Maps & reports	5,282	5,284	10,566	-	(10,566)	-
Royalty - advance	-	10,802	10,802	-	(10,802)	-
Site reclamation		17,886	17,886	14,326	(32,212)	-
Site visits	7,471	2,625	10,096	-	(10,096)	-
	258,317	230,262	488,579	14,828	(503,407)	-
Brew Property (Yukon)						
Acquisition costs	-	75,000	75,000	125,000	(200,000)	-
Exploration costs:						
Assays	-	43,610	43,610	22,144	(65,754)	-
Claims and maintenance	-	20,120	20,120	-	(20,120)	-
Consulting	-	11,699	11,699	3,687	(15,386)	-
Drilling	-	-	-	38,049	(38,049)	-
Fieldwork & supplies	-	1,148	1,148	4,108	(5,256)	-
Legal	-	6,665	6,665	112	(6,777)	-
Mobilization	-	62,173	62,173	52,670	(114,843)	-
Site visits	-	314	314	1,102	(1,416)	-
Soil sampling & trenching	-	130,865	130,865	16,960	(147,825)	-
	-	351,594	351,594	263,832	(615,426)	-
Joy Property (Yukon)						
Acquisition costs	-	-	-	325,000	-	325,000
Exploration costs:						
Camp	-	-	-	12,499	-	12,499
Consulting	-	-	-	6,321	-	6,321
Data acquisition	-	-	-	70,380	-	70,380
Fieldwork & supplies	-	-	-	29,113	-	29,113
Geochem and geophysics	-	-	-	34,473	-	34,473
Helicopter	-	-	-	174,058	-	174,058
Legal	-	-	-	14,996	-	14,996
Mobilization	-	-	-	30,742	-	30,742
Soil sampling & trenching	-	-	-	176,421	-	176,421
	-	-	-	874,003	-	874,003

See notes to financial statements

EXPEDITION MINING INC.
(Formerly Universal Uranium Ltd.)
Consolidated Schedule of Deferred Mineral Property Costs
For the Years Ended September 30

	Balance 30-Sep-09 $	Additions $	Balance 30-Sep-10 $	Additions $	Write-offs $	Balance 30-Sep-11 $
Mt. Mervyn Property (Yukon)						
Acquisition costs	-	-	-	332,500	-	332,500
Exploration costs:						
Camp	-	-	-	18,748	-	18,748
Consulting	-	-	-	6,371	-	6,371
Data acquisition	-	-	-	105,570	-	105,570
Fieldwork & supplies	-	-	-	55,750	-	55,750
Geochem and geophysics	-	-	-	110,577	-	110,577
Helicopter	-	-	-	100,191	-	100,191
Legal	-	-	-	10,818	-	10,818
Mobilization	-	-	-	46,113	-	46,113
Soil sampling & trenching	-	-	-	96,666	-	96,666
	-	-	-	883,304	-	883,304
TOTALS	**258,317**	**581,856**	**840,173**	**2,035,967**	**(1,118,833)**	**1,757,307**

See notes to financial statements

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company is incorporated in the Province of British Columbia and its principal business activity is the acquisition and exploration of resource properties. The Company is currently in the exploration stage of developing its mineral properties and has not yet determined whether these properties contain mineral reserves that are economically recoverable.

These consolidated financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since inception and has an accumulated operating deficit of $24,332,626 at September 30, 2011. The ability of the Company to continue as a going-concern depends upon its capacity in the near-term to raise additional equity financing and ultimately to develop profitable commercial operations.

There can be no assurance that the Company will be able to continue to raise funds in the future in which case the Company may be unable to meet its obligations. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the balance sheet.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”). The accounting policies followed by the Company are set out below and have been consistently followed in the preparation of these consolidated financial statements as compared to prior years.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of any contingent assets and liabilities as at the date of the financial statements, as well as the reported amounts of expenses incurred during the period. Actual results could differ from those estimates.

Significant estimates include carrying costs of mineral properties, stock-based compensation, future income taxes and asset retirement obligations. Refer to Note 4 in connection with the estimated recoverable amounts of asset-backed commercial paper, and also to Note 9(c) in respect to the fair value measurement of stock-based compensation.

Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Universal Uranium USA Inc. and Phoenix Uranium Corp. All significant inter-company transactions have been eliminated.

Cash and Cash Equivalents

Cash and cash equivalents include cash in accounts and securities that on acquisition are convertible to cash within three months. These investments are highly liquid marketable securities and deposits, which are designated as held-for-trading and are recorded at their fair values. Fair values are determined by reference to quoted market prices at the balance sheet date. Unrealized gains and losses on held-for-trading investments are recognized in income. Investment transactions are recognized on the trade date with transaction costs included in the underlying balance. At each balance sheet date, the Company assesses for any impairment in value that is considered to be other than temporary, and records any write-downs to net loss for the period. Cash consists of $512,884 (2010- $81,267) and $2,405,763 (2010- $908,122) in cash equivalents.

2. **SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Share Capital

Common shares issued for non-monetary consideration are recorded at their fair market value based upon the trading price of the Company's shares on the TSX Venture Exchange.

Share issue costs

Share issue costs, which include commissions, professional and regulatory fees are charged directly to share capital.

Stock-based Compensation

The Company follows the Recommendations of the Canadian Institute of Chartered Accountants ("CICA") for the recognition of stock-based compensation which requires that all stock option-based awards made to consultants and employees are recognized and measured using a fair value-based method.

Consideration received on the exercise of stock options and compensation options and warrants is recorded as share capital and the related contributed surplus originally recognized when the options were granted, is transferred to share capital.

Basic and Diluted Loss per Share

Basic loss per share is computed by dividing the loss for the period by the weighted average number of common shares outstanding during the period. Diluted loss per share reflects the potential dilution that could occur if potentially dilutive securities were exercised or converted to common stock. The dilutive effect of options and warrants and their equivalent is computed by application of the treasury stock method. Fully diluted amounts are not presented when the effect of the computations are anti-dilutive due to the losses incurred. At September 30, 2011, the effect of potential issuances of shares would be anti-dilutive and accordingly, there is no difference in the amounts presented for basic and diluted loss per share.

Property and Equipment

Property and equipment is recorded at cost less accumulated amortization. The Company provides for amortization using the declining balance method at rates designed to amortize the cost of the property and equipment over its estimated useful life. The annual amortization rates are as follows:

Computer	30%
Office equipment	20%

Mineral Properties

The Company records its interests in mineral properties and all direct expenditures incurred on them at cost. All direct and indirect costs relating to the acquisition of these properties are capitalized on the basis of specific claim blocks or areas of geological interest until the properties to which they relate are placed into production, sold or management has determined there to be impairment in value. These costs will be amortized on the basis of units produced in relation to the proven reserves available on the related property following commencement of production or charged to operations in the year of abandonment or sale. Mineral properties which are sold before that property reaches the production stage will have all revenues from the sale of the property credited against the cost of the property. Properties which have reached the production stage will have a gain or loss calculated based on the portion of that property sold.

2. **SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Mineral Properties *(continued)*

The recorded cost of mineral properties is based on cash paid, the value of any common share consideration issued and exploration costs incurred. The recorded amount may not reflect recoverable value as this will be dependent on the development program, the nature of the mineral deposit, commodity prices, adequate funding and the ability of the Company to bring its projects into production. Properties acquired under option agreements, whereby payments are made at the sole discretion of the Company, are recorded in the accounts when the payments are made.

Impairment of Long-Lived Assets

Long-lived assets of the Company are reviewed when changes in circumstances suggest their carrying value has become impaired. Management considers assets to be impaired if the carrying value exceeds the future projected cash flows from related operations (undiscounted and without interest charges). If impairment is deemed to exist, the asset will be written down to fair value.

Asset Retirement Obligations

The Company recognizes a liability for an asset retirement obligation when it is determinable and calculates the liability based upon discounted future payments to be made. A corresponding amount is added to the carrying amount of the related long-lived asset, and this amount is subsequently allocated to expense over its expected life. Adjustment will also be made in subsequent periods to changes in asset retirement obligations due to changes in estimates. At September 30, 2011, the Company reported an obligation of $9,959 (2010- $17,886)

Income taxes

The Company accounts for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, which are measured using tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be settled. When the future realization of income tax assets does not meet the test of being more likely than not to occur, a valuation allowance in the amount of the potential future benefit is taken and no net assets are recognized. Such an allowance has been applied to all potential income tax assets of the Company.

Translation of Foreign Currencies

The Company translates the results of foreign operations as follows: monetary items are translated at the rate of exchange in effect at the balance sheet date, non-monetary items at average rates in effect during the period in which they are incurred and expenses are translated at average rates in effect during the period, except for amortization, which is translated using historical rates. Gains and losses resulting from the translation of foreign exchange rates are included in the determination of income.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial Instruments

The Company's financial instruments consist of cash, amounts receivable, security deposits, current liabilities, long-term receivable, other assets and reclamation bond.

All financial instruments are classified into one of the following five categories: held for trading, held-to-maturity investments, loans and receivables, available-for-sale assets or other financial liabilities. All financial instruments, including derivatives, are included on the balance sheet and are measured at fair market value upon inception with the exception of certain related party transactions. Subsequent measurement and recognition of changes in the fair value of financial instruments depends on their initial classification. Held-for-trading financial investments are measured at fair value and all gains and losses are included in operations in the period in which they arise. Available-for-sale financial instruments are measured at fair value with revaluation gains and losses included in other comprehensive income until the asset is removed from the balance sheet. Loans and receivables, investments held to maturity and other financial liabilities are measured at amortized cost using the effective interest method. Gains and losses upon inception, recognition, impairment write-downs and foreign exchange translation adjustments are recognized immediately. Transaction costs related to debt financings must be expensed in the period incurred.

The Company's cash, security deposits and investments are all classified as being "held-for-trading" with the exception of its accounts receivable and long-term receivable which are considered to be classified as "loans and receivables". Accounts payable and due to related parties are classified as being "other financial liabilities".

Credit Risk

Financial instruments that potentially subject the Company to credit risk consist of cash and accounts receivable. Security deposits are maintained with a financial institution of reputable credit and are redeemable on demand. Accounts receivable consist partially of interest accrued on cash equivalents. Accordingly, the Company's opinion is that credit risk is minimal.

Long term receivable is due from a former director of the Company. See Note 5.

Foreign Exchange Risk

The Company faces certain foreign exchange risks related to expenses and deferred exploration costs incurred in U.S. dollars, a currency which may appreciate against the Canadian dollar, the Company's reporting currency. Additionally, net working capital balances denominated in non-reporting currencies are also subject to fluctuations in value. The Company mitigates these threats by limiting its exposure to such balances where their expenditure in the same non-reporting currency is not imminent.

Interest Rate Risk

The Company's interest rate risk mainly arises from the interest rate impact on cash and cash equivalents and security deposits. Cash and cash equivalents and security deposits receive interest based on market interest rates.

Long term receivable bears interest at a fixed rate and does not expose the Company to interest rate risk.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial Instruments *(continued)*

Liquidity Risk

The Company manages liquidity risk by maintaining adequate cash balances. If necessary, the Company may raise funds through the issuance of equity or monetization of noncore assets. It is ensured that there is sufficient capital to meet obligations by continuously monitoring and reviewing actual and forecasted cash flows, and matching the maturity profile of financial assets to operating needs.

Financial Instruments - Disclosure

Section 3862- Financial Instruments- Disclosures, includes additional disclosures requirements about the fair market value measurements for financial instruments and liquidity risk disclosures. Section 3862 requires a three-level hierarchy that reflects the significance of the inputs used in making the fair value measurements. Fair value of assets and liabilities included in level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in level 2 include valuations using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly. Level 3 valuations are based on inputs that are unobservable and significant to the overall fair value measurement. The required disclosure is in Note 11.

Flow-through shares

The Company may issue securities referred to as flow-through shares, whereby the investor may claim the tax deduction arising from the expenditure of the proceeds. When resource expenditures are renounced to the investors and the Company has reasonable assurance that expenditures will be completed, future income tax liabilities are recognized (renounced expenditures multiplied by the effective corporate tax rate), and share capital is reduced. Previously unrecognized tax assets may then offset or eliminate the liability recorded. As at September 30, 2011, the Company had spent all eligible exploration expenditures.

New Canadian Accounting Pronouncements

International Financial Reporting Standards (“IFRS”)

In February 2008, the Canadian Accounting Standards Board announced 2011 as the changeover date for publicly-listed companies to use IFRS, replacing Canada’s own generally accepted accounting principles. The specific implementation is set for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of October 1, 2011 will require restatement for comparative purposes of amounts reported by the Company for the year ended September 30, 2011.

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3. EQUIPMENT

	September 30, 2011		
	Cost $	Accumulated Amortization $	Net $
Computer equipment	41,178	33,611	7,567
Office equipment	49,020	36,398	12,622
	90,198	70,009	20,189

	September 30, 2010		
	Cost $	Accumulated Amortization $	Net $
Computer equipment	37,310	30,368	6,942
Office equipment	49,020	33,242	15,778
	86,330	63,610	22,720

4. OTHER ASSETS

Asset Backed Commercial Papers

During fiscal year 2009, the Company invested $1,390,951 in a collateralized short term debt obligation (the “Note”), issued by Conventree Inc. and commonly known as “Asset Backed Commercial Paper” (“ABCP”). The redemption of the Note is dependent on the cash generated by the ABCP’s underlying assets and the ability of the trust that issued the note to refinance it in the ABCP market. The Note was due and repayable to the Company on September 1, 2009, however the market for ABCP has ceased to function and the Company’s Note was not redeemed upon maturity. The Company was unable to determine if or when it may obtain the funds due under its Note, or whether the full amount invested will be recoverable. Accordingly, it reclassified the Note as a non-current asset, and revalued it to $139,095.

During fiscal year 2010, the Company sold all its ABCP for a total of $785,035 and reported a gain on sale of the ABCP of $645,940.

Crosshair Exploration & Mining Corp. Shares

During fiscal year 2008, the Company received 10,000,000 shares and 7,500,000 warrants of Crosshair Exploration & Mining Corp. (“Crosshair”) pursuant to the acquisition agreement whereby Crosshair acquired the Company’s 60% interest in its Central Mineral Belt (CMB), Labrador, uranium project as further discussed in Note 6. The 10,000,000 common shares of Crosshair were originally recorded at market value of $0.48 per share on July 29, 2008 (the Agreement date). The 7,500,000 warrants expired on July 29, 2011.

During fiscal year 2009, the Company sold 2,886,000 shares at various prices for total net proceeds of $474,323, leaving a balance of 7,114,000 Crosshair shares in escrow. During the year ended September 30, 2010, the Company sold 2,419,000 shares at various prices for total net proceeds of $453,492, leaving a balance of 4,695,000 Crosshair shares. The value of these shares was reported as $1,032,900 ($0.22 per share) at September 30, 2010.

4. **OTHER ASSETS** *(continued)*

Crosshair Exploration & Mining Corp. Shares *(continued)*

On March 31, 2010, the Company announced that on action commenced by Crosshair Exploration & Mining Corp. ("Crosshair") in the B.C. Supreme Court in April, 2009 had been settled. The settlement agreement required the parties to file a consent dismissal order dismissing both the Crosshair claim and the Company's counterclaim on a without costs basis. The settlement agreement also provided for a release by each party of all claims and causes of action it may have against the other party resulting from any matters existing up to the present time with respect to the action.

The settlement agreement further provided for Crosshair to enter into a voting trust agreement pursuant to which Crosshair will, for a period of 36 months, either abstain from voting its shares in the Company at shareholder meetings or will vote its shares in favour of the proposals of the Company's management. As at the date of the settlement, Crosshair held 2,222,222 common shares of the Company and 2,222,222 warrants to purchase common shares of the Company. The 2,222,222 warrants expired on July 29, 2011.

On December 21, 2010, Crosshair announced that effective immediately, the common shares of Crosshair were consolidated on the basis of one (1) post-consolidation common share for every four (4) pre-consolidation common share.

During the year ended September 30, 2011, the Company sold all remaining Crosshair shares for gross proceeds of $1,467,527.

	Fair Value 30-Sep-11 $	Fair Value 30-Sep-10 $
Crosshair Exploration & Mining Corp.	-	1,032,900

5. **LONG TERM RECEIVABLE**

On September 26, 2007, the Company received a Promissory Note from a former director in the amount of $110,550, previously recorded in amounts receivable. The note bears interest of 2.25% per annum and was due and payable on March 26, 2008.

On July 2, 2009, the Company obtained default judgment against the director in the amount of $117,975, which included interest in the amount of $1,419 and $1,330 in other costs. On September 16, 2009, it was ordered that the director pay $500 per month commencing October 15, 2009 and continuing to December 15, 2009, and that the director pay $1,000 per month commencing January 15, 2010 until the amount owing is paid in full, or until further order. The Company revalued the loan to its fair market value of $97,593 (net of unamortized discount of $20,531). The revaluation resulted in a loss of $20,531 in fiscal 2010.

The fair value of the long term receivable as of September 30, 2010 was $92,697 (net of unamortized discount of $17,514). $12,000 was classified as a short-term receivable.

During the year ended September 30, 2011, the Company received a notice from the former director's Trustee, that a Notice of Proposal to Creditors has been filed with the Supreme Court of B.C. The notice proposed that 22.3% of the unsecured loan to be paid over 56 monthly payments. Although the proposal was refused by the Company, it was approved by the statutory majority of creditors and the Trustee and received Court approval. Subsequently, the Company wrote-off the remaining balance owing of $91,697.

6. MINERAL PROPERTIES

Joy Property
Yukon Territory, Canada

The Company entered into an agreement pursuant to which the Company has the right to acquire 100% interest in the Joy Gold Property, located in the Mayo Mining District in the Yukon Territory.

The terms of the agreement are as follows:

Cash:

- $75,000 within five days of signing the Option Agreement (paid)
- $25,000 on or before May 1, 2011 (paid)
- $50,000 on or before December 1, 2011 (subsequently paid)

Common Shares:

- 250,000 common shares within five days of the TSX Venture acceptance of the Option Agreement (issued)
- 250,000 common shares on or before January 10 2011 (issued)
- 500,000 common shares on or before July 1, 2011 (issued)

Cash or Shares:

- $150,000 cash or stock at the Company's option on or before May 1, 2012
- $150,000 cash or stock at the Company's option on or before May 1, 2013

Feasibility Study:

- Payment of $250,000 in cash or common stock in the Company at the Company's option on the earlier date of the sixth anniversary of the Agreement or upon receipt by the Optionee of a NI 43-101 report indicating a resource of a minimum 500,000 contained ounces of gold on the property.

Work Program:

- Minimum of $200,000 on or before December 31, 2011 (incurred $549,003)
- A further $300,000 on or before December 31, 2012
- A further $500,000 on or before December 31, 2013

NSR:

- The Optionor will have a 2% net smelter returns Royalty on the Property. The NSR Royalty may be reduced to 1% by the payment of $1,000 000 to the Optionor.

On November 26, 2010, the TSX Venture Exchange approved the property transaction.

Mt. Mervyn Property
Yukon Territory, Canada

On April 12, 2011, the Company entered into an option agreement pursuant to which it can acquire a 100% interest in the Mt. Mervyn gold property from Paul Dadwal. The Mt. Mervyn property is located in the Mayo Mining District of central Yukon and is comprised of 314 unpatented mining claims, approximately 6,564 hectares (65.64 sq kilometres).

In order to exercise its option under the option agreement, the Company must make payments and issue shares as set below.

Cash:
$75,000 within five business days after Exchange Acceptance Date (paid)
$75,000 on or before June 1, 2011 (paid)

6. **MINERAL PROPERTIES** *(continued)*

Mt. Mervyn Property *(continued)*
Yukon Territory, Canada

Common Shares:
250,000 within business days after Exchange Acceptance Date (issued)
250,000 on or before June 1, 2011 (issued)
250,000 on or before October 1, 2011 (issued)
250,000 on or before March 31, 2012

Net Smelter Returns Royalty (NSR):
The optionor will have a 2% net smelter royalty on the property. The NSR may be reduced to 1% by the payment of $1-million to the optionor.

The Company is committed to make the initial payment of $75,000 (paid) and the initial issuance of 250,000 common shares (issued) once the title to the claims comprising the Mt. Mervyn property is recorded in the Company's name. The other payments and share issuances are optional.

The above transaction received the approval of the TSX Venture Exchange on April 18, 2011.

Brew Properties
Yukon Territory, Canada

On May 4, 2010, the Company announced the completion of an option and joint venture agreement with Aldrin Resource Corp. ("Aldrin"), whereby the Company can earn a 50% interest in Ryanwood Exploration Inc's ("Ryanwood") Brew property. The Brew property is located in the White Gold District, Yukon Territory.

The Company may acquire its 50% interest in the Brew property over a three year period subject to the following:

a) Pay Aldrin $125,000 on or before December 31, 2010 (paid);
b) Pay Ryanwood:
   (i) $75,000 on or before June 26, 2010 (paid);
   (ii) $75,000 on or before June 26, 2011;
   (iii) $75,000 on or before June 26, 2012; and
   (iv) $75,000 on or before June 26, 2013;
c) Incur expenditures:
   (i) $300,000 on or before November 15, 2010 ($304,047 incurred);
   (ii) $400,000 on or before November 15, 2011($111,379 incurred); and
   (iii) $650,000 on or before November 15, 2012.

In addition, the Company will pay Aldrin 50% of the Aldrin shares issuable by Aldrin to Ryanwood. The payments in respect of the Aldrin shares are capped at $156,250 for 2011 and at $187,500 for 2012 and 2013 and these payments may be paid either in cash or by the issuance of the Company's shares at the Company's option. If the Company chooses to issue the Company's shares, a 10% premium will be paid.

The above transaction received the approval of the TSX Venture Exchange on May 5, 2010.

The directors and management reviewed the recent assay results and the commitments to be incurred in the Brew Property and on June 22, 2011, the Company formally terminated the agreement with Aldrin. The Company wrote-off all carrying costs related to the property.

6. **MINERAL PROPERTIES** *(continued)*

Tact & Buff Properties
Nevada, USA

On July 7, 2009, the Company announced that it had entered into an agreement with Nevada Mine Properties II, Inc ("NMP"), a private Nevada corporation, to acquire a 100% interest in NMP's Tact – Buff property (the "Property") located in the prolific Battle Mountain Mining District, Nevada. The Property is comprised of 98 claims totalling 1760 acres and is situated in Humboldt County approximately 30 miles southeast of Winnemucca.

In consideration, the Company agreed to pay US$7,500 (paid) upon execution of the agreement and a total of US $302,500 in Advance Royalty Payments in the first 8 years with automatic extensions over the next 12 years. The Company reserved the right to purchase 100% ownership of the Property at anytime by paying US$2 million less any Advance Royalty Payments.

Other considerations include issuing a total of 500,000 shares (400,000 shares issued) to NMP over a two year period and the option to buydown a 3% NSR to 1% for US$3 million. On August 6, 2009, the Company issued 200,000 common shares to NMP, which was recorded at the closing trading price of $0.06 per share. On July 8, 2010, the Company issued 200,000 common shares to NMP, which was recorded at the closing trading price of $0.06 per share.

On June 20, 2011, the Company informed NMP of their decision to stop all expenditures on the property but will continue to find NMP a new joint venture partner. On June 27, 2011, the Company engaged Ranchers Exploration to reclaim all disturbances in the property. The Company wrote-off all expenditures incurred on the property.

7. **DUE TO RELATED PARTIES**

During the year ended September 30, 2011, the Company paid or accrued $287,858 (2010- $289,542) to directors and officers or companies controlled by directors and officers of the Company, for management, accounting and directors fees incurred by the Company to directors of the Company. Included in Accounts Payable are directors fees payable of $7,500 (2010 - $3,500).

The above related party transactions, in the normal course of business, are measured at their exchange amount in these consolidated financial statements, which are the amounts of consideration received as established and agreed upon by the Company and the aforementioned related parties.

8. **ASSET RETIREMENT OBLIGATION**

Included in the carrying value of the mineral properties is $9,959 representing the estimated fair value of the liability for the asset retirement obligation that arose as a result of drilling activities since fiscal 2009 on the Tact & Buff Property. The fair value of the liability, $9,959 was determined to be equal to the estimated drill well site remediation costs for which a reclamation bond had been posted.

During fiscal year 2010, the Company recorded the refund of $83,020 (US$81,000) from the State of Utah with respect to the reclamation bond posted for the Lisbon Valley property, which was written off in fiscal 2009.

9. SHARE CAPITAL

a) Authorized: Unlimited number of common shares

b) Issued and outstanding:

	Number of Shares	$
Balance – September 30, 2009	47,284,068	22,204,588
Issued for mineral properties:		
Acquisition cost per agreement	200,000	12,000
Balance – September 30, 2010	47,484,068	22,216,588
Issued for mineral properties:		
Acquisition cost per agreement	1,750,000	407,500
Issued for cash:		
Flow-through Private Placement @ $0.40	2,625,000	1,050,000
Non-flow-through Private Placement @ $0.32	3,500,000	1,120,000
Options exercised (ranging from $0.10 to $0.15)	1,045,000	146,250
Finders fee shares	306,250	98,000
Share issue costs:		
Agents' units @ $0.32	-	(98,000)
TSX filing and legal fees	-	(14,820)
Fair value of options exercised	-	35,443
Fair value of Agents' warrants	-	(42,911)
Fair value of Agents' fees warrants	-	(15,869)
Balance – September 30, 2011	**56,710,318**	**24,902,181**

On March 15, 2011, the Company closed a non-brokered private placement of 2,625,000 flow through units at a price of $0.40 per flow-through unit and 3,500,000 non flow-through units at a price of $0.32 per non flow-through unit for aggregate gross proceed of $2,170,000. Each flow-through unit comprises of one flow-through common share and one-half of one non flow-through common share purchase warrant, each whole warrant exercisable to purchase one additional non flow-through common share at $0.55 per share for a period of 18 months from the date of issuance. Each non flow-through unit comprise of one non flow-through common share and one-half of one non flow-through common share purchase warrant, each whole warrant exercisable to purchase one additional non flow-through common share at $0.50 per share for a period of 18 months from the date of issuance.

The Company issued 306,250 finder's units, deemed at $0.32 per unit. The finder's unit comprises of one non flow-through unit and one-half of one non flow-through common share purchase warrant, each whole warrant exercisable to purchase one additional non flow-through common share at $0.50 per share for a period of 18 months from the date of issuance. Company also issued 306,250 finder's warrants, exercisable to purchase one additional non flow-through common share at $0.80 per share for a period of 18 months from the date of issuance.

9. **SHARE CAPITAL** *(continued)*

c) Stock options:

The continuity of share purchase options is as follows:

Expiry Date	Exercise Price	30-Sep-10	Granted	Exercised	Expired / Cancelled	30-Sep-11
16-Jan-11	0.15	85,000	-	-	(85,000)	-
08-May-11	0.15	100,000	-	(100,000)	-	-
13-Jun-11	0.15	150,000	-	(150,000)	-	-
13-Nov-11	0.15	150,000	-	-	-	150,000
19-Mar-12	0.15	645,000	-	(170,000)	-	475,000
01-Dec-12	0.15	595,000	-	(45,000)	-	550,000
12-Mar-13	0.15	110,000	-	(50,000)	(60,000)	-
23-Apr-13	0.15	730,000	-	(145,000)	-	585,000
29-Apr-14	0.15	775,000	-	(175,000)	(75,000)	525,000
15-Oct-14	0.15	50,000	-	-	-	50,000
10-Jun-15	0.10	800,000	-	(200,000)	-	600,000
28-Jul-15	0.10	365,000	-	(10,000)	-	355,000
21-Sep-15	0.15	50,000	-	-	-	50,000
21-Apr-16	0.40	-	1,515,000	-	-	1,515,000
11-Jul-16	0.40	-	100,000	-	-	100,000
		4,605,000	1,615,000	(1,045,000)	(220,000)	4,955,000
Weighted average exercise price		0.14	0.40	0.14	0.15	0.22

The weighted average remaining contractual life of the outstanding stock options at September 30, 2011 is 3.01 years.

Expiry Date	Exercise Price	30-Sep-09	Granted	Exercised	Expired / Cancelled	30-Sep-10
29-Dec-09	0.15	230,000	-	-	(230,000)	-
21-June-10	0.15	425,000	-	-	(425,000)	-
16-Jan-11	0.15	85,000	-	-	-	85,000
08-May-11	0.15	100,000	-	-	-	100,000
13-Jun-11	0.15	150,000	-	-	-	150,000
13-Nov-11	0.15	150,000	-	-	-	150,000
19-Mar-12	0.15	645,000	-	-	-	645,000
01-Dec-12	0.15	645,000	-	-	(50,000)	595,000
12-Mar-13	0.15	110,000	-	-	-	110,000
23-Apr-13	0.15	780,000	-	-	(50,000)	730,000
29-Apr-14	0.15	775,000	-	-	-	775,000
15-Oct-14	0.15	-	50,000	-	-	50,000
10-Jun-15	0.10	-	800,000	-	-	800,000
28-Jul-15	0.10	-	365,000	-	-	365,000
21-Sep-15	0.15	-	50,000	-	-	50,000
		4,095,000	1,265,000	-	(755,000)	4,605,000
Weighted average exercise price		0.15	0.10	-	0.15	0.14

9. **SHARE CAPITAL** *(continued)*

c) Stock options: *(continued)*

On April 21, 2011, the Company granted 1,515,000 incentive stock options to certain directors, officers and employees. The options are exercisable at $0.40 per share and expire on April 21, 2016. On July 11, 2011, the Company granted 100,000 incentive stock options to a certain directors. The options are exercisable at $0.40 per share and expire on July 11, 2016. The corresponding stock-based compensation amounted to $476,844 (2010-$74,750), which was estimated using the Black-Scholes Option Pricing Model with the following assumptions:

	Total or Average 30-Sep-11	Total or Average 30-Sep-10
Number of options	1,615,000	1,265,000
Risk-free interest rate	3.00%	2.25
Expected life	4.6	4.75
Vesting period	-	-
Expected volatility	131.07%	130.02%
Option fair value	$0.295	$0.056

d) Contributed Surplus

Contributed surplus, September 30, 2009	$	3,177,107
Changes during the period		
Fair-value of stock options granted		74,750
Contributed surplus, September 30, 2010	$	3,251,857
Fair-value of stock options granted		476,844
Fair-value of agents warrants granted		58,780
Fair-value of stock options exercised		(35,443)
Contributed surplus, September 30, 2011	$	3,752,038

e) Share purchase warrants

The continuity of share purchase warrants is as follows:

Expiry Date	**Exercise Price**	**30-Sep-10**	**Granted**	**Exercised**	**Expired / Cancelled**	**30-Sep-11**
12-Sep-12	0.55	-	1,312,500	-	-	1,312,500
12-Sep-12	0.50	-	1,750,000	-	-	1,750,000
12-Sep-12	0.80	-	306,250	-	-	306,250
12-Sep-12	0.50	-	153,125	-	-	153,125
		-	3,521,875	-	-	3,521,875
Weighted average exercise price		-	0.54	-	-	0.54

9. **SHARE CAPITAL** *(continued)*

e) Share purchase warrants *(continued)*

Expiry Date	Exercise Price	30-Sep-09	Granted	Exercised	Expired / Cancelled	30-Sep-10
23-Oct-09	2.00	1,333,332	-	-	(1,333,332)	-
23-Oct-09	0.75	266,666	-	-	(266,666)	-
12-Mar-10	0.15**	1,150,000	-	-	(1,150,000)	-
12-Mar-10	0.45	87,500	-	-	(87,500)	-
29-Jul-10	0.65	2,222,222	-	-	(2,222,222)	-
		5,059,720	-	-	(5,059,720)	-
Weighted average exercise price		0. 89	-	-	0. 89	-

** On June 1, 2009, the TSX Venture Exchange approved the re-pricing of 1,150,000 share purchase warrants from $0.45 to $0.15. If the closing price for the Company's shares is $0.19 or greater for a period of 10 consecutive days, the warrant holders will have 30 days to exercise their warrants; otherwise the warrants will expire on the 31st day. The weighted average remaining contractual life of the outstanding warrants at September 30, 2011 is 0.95 year.

10. INCOME TAXES

A reconciliation of Canadian income taxes at statutory rates is as follows:

		2011		**2010**
Net loss for the year	$	**(1,739,181)**	$	**(64,292)**
Expected income tax recovery	$	(460,883)	$	(18,323)
Net adjustment for amortization and non-deductible amounts		290,206		(94,980)
Unrecognized benefit of non-capital losses		161,677		113,303
Total income taxes	$	-	$	-

The significant components of the Company's future income tax assets are as follows:

		2011		2010
Future income tax assets:				
Mineral properties	$	2,740,043	$	2,460,334
Non-capital loss carry-forwards		450,681		298,156
Share issue costs		37,636		42,210
Equipment		18,031		16,431
Capital loss carry-forwards		202,361		-
Other assets		-		76,278
		3,448,752		2,893,409
Valuation allowance		(3,448,752)		(2,893,409)
Net future tax assets	$	-	$	-

10. INCOME TAXES *(continued)*

The Company has non-capital losses of approximately $1.8 million which may be carried forward and applied against taxable income in future years. These losses, if not utilized, will expire through to 2031. Subject to certain restrictions, the Company also has mineral property expenditures of approximately $12,717,000 available to reduce taxable income in future years. Future tax benefits which may arise as a result of these losses and resource deductions have not been recognized in these financial statements and have been offset by a valuation allowance.

Year of Origin	Year of Expiry	Non Capital Losses	
2008	2028	$	2,000
2009	2029		793,000
2010	2030		397,000
2011	2031		610,000
		$	1,802,000

11. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS

(a) Capital Management Objectives

The Company's primary objective when managing capital is to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders, and to have sufficient liquidity available to fund suitable business opportunities as they arise.

The Company considers the components of shareholders' equity, as well as its cash and equivalents as capital. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk of characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue equity, sell assets, or return capital to shareholders as well as issue or repay debt. The Board of Directors has not established quantitative capital structure criteria management, but will review on a regular basis the capital structure of the Company to ensure its appropriateness to the stage of development of the business.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the company, is reasonable.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets, which are updated as necessary and are reviewed and approved by the Company's Board of Directors. In addition, the Company may issue new equity, incur additional debt, or dispose of certain assets. When applicable, the Company's investment policy is to hold cash in interest bearing accounts at high credit quality financial institutions to maximize liquidity. In order to maximize ongoing development efforts, the Company does not pay dividends. The Company expects to continue raise funds, from time to time, to continue meeting its capital management objectives.

There were no changes in the Company's approach to capital management during year end September 30, 2011.

(b) Carrying Amounts and Fair Values of Financial Instruments

The fair value of a financial instrument is the price at which a party would accept the rights and/or obligations of the financial instruments from an independent third party. Given the varying influencing factors, the reported fair values are only indicators of the prices that may actually be realized for these financial instruments.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

11. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS *(continued)*

(b) Carrying Amounts and Fair Values of Financial Instruments *(continued)*

Level 1—Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2—Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3—Inputs that are not based on observable market data

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at September 30, 2011.

	Level 1	Level 2	Level 3	Total
Cash	$ 2,918,647	$ –	$ –	$ 2,918,647
Security deposits	$ 5,750	$ –	$ –	$ 5,750
Reclamation bond	$ 9,959	$ –	$ –	$ 9,959

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at September 30, 2010.

	Level 1	Level 2	Level 3	Total
Cash	$ 989,389	$ –	$ –	$ 989,389
Security deposits	$ 5,750	$ –	$ –	$ 5,750
Other assets	$ 1,032,900			$ 1,032,900
Reclamation bond	$ 17,886	$ –	$ –	$ 17,886

12. SUBSEQUENT EVENTS

On November 13, 2011, 150,000 incentive stock options, with an exercise price of $0.15 were expired. On November 29, 2011, 450,000, with exercise prices ranging from $0.15 to $0.40 were cancelled.

On December 16, 2011, the Company received a refund of $9,959 (US$9,660) for the amount of the reclamation bond.

On December 19, 2011, the Company announced the appointment of John S. Watt, C.A. to the Board of Directors, replacing John Hite, who resigned on September 3, 2011.

On January 12, 2012, the Company announced the appointment of Jim Chapman, P. Geo to the Board of Directors, replacing Bert Jeffries who resigned on December 31, 2011. In addition, the Company announced that pursuant to the TSX Venture Exchange policies and the Company's Stock Option Plan, an aggregate of 200,000 shares were granted as incentive stock options at an exercise price of $0.15 per share to the two new directors. The options are exercisable for a period of five years.