

EXPEDITION MINING INC.

Condensed Consolidated Interim Financial Statements

Three month periods ended December 31, 2011 and 2010

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

Corporate Head Office

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NOTICE OF NO AUDITOR REVIEW OF
Condensed Consolidated Interim Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company 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 condensed consolidated interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

/s/ **Ronald Atlas**

Ronald Atlas, Director
Vancouver, BC Canada
March 27, 2012

/s/ **Steve Chan**

Steve Chan, Director
Vancouver, BC Canada
March 27, 2012

EXPEDITION MINING INC.
Condensed Consolidated Interim Statements of Financial Position
(Unaudited – Prepared by Management)

	December 31, 2011 \$	September 30, 2011 \$	October 1, 2010 \$
A S S E T S			
Current assets			
Cash (Note 3)	2,306,307	2,918,647	989,389
Amounts receivable (Note 4)	35,243	85,288	38,253
Security deposits	5,750	5,750	5,750
Prepaid expense	15,345	11,070	-
	<u>2,362,645</u>	<u>3,020,755</u>	<u>1,033,392</u>
Long term receivable (Note 7)	-	-	80,697
Reclamation bond (Notes 8 & 11)	-	9,959	17,886
Equipment (Note 6)	18,991	20,189	22,720
Marketable securities (Note 5)	-	-	1,032,900
Exploration and Evaluation Assets (Note 8)	1,896,374	1,757,307	840,173
	<u>4,278,010</u>	<u>4,808,210</u>	<u>3,027,768</u>

LIABILITIES & SHAREHOLDERS' EQUITY

Current liabilities			
Accounts payable and accrued liabilities (Notes 9 & 10)	44,102	476,657	134,882
Decommissioning Provision (Notes 8 & 11)	-	9,959	17,886
	<u>44,102</u>	<u>486,616</u>	<u>152,768</u>
Shareholders' Equity			
Share capital (Note 12)	24,706,890	24,706,890	22,216,588
Share-based payment reserve (Note 12d)	3,752,039	3,752,039	3,251,857
Deficit	(24,225,021)	(24,137,335)	(22,593,445)
	<u>4,233,908</u>	<u>4,321,594</u>	<u>2,875,000</u>
	<u>4,278,010</u>	<u>4,808,210</u>	<u>3,027,768</u>
Nature and continuance operations (Note 1)			
Basis of presentation (Note 2)			
Subsequent event (Note 15)			

Approved on behalf of the Board of Directors:

“Ronald Atlas”, Director

“Steven Chan”, Director

See notes to financial statements

EXPEDITION MINING INC.
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Unaudited – Prepared by Management)

For the three months ended December 31	2011	2010
	\$	\$
General and administrative expenses:		
Bank charges and interest	234	206
Corporate and administration fees	7,225	7,998
Directors' fees	5,000	6,000
Filing and transfer agent fees	1,995	5,212
Legal & accounting fees	15,650	19,227
Management fees	50,604	50,495
Office, rent and insurance	17,165	15,593
Shareholders' communication, & promotion	7,668	6,492
Travel, meals & entertainment	13,391	6,158
	<u>(118,932)</u>	<u>(117,381)</u>
Other items:		
Amortization	(1,198)	(1,310)
Interest income	6,093	3,186
Foreign exchange loss	(186)	-
Gain (loss) on sale of other assets	-	191,334
Fair value adjustment - other assets	-	769,379
Expenses recovered	26,537	-
	<u>(87,686)</u>	<u>845,208</u>
Net gain (loss) and comprehensive gain (loss)		
	<u>(0.00)</u>	<u>0.02</u>
Basic and diluted income (loss) per share		
	<u>56,710,318</u>	<u>47,330,643</u>
Weighted average – number of shares outstanding		

See notes to financial statements

EXPEDITION MINING INC.
Condensed Consolidated Interim Statements of Cash Flows
(Unaudited – Prepared by Management)

For the three months ended December 31	2011	2010
	\$	\$
Cash provided by (used for):		
Operating Activities		
Net loss for the period	(87,686)	845,208
Adjustment which do not affect cash:		
Amortization	1,198	1,310
Fair value adjustment - other assets	-	(769,379)
	(86,488)	77,139
Net changes in non-cash working capital items:		
Amounts receivable	50,045	2,543
Prepaid expense	(4,275)	12,504
Reclamation bond	9,959	-
Accounts payable and accrued liabilities	(448,478)	(94,318)
	(479,237)	(27,536)
Investing Activities		
Exploration and evaluation assets	(123,144)	(239,868)
Reclamation bond refunded	9,959	-
Decommissioning provision	(9,959)	-
Sale of other assets	-	612,369
	(123,144)	372,501
Increase (decrease) in cash	(612,340)	344,965
Cash - beginning of period	2,918,647	989,389
Cash - end of period	2,306,307	1,334,354
<u>Supplementary disclosures:</u>		
Interest income received	6,093	3,186
Shares issued for exploration and evaluation assets	-	35,000
Accounts payable related to mineral exploration and evaluation assets	15,923	-

See notes to financial statements

EXPEDITION MINING INC.
Condensed Interim Statements of Changes in Shareholders' Equity
(Unaudited – Prepared by Management)

	Issued Share Capital #	\$	Share-Based Payment Reserve	Deficit	Total
Balance, October 1, 2010	47,484,068	\$ 22,216,588	\$ 3,251,857	\$ (22,593,445)	\$ 2,875,000
Issued pursuant to property agreement	250,000	35,000	-	-	35,000
Fair-value of options granted	-	-	-	-	-
Gain (Loss) for the period	-	-	-	845,208	845,208
Balance, December 31, 2010	47,734,068	22,251,588	3,251,857	(21,748,237)	3,755,208
Issued for cash					
- Private placement @ \$0.40	2,625,000	1,050,000	-	-	1,050,000
- Private placement @ \$0.32 (Flow-Through)	3,500,000	1,120,000	-	-	1,120,000
Share issue cost	-	(14,820)	-	-	(14,820)
- Agent's units @ \$0.32	306,250	-	-	-	-
Fair value of agent's warrants pursuant to private placement	-	(42,911)	42,911	-	-
Fair value of agent's fees warrants pursuant to private placement	-	(15,869)	15,869	-	-
Flow-Through premium	-	(195,291)	-	-	(195,291)
Options exercised @ \$0.10	210,000	21,000	-	-	21,000
Options exercised @ \$0.15	835,000	125,250	-	-	125,250
Issued pursuant to property agreement	1,500,000	372,500	-	-	372,500
Fair-value of options granted	-	-	476,845	-	476,845
Fair-value of options exercised	-	35,443	(35,443)	-	-
Loss for the period	-	-	-	(2,389,098)	(2,389,098)
Balance, September 30, 2011	56,710,318	24,706,890	3,752,039	(24,137,335)	4,321,594
Loss for the period	-	-	-	(87,686)	(87,686)
Balance, December 31, 2011	56,710,318	\$ 24,706,890	\$ 3,752,039	\$ (24,225,021)	\$ 4,233,908

See notes to financial statements

EXPEDITION MINING INC.
Condensed Consolidated Interim Statements of Exploration and Evaluation Assets
For the three months ended December 31

	Balance 30-Sep-10 \$	Additions \$	Write-off \$	Balance 30-Sep-11 \$	Additions \$	Balance 31-Dec-11 \$
Tact & Buff (Nevada)						
Acquisition costs	31,908	-	(31,908)	-	-	-
Exploration costs:						
Advances	-	-	-	-	-	-
Assays & sampling	29,810	-	(29,810)	-	-	-
Claims and maintenance	99,260	502	(99,762)	-	-	-
Consulting	115,428	-	(115,428)	-	-	-
Drilling	149,841	-	(149,841)	-	-	-
Field administration	232	-	(232)	-	-	-
Field work and supplies	12,750	-	(12,750)	-	-	-
Maps & reports	10,566	-	(10,566)	-	-	-
Royalty - advance	10,802	-	(10,802)	-	-	-
Site reclamation	17,886	14,326	(32,212)	-	-	-
Site visits	10,096	-	(10,096)	-	-	-
	<u>488,579</u>	<u>14,828</u>	<u>(503,407)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Brew Property (Yukon)						
Acquisition costs	75,000	125,000	(200,000)	-	-	-
Exploration costs:						
Assays	43,610	22,144	(65,754)	-	-	-
Claims and maintenance	20,120	-	(20,120)	-	-	-
Consulting	11,699	3,687	(15,386)	-	-	-
Drilling	-	38,049	(38,049)	-	-	-
Fieldwork & supplies	1,148	4,108	(5,256)	-	-	-
Legal	6,665	112	(6,777)	-	-	-
Mobilization	62,173	52,670	(114,843)	-	-	-
Site visits	314	1,102	(1,416)	-	-	-
Soil sampling & trenching	130,865	16,960	(147,825)	-	-	-
	<u>351,594</u>	<u>263,832</u>	<u>(615,426)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Joy Property (Yukon)						
Acquisition costs	-	325,000	-	325,000	50,000	375,000
Exploration costs:						
Camp	-	12,499	-	12,499	-	12,499
Consulting	-	6,321	-	6,321	2,400	8,721
Data acquisition	-	70,380	-	70,380	-	70,380
Fieldwork & supplies	-	29,113	-	29,113	1,061	30,174
Geochem and geophysics	-	34,473	-	34,473	1,515	35,988
Helicopter	-	174,058	-	174,058	-	174,058
Legal	-	14,996	-	14,996	-	14,996
Mobilization	-	30,742	-	30,742	(618)	30,124
Soil sampling, trenching & assays	-	176,421	-	176,421	36,474	212,895
	<u>-</u>	<u>874,003</u>	<u>-</u>	<u>874,003</u>	<u>90,832</u>	<u>964,835</u>

See notes to financial statements

EXPEDITION MINING INC.
Condensed Consolidated Interim Statements of Exploration and Evaluation Assets
For the three months ended December 31

	Balance 30-Sep-10 \$	Additions \$	Write-off \$	Balance 30-Sep-11 \$	Additions \$	Balance 31-Dec-11 \$
Mt. Mervyn Property (Yukon)						
Acquisition costs	-	332,500	-	332,500	-	332,500
Exploration costs:						
Camp	-	18,748	-	18,748	-	18,748
Consulting	-	6,371	-	6,371	2,400	8,771
Data acquisition	-	105,570	-	105,570	-	105,570
Fieldwork & supplies	-	55,750	-	55,750	1,592	57,342
Geochem and geophysics	-	110,577	-	110,577	9,231	119,808
Helicopter	-	100,191	-	100,191	-	100,191
Legal	-	10,818	-	10,818	-	10,818
Mobilization	-	46,113	-	46,113	(2,759)	43,354
Soil sampling, trenching & assays	-	96,666	-	96,666	37,771	134,437
	-	883,304	-	883,304	48,235	931,539
TOTALS	840,173	2,035,967	(1,118,833)	1,735,307	139,067	1,896,374

See notes to financial statements

EXPEDITION MINING INC.**Notes to the Condensed Consolidated Interim Financial Statements****As at December 31, 2011**

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 condensed consolidated interim 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 \$24,225,021 at December 31, 2011 (\$24,137,335 at September 30, 2011; \$22,593,445 at October 1, 2010). 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**

The Canadian Institute of Chartered Accountants Handbook was revised in 2010 to incorporate International Financial Reporting Standards ("IFRS") and require publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. The Company has commenced reporting on this basis in these condensed consolidated interim financial statements.

These are the Company's first IFRS condensed consolidated interim financial statements for the first quarter of the period covered by the first IFRS and have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, Interim Financial Reporting and IFRS 1, First-Time Adoption of International Financial Reporting Standard. Subject to certain transition elections disclosed in Note 16, we have consistently applied the same accounting policies in our opening IFRS statement of financial position as at October 1, 2010 and throughout all periods presented, as if the policies had always been in effect. Note 16 discloses the impact of the transition from Canadian Generally Accepted Accounting Principles to IFRS on our reported financial position, operating earnings and cash flows, including the nature and effect of significant changes in accounting policies from those used in our consolidated financial statements for year ended September 31, 2011. IFRS 1, which governs the first-time adoption of IFRS, generally requires accounting policies to be applied retrospectively to determine the opening statement of financial position on our transition date of October 1, 2010 and allows certain exemptions on transition to IFRS. The elections adopted by the Company and have been disclosed in Note 16.

The policies applied in these condensed consolidated interim financial statements are presented in Note 2 and are based on IFRS issued and outstanding as of March 27, 2012, the date the Board of Directors approved the condensed consolidated interim financial statements. Any subsequent changes to IFRS that are given effect in our annual consolidated financial statements for the year ended September 30, 2012 could result in restatement of these condensed consolidated interim financial statements. None of these standards are expected to have a significant effect on the consolidated financial statements.

These condensed consolidated interim financial statements are presented in the Company's reporting currency on a historical cost basis, modified by the revaluation of available-for-sale financial assets. Functional currencies are detailed in Note 2.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments

(i) Financial assets

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

Fair value through profit or loss - This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the balance sheet at fair value with changes in fair value recognized through profit or loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the income statement.

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

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

The Company has classified its cash, security deposits and marketable securities at fair value through profit and loss. The Company's receivables are classified as loans and receivables.

(ii) Financial liabilities

The Company classifies its financial liabilities in the following categories:

Other financial liabilities - Other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit and loss over the period to maturity using the effective interest method.

Other financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include accounts payable and accrued liabilities.

Derivative financial liabilities - Derivative financial liabilities are initially recognized at their fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value at each reporting period with changes in the fair value recognized in profit and loss. Derivative financial liabilities include warrants issued by the Company denominated in a currency other than the Company's functional currency.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

Property and equipment

Property and equipment is carried at cost, less accumulated depreciation and accumulated impairment losses.

Cost comprises the fair value of consideration given to acquire or construct an asset and includes the direct charges associated with bringing the asset to the location and condition necessary for putting it into use, along with the future cost of dismantling and removing the asset.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

The cost of major overhauls of parts of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of plant and equipment are recognized in profit or loss as incurred.

Equipment is amortized using the declining-balance method at a rate of 20% per annum for furniture and fixtures and telephone equipment and 30% per annum for computer equipment and 30% per annum for vehicles. Leasehold improvements are amortized on a straight line basis over the term of the lease.

Foreign currency translation

The reporting currency of the Company is the Canadian dollar.

The functional currency of each of the parent Company and its subsidiary entities is measured using the currency of the primary economic environment in which that entity operates. The condensed interim consolidated financial statements are presented in Canadian dollars which is the parent company's functional and presentation currency. The functional currency of both subsidiaries is the Canadian dollar.

Transactions and balances:

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of comprehensive income in the period in which they arise.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in the statement of comprehensive income to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the nonmonetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currency translation *(continued)*

Parent and Subsidiary Companies:

The financial results and position of foreign operations whose functional currency is different from the presentation currency are translated as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at that reporting date; and
- income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of comprehensive income. These differences are recognized in the profit or loss in the period in which the operation is disposed.

Exploration and evaluation assets

Once a license to explore an area has been secured, expenditures on exploration and evaluation activities are capitalized to exploration and evaluation and classified as a component of property, plant and equipment.

Exploration expenditures relate to the initial search for deposits with economic potential and to detailed assessments of deposits or other projects that have been identified as having economic potential.

Management reviews the carrying value of capitalized exploration costs at least annually. In the case of undeveloped projects, there may be only inferred resources to form a basis for the impairment review. The review is based on a status report regarding the Company's intentions for development of the undeveloped property. In some cases, the undeveloped properties are regarded as successors to ore bodies currently in production. Where this is the case, it is intended that these will be developed and go into production when the current source of gold is exhausted or to replace the reduced output.

Once an economically viable reserve has been determined for an area and the decision to proceed with development has been approved, exploration and evaluation assets attributable to that area are first tested for impairment and then reclassified to construction in progress within property, plant and equipment.

Subsequent recovery of the resulting carrying value depends on successful development or sale of the undeveloped project. If put into production, the costs of acquisition and exploration will be amortized over the life of the property, based on estimated economic reserves. If a project does not prove viable, all irrecoverable costs associated with the project net of any impairment provisions are written off.

Decommissioning provision

The Company records a liability based on the best estimate of costs for site closure and reclamation activities that the Company is legally or constructively required to remediate and the liability is recognized at the time environmental disturbance occurs. The resulting costs are capitalized to the corresponding asset. The provision for closure and reclamation liabilities is estimated using expected cash flows, based on engineering and environmental reports prepared by third party industry specialists, discounted at a pre-tax rate specific to the liability. The capitalized amount is amortized on the same basis as the related asset. The liability is adjusted for the accretion of the discounted obligation and any changes in the amount or timing of the underlying future cash flows. Significant judgements and estimates are involved in forming expectations of the amounts and timing of future closure and reclamation cash flows.

Changes in closure and reclamation estimates are accounted for as a change in the corresponding capitalized cost.

Costs of rehabilitation projects for which a provision has been recorded are recorded directly against the provision as incurred, most of which are incurred at the end of the life of mine.

EXPEDITION MINING INC.**Notes to the Condensed Consolidated Interim Financial Statements****As at December 31, 2011**

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)***Loss per share**

The Company uses the treasury stock method of calculating diluted per share amounts whereby any proceeds from the exercise of stock options or other dilutive instruments are assumed to be used to purchase common shares at the average market price during the period. The assumed conversion of outstanding common share options and warrants has an anti-dilutive impact in 2011 and 2010. Basic loss per share is calculated using the weighted-average number of shares outstanding during the period.

Share capital

- i) The proceeds from the exercise of stock options, warrants and escrow shares are recorded as share capital in the amount for which the option, warrant or escrow share enabled the holder to purchase a share in the Company.
- ii) Commissions paid to underwriters, and other related share issue costs, such as legal, auditing, and printing, on the issue of the Company's shares are charged directly to share capital.

Income taxes

The Company uses the balance sheet method of accounting for income taxes. Under the balance sheet method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred tax assets also result from unused loss carry forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Share-based payments

The Company accounts for stock options granted to directors, officers, employees and nonemployees at fair value. Accordingly, the fair value of the options at the date of the grant is determined using the Black-Scholes option pricing model and stock-based compensation is accrued and charged to operations, with an offsetting credit to share-based payment reserve, over the vesting periods. The fair value of stock options granted to non-employees is re-measured at the earlier of each financial reporting or vesting date, and any adjustment is charged or credited to operations upon re-measurement. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

Estimates

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- i) The recoverability of receivables which are included in the condensed consolidated interim statement of financial position.
- ii) The carrying value and the recoverability of exploration and evaluation assets, which are included in the condensed consolidated interim statement of financial position.
- iii) The inputs used in accounting for the provision for environmental rehabilitation.
- iv) The valuation of share-based payments.

EXPEDITION MINING INC.**Notes to the Condensed Consolidated Interim Financial Statements****As at December 31, 2011****2. SIGNIFICANT ACCOUNTING POLICIES** *(continued)***Measurement uncertainty**

The future recovery of the recorded cost of the mineral properties, and the provision for a future asset retirement obligations are based on estimates. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded as warrants.

Impairment of long-lived assets

Management evaluates non-current assets at least annually for indicators that carrying value is impaired and may not be recoverable. When indicators of impairment are present the recoverable amount of an asset is evaluated at the level of a cash generating unit (CGU), the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, where the recoverable amount of a CGU is the greater of the CGU's fair value less costs to sell and its value in use. An impairment loss is recognized in income to the extent that the carrying amount exceeds the recoverable amount.

Exploration tax credits

The Company recognizes exploration tax credit amounts when the Company's application is approved by the taxation authorities or when the amount to be received can be reasonably estimated and collection is reasonably assured. The amount of the exploration tax credits would reduce the Company's deferred exploration costs through a credit to recoveries.

Flow-through shares

Canadian Income Tax legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. The Company accounts for flow-through shares whereby the premium paid for the flow through shares in excess of the market value of the shares without flow-through features at the time of issue is credited to other liabilities and included in profit or loss at the same time the qualifying expenditures are made.

3. CASH

	December 31, 2011	September 30, 2011	October 1, 2010
	\$	\$	\$
Canadian chartered bank			
- Deposits	235,810	411,284	71,245
- Investments (GIC)	2,070,497	2,507,363	908,122
Canadian brokerage firm			
- Deposits	-	-	10,022
	<u>2,306,307</u>	<u>2,918,647</u>	<u>989,389</u>

EXPEDITION MINING INC.**Notes to the Condensed Consolidated Interim Financial Statements****As at December 31, 2011****4. RECEIVABLES**

	December 31, 2011	September 30, 2011	October 1, 2010
	\$	\$	\$
HST receivable	24,229	70,288	22,008
Interest receivable	9,054	8,549	1,216
Short-term loan receivable	-	-	12,000
Other receivable	1,960	6,451	3,029
	35,243	85,288	37,253

5. MARKETABLE SECURITIES

	# of shares	Original Cost	Fair Value 31-Dec-11	Fair Value 30-Sep-11	Fair Value 1-Oct-10
Crosshair Exploration & Mining Corp.	4,695,000	\$ 2,253,600	\$ -	\$ -	\$ 1,032,900

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

6. EQUIPMENT

	December 31, 2011		
	Cost	Accumulated Amortization	Net
	\$	\$	\$
Computer equipment	41,178	34,178	7,000
Office equipment	49,020	37,029	11,991
	90,198	71,207	18,991

	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

	October 1, 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

EXPEDITION MINING INC.**Notes to the Condensed Consolidated Interim Financial Statements****As at December 31, 2011**

7. 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.

8. EXPLORATION AND EVALUATION ASSETS**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)

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)

EXPEDITION MINING INC.
Notes to the Condensed Consolidated Interim Financial Statements
As at December 31, 2011

8. EXPLORATION AND EVALUATION ASSETS *(continued)*

Mt. Mervyn Property
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.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2011	September 30, 2011	October 1, 2010
	\$	\$	\$
Trade accounts payable	15,602	431,828	111,382
Accrued liabilities	25,000	37,328	20,000
Due to related parties	3,500	7,500	134,882
	44,102	476,657	37,253

10. RELATED PARTY TRANSACTIONS

During the three month period ended December 31, 2011, the Company paid or accrued \$71,254 (2010- \$72,911) 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 \$3,500 (2010 - \$1,000).

The Company did not grant any employee stock options to directors or officers during the three month periods ending December 31, 2011 and 2010.

11. DECOMMISSIONING PROVISION

During the three month ended December 31, 2011, the Company recorded the refund of \$9,959 (US\$9,660) from the State of Nevada with respect to the reclamation bond posted for the Tact & Buff property, which was written off in fiscal 2011.

EXPEDITION MINING INC.**Notes to the Condensed Consolidated Interim Financial Statements
As at December 31, 2011****12. SHARE CAPITAL**

a) Authorized: Unlimited number of common shares

b) Issued and outstanding:

During the three month ended December 31, 2011, the Company did not issue any shares from treasury.

c) Stock options:

The continuity of share purchase options is as follows:

Expiry Date	Exercise Price	30-Sep-11	Granted	Exercised	Expired / Cancelled	31-Dec-11
13-Nov-11	0.15	150,000	-	-	(150,000)	-
19-Mar-12	0.15	475,000	-	-	(100,000)	375,000
01-Dec-12	0.15	550,000	-	-	(100,000)	450,000
23-Apr-13	0.15	585,000	-	-	(100,000)	485,000
29-Apr-14	0.15	525,000	-	-	-	525,000
15-Oct-14	0.15	50,000	-	-	-	50,000
10-Jun-15	0.10	600,000	-	-	-	600,000
28-Jul-15	0.10	355,000	-	-	-	355,000
21-Sep-15	0.15	50,000	-	-	-	50,000
21-Apr-16	0.40	1,515,000	-	-	(150,000)	1,365,000
11-Jul-16	0.40	100,000	-	-	-	100,000
12						
		4,955,000	-	-	(600,000)	4,355,000
Weighted average exercise price		0.22	-	-	0.21	0.23

Expiry Date	Exercise Price	30-Sep-10	Re-priced	Granted	Exercised	Expired / Cancelled	31-Dec-10
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	595,000	-	-	-	-	595,000
12-Mar-13	0.15	110,000	-	-	-	-	110,000
23-Apr-13	0.15	730,000	-	-	-	(25,000)	705,000
29-Apr-14	0.15	775,000	-	-	-	(50,000)	725,000
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
		4,605,000	-	-	-	(75,000)	4,530,000
Weighted average exercise price		0.14	-	0.10	-	0.15	0.14

During the periods ended December 31, 2011 and 2010, the Company did not grant any stock options to directors and consultants.

EXPEDITION MINING INC.**Notes to the Condensed Consolidated Interim Financial Statements****As at December 31, 2011****12. SHARE CAPITAL (continued)****d) Share-based payment reserve**

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)
September 30 and December 30, 2011	\$	3,752,038

e) Share purchase warrants

The continuity of share purchase warrants is as follows:

Expiry Date	Exercise Price	30-Sep-11	Granted	Exercised	Expired / Cancelled	31-Dec-11
12-Sep-12	0.40	1,312,500	-	-	-	1,312,500
12-Sep-12	0.32	1,750,000	-	-	-	1,750,000
12-Sep-12	0.50	306,250	-	-	-	306,250
12-Sep-12	0.80	153,125	-	-	-	153,125
		3,521,875	-	-	-	3,521,875
Weighted average exercise price		0.39	-	-	-	0.39

There were no outstanding share purchase warrants as at December 31, 2010.

13. NON CASH TRANSACATIONS

The following non-cash transactions were recorded during the period ended:

	December 31, 2011	September 30, 2011	October 1, 2010
Investing activities			
Accounts payable related to property	\$ 15,923	\$ 429,518	\$ 103,870
Financing activities			
Share issued for exploration and evaluation assets	-	407,500	12,000
Share-based payment reserve allocated on exercise of options	-	35,443	-
Share capital allocated from share-based payment reserve	-	(35,443)	-

14. 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.

EXPEDITION MINING INC.**Notes to the Condensed Consolidated Interim Financial Statements****As at December 31, 2011****14. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS** *(continued)*

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 the period ended December 31, 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:

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 December, 2011.

	Level 1		Level 2		Level 3		Total
Cash	\$	2,306,307	\$	—	\$	—	\$ 2,306,307
Security deposits	\$	5,750	\$	—	\$	—	\$ 5,750

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

EXPEDITION MINING INC.**Notes to the Condensed Consolidated Interim Financial Statements****As at December 31, 2011****14. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS** *(continued)*

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at October 1, 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

15. SUBSEQUENT EVENTS

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.

On March 5, 2012, the Company entered into two option agreements with Nevada prospector, Larry McIntosh, to acquire a 100% interest in three gold exploration properties located within the Walker Lane Mineral Belt. The properties are the Slate Mountain in Churchill County; and Jenny Hill and Black Hills in, Mineral County, Nevada.

Slate Mountain Project

This property consists of 23 unpatented lode claims covering approximately 473 acres (190 hectares) and is 90 miles (145 kms) southeast of Reno, Nevada. The claim block is approximately 15 miles (24 kms) north of the Rawhide mine, a former open pit gold produce. The agreement calls for lease payments to be made as follows:

<u>Date</u>	<u>Payment Amount</u>
March 1, 2012	\$ 10,000.00 (subsequently paid)
September 1, 2013	15,000.00
September 1, 2014	20,000.00
September 1, 2015	25,000.00
September 1, 2016	30,000.00
September 1, 2017	35,000.00

and \$35,000 on September 1 of each subsequent year, until the expiry of the lease on August 31, 2022.

Jenny Hill Property

This property consists of 25 unpatented lode claims covering approximately 515 acres (208 hectares) and is located 100 miles (161 kms) southeast of Reno, Nevada.

Black Hills Property

This property consists of 43 unpatented lode claims covering approximately 886 acres (358 hectares) and is approximately 100 miles (161 kilometres) southeast of Reno, Nevada. The property is located about two miles south of the Black Hills property. The property is situated on a major strand of the Walker Lane Fault and is midway between the past-producing Rawhide and Paradise Peak open pit gold mines in northeastern Mineral County.

EXPEDITION MINING INC.**Notes to the Condensed Consolidated Interim Financial Statements****As at December 31, 2011**

15. SUBSEQUENT EVENTS *(continued)*

The Jenny Hill and Black Hills agreement calls for lease payments to be made as follows:

<u>Date</u>	<u>Payment Amount</u>
March 1, 2012	\$ 20,000.00 (subsequently paid)
September 1, 2013	20,000.00
September 1, 2014	25,000.00
September 1, 2015	30,000.00
September 1, 2016	35,000.00
September 1, 2017	40,000.00

and \$40,000 on September 1 of each subsequent year, until the expiry of the lease on August 31, 2022.

In consideration of the Mining Lease and Option Agreement, Expedition shall issue and deliver to the Owners 50,000 common shares on signing (to be issued) and 50,000 common shares on or before September 1, 2013.

The Company has received TSX Venture Exchange approval on the above agreements.

On March 19, 2012, 375,000 options at an exercise price of \$0.15 per share expired. On March 21, 2012, the Company announced that an aggregate of 375,000 options were granted to directors and officers at an exercise price of \$0.15 per share. The options are exercisable for a period of five years, ending March 20, 2017.

16. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

As stated in Note 2, these are the Company's first condensed consolidated interim financial statements for the period covered by the first annual consolidated financial statements prepared in accordance with IFRS. An explanation of how the transition from previous Canadian GAAP to IFRS has affected the Company's financial position and comprehensive loss is set out in this note.

The accounting policies set out in Note 2 have been applied in preparing the condensed consolidated interim financial statements for the period ended December 31, 2011, the comparative information presented in these condensed consolidated interim financial statements for the period ended December 30, 2010 and in the preparation of the comparative Statement of Financial Position at September 30, 2011 and an opening IFRS Statement of Financial Position at October 1, 2010 (the Company's date of transition).

FIRST TIME ADOPTION OF IFRS (IFRS 1)

The Company has adopted IFRS on October 1, 2011 with a transition date of October 1, 2010. Under IFRS 1 First time adoption of International Financial Reporting Standards (IFRS 1), the IFRS standards are applied retrospectively at the transition date with all adjustments to assets and liabilities as stated under GAAP taken to deficit, with IFRS 1 providing for certain optional and mandatory exemptions to this principle.

The Company has elected to apply the following optional exemptions:

Business Combinations

IFRS 1 allows that a first-time adopter may elect not to apply IFRS 3 Business Combinations (IFRS 3) retrospectively to business combinations prior to the date of transition avoiding the requirement to restate prior business combinations. The Company has elected to apply IFRS 3 to business combinations that occur on or after October 1, 2010, to which there were none.

EXPEDITION MINING INC.**Notes to the Condensed Consolidated Interim Financial Statements****As at December 31, 2011****16. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)****FIRST TIME ADOPTION OF IFRS (IFRS 1) (continued)****Decommissioning provision**

IFRS requires specified changes in a decommissioning or similar liability to be added or deducted from the cost of the asset to which it relates. The adjusted depreciable amount is then depreciated prospectively over its remaining useful life. IFRS 1 allows a first time adopter to not comply fully with these accounting requirements for changes in such liabilities that occurred before the date of transition and instead apply a simplified method which is set out in IFRS 1. The Company has elected this exemption.

Fair value as deemed cost

The Company may elect among two options when measuring the value of its assets under IFRS. It may elect, on an asset by asset basis, to use either historical cost as measured under retrospective application of IFRS or fair value of an assets at the opening statement of financial position date. The Company has elected to use historical cost for its assets.

The Company applied the following mandatory exception:

Estimates

Hindsight is not used to create or revise estimates. In accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under the previous GAAP applied, unless there is objective evidence that those estimates were in error. The Company's IFRS estimates as of October 1, 2010 are consistent with its Canadian GAAP estimates for the same date.

Adjustments on Transition to IFRS**Flow-through shares**

Under Canadian GAAP, the entire proceeds from the issuance of flow-through shares were recognized in equity less the tax effects of renunciation. Under IFRS, on issuance of flow-through shares, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, that investors pay for the flow-through feature, which is recognized as a liability and ii) share capital. Upon expenses being renounced, the Company derecognizes the liability and the premium is recognized as other income.

Impact on Financial Statements

	September 30, 2011	December 31, 2010	October 1, 2010
Accumulated adjustment to:			
Share capital	\$ 195,291	-	-
Deficit	(195,291)	-	-

16. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS *(continued)*

Presentation differences

Some line items are described differently under IFRS compared to Canadian GAAP. These line items are as follows (with Canadian GAAP descriptions in brackets):

- i. Exploration and evaluation assets (“Mineral properties”)
- ii. Decommissioning and restoration provision (“Asset retirement obligation”)
- iii. Share-based payment reserve (“Contributed surplus”)

Reconciliation to previously reported financial statements

A reconciliation of the changes is included in these following Consolidated Statements of Financial Position and Consolidated Statements of Operations and Comprehensive Income for the dates noted below. The effects of transition from GAAP to IFRS on the cash flow are not material; therefore a reconciliation of cash flows has not been presented.

- Transitional Consolidated Statement of Financial Position Reconciliation – October 1, 2010.
- Consolidated Interim Statement of Financial Position Reconciliation - December 31, 2010.
- Consolidated Interim Statement of Operations and Comprehensive Income Reconciliation – December 31, 2010.
- Consolidated Statement of Financial Position Reconciliation – September 30, 2011.
- Consolidated Statement of Operations and Comprehensive Income Reconciliation – September 30, 2011.

EXPEDITION MINING INC.**Notes to the Condensed Consolidated Interim Financial Statements****As at December 31, 2011****16. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS** *(continued)*

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

	October 1, 2010 CAN GAAP	Effect of Transition to IFRS	October 1, 2010 IFRS
Assets			
Current			
Cash	\$ 989,389	\$ -	\$ 989,389
Amounts receivables	38,253	-	38,253
Security deposits	5,750	-	5,750
	1,033,392	-	1,033,392
Long tem receivable	80,697	-	80,697
Reclamation bond	17,886	-	17,886
Equipment	22,720	-	22,720
Other assets	1,032,900	-	1,032,900
Exploration and evaluation assets	840,173	-	840,173
	<u>\$ 3,027,768</u>	<u>\$ -</u>	<u>\$ 3,027,768</u>
Liabilities			
Current			
Accounts payable and accrued liabilities	\$ 134,882	\$ -	\$ 134,882
Decommissioning provision	17,886	-	17,886
Shareholders' Equity			
Share capital	22,216,588	-	22,216,588
Share-based payment reserve	3,251,857	-	3,251,857
Deficit	(22,593,445)	-	(22,593,445)
	<u>2,875,000</u>	<u>-</u>	<u>2,875,000</u>
	<u>\$ 3,027,768</u>	<u>\$ -</u>	<u>\$ 3,027,768</u>

EXPEDITION MINING INC.**Notes to the Condensed Consolidated Interim Financial Statements****As at December 31, 2011****16. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)**

The December 31, 2010 Canadian GAAP consolidated statement of financial position has been reconciled to IFRS as follows:

	December 31, 2010 CAN GAAP	Effect of Transition to IFRS	December 31, 2010 IFRS
Assets			
Current			
Cash	\$ 1,334,354	\$ -	\$ 1,334,354
Amounts receivables	35,710	-	35,710
Security deposits	5,750	-	5,750
Prepaid expense	12,900	-	12,900
	1,388,714	-	1,388,714
Long tem receivable	80,697	-	80,697
Reclamation bond	17,886	-	17,886
Equipment	21,410	-	21,410
Other assets	1,189,909	-	1,189,909
Exploration and evaluation assets	1,115,041	-	1,115,041
	<u>\$ 3,813,657</u>	<u>\$ -</u>	<u>\$ 3,813,657</u>
Liabilities			
Current			
Accounts payable and accrued liabilities	\$ 40,563	\$ -	\$ 40,563
Decommissioning provision	17,886	-	17,886
Shareholders' Equity			
Share capital	22,251,588	-	22,251,588
Share-based payment reserve	3,251,857	-	3,251,857
Deficit	(21,748,237)	-	(21,748,237)
	<u>3,755,208</u>	<u>-</u>	<u>3,755,208</u>
	<u>\$ 3,813,657</u>	<u>\$ -</u>	<u>\$ 3,813,657</u>

EXPEDITION MINING INC.**Notes to the Condensed Consolidated Interim Financial Statements****As at December 31, 2011****16. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)**

The Canadian GAAP consolidated statement of income and comprehensive income for the period ended December 31, 2010 has been reconciled to IFRS as follows:

	December 31, 2010 CAN GAAP	Effect of Transition to IFRS	December 31, 2010 IFRS
General and administrative expenses			
Bank charges and interest	\$ 206	\$ -	\$ 206
Consulting fees	100	-	100
Corporate and administration fees	7,998	-	7,998
Directors' fees	6,000	-	6,000
Filing and transfer agent fees	5,212	-	5,212
Legal & accounting fees	19,227	-	19,227
Management fees	50,495	-	50,495
Office rent, salaries and supplies	15,493	-	15,493
Shareholders' communication, & promotion	6,492	-	6,492
Travel, meals & entertainment	6,158	-	6,158
	(117,381)	-	(117,381)
Other items			
Amortization	(1,310)	-	(1,310)
Interest income	3,186	-	3,186
Gain on sale of other assets	191,334	-	191,334
Gain due to fair value adjustment	769,379	-	769,379
Income and comprehensive income for the period	\$ 845,208	\$ -	\$ 845,208

EXPEDITION MINING INC.**Notes to the Condensed Consolidated Interim Financial Statements****As at December 31, 2011****16. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS** *(continued)*

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

	September 30, 2011 CAN GAAP	Effect of Transition to IFRS	September 30, 2011 IFRS
Assets			
Current			
Cash	\$ 2,918,647	\$ -	\$ 2,918,647
Amounts receivables	85,288	-	85,288
Security deposits	5,750	-	5,750
Prepaid expense	11,070	-	11,070
	3,020,755	-	3,020,755
Reclamation bond	9,959	-	9,959
Equipment	20,189	-	20,189
Exploration and evaluation assets	1,757,307	-	1,757,307
	<u>\$ 4,808,210</u>	<u>\$ -</u>	<u>\$ 4,808,210</u>
Liabilities			
Current			
Accounts payable and accrued liabilities	\$ 476,657	\$ -	\$ 476,657
Decommissioning provision	9,959	-	9,959
Shareholders' Equity			
Share capital	24,902,181	(195,291)	24,706,890
Share-based payment reserve	3,752,039	-	3,752,039
Deficit	(24,332,626)	195,291	(24,137,335)
	<u>4,321,594</u>	<u>-</u>	<u>4,321,594</u>
	<u>\$ 4,808,210</u>	<u>\$ -</u>	<u>\$ 4,808,210</u>

EXPEDITION MINING INC.**Notes to the Condensed Consolidated Interim Financial Statements****As at December 31, 2011****16. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)**

The Canadian GAAP consolidated statement of operations and comprehensive income for the year ended September 30, 2011 has been reconciled to IFRS as follows:

	September 30, 2011 CAN GAAP	Effect of Transition to IFRS	September 30, 2011 IFRS
General and administrative expenses			
Bank charges and interest	\$ 921	\$ -	\$ 921
Corporate and administration fees	38,065	-	38,065
Directors' fees	24,066	-	24,066
Filing and transfer agent fees	24,530	-	24,530
Flow-through instrument issue costs	-	14,709	14,709
Legal & accounting fees	101,821	-	101,821
Management fees	198,837	-	198,837
Office rent, salaries and supplies	57,754	-	57,754
Shareholders' communication, & promotion	40,178	-	40,178
Travel, meals & entertainment	19,337	-	19,337
	(505,509)	(14,709)	(520,218)
Other items			
Amortization	(6,399)	-	(6,399)
Interest income	25,474	-	25,474
Revaluation and write-off of receivable	(91,697)	-	(91,697)
Stock based compensation	(476,844)	-	(476,844)
Gain on sale of other assets	434,627	-	434,627
Write-off of exploration and evaluation assets	(1,118,833)	-	(1,118,833)
Loss before income taxes	(1,739,181)	(14,709)	(1,753,890)
Deferred tax recovery	-	210,000	210,000
Loss and comprehensive loss for the year	\$ (1,739,181)	195,291	\$ (1,543,890)