

**EXPEDITION MINING INC.**

**Condensed Consolidated Interim Financial Statements**

**Six month periods ended March 31, 2012 and 2011**

**(Unaudited – Prepared by Management)**

**(Expressed in Canadian Dollars)**

**Corporate Head Office**

Suite 600, 595 Howe St.

Vancouver, BC V6C 2T5

Tel: 604 662-3903

---

**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  
May 16, 2012

/s/ **Steve Chan**

Steve Chan, Director  
Vancouver, BC Canada  
May 16, 2012

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

	March 31, 2012 \$	September 30, 2011 \$
<b>A S S E T S</b>		
<b>Current assets</b>		
Cash (Note 3)	2,111,321	2,918,647
Amounts receivable (Note 4)	25,219	85,288
Security deposits	5,750	5,750
Prepaid expense	16,230	11,070
	<u>2,158,520</u>	<u>3,020,755</u>
<b>Reclamation bond</b> (Notes 6 & 9)	-	9,959
<b>Equipment</b> (Note 5)	18,601	20,189
<b>Exploration and Evaluation Assets</b> (Note 6)	1,969,854	1,757,307
	<u>4,146,975</u>	<u>4,808,210</u>
<b>LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Note 7)	11,665	476,657
<b>Decommissioning Provision</b> (Notes 6 & 9)	-	9,959
	<u>11,665</u>	<u>486,616</u>
<b>Shareholders' Equity</b>		
Share capital (Note 10)	24,734,390	24,706,890
Share-based payment reserve (Note 10d)	3,809,048	3,752,039
Deficit	(24,408,128)	(24,137,335)
	<u>4,135,310</u>	<u>4,321,594</u>
	<u>4,146,975</u>	<u>4,808,210</u>
<b>Nature and continuance operations</b> (Note 1)		
<b>Basis of presentation</b> (Note 2)		
<b>Subsequent event</b> (Note 13)		

**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 Income (Loss) and Comprehensive Income (Loss)**  
**(Unaudited – Prepared by Management)**

	Three month period ended		Six month period ended	
	March 31	March 31	March 31	March 31
	2012	2011	2012	2011
	\$	\$	\$	\$
<b>General and administrative expenses:</b>				
Bank charges and interest	426	146	660	352
Consulting fees	6,000	200	6,000	300
Corporate and administration fees	10,463	11,255	17,688	19,253
Directors' fees	4,500	6,565	9,500	12,565
Filing and transfer agent fees	10,932	7,867	12,927	13,079
Legal & accounting fees (Note 8)	19,228	19,590	34,878	38,817
Management fees (Note 8)	50,076	49,554	100,680	100,049
Office, rent and insurance	19,260	14,246	36,425	29,739
Shareholders' communication, & promotion	6,739	12,434	14,407	18,926
Travel, meals & entertainment	6,764	6,070	20,155	12,228
	(134,388)	(127,927)	(253,320)	(245,308)
<b>Other items:</b>				
Amortization	(1,289)	(1,696)	(2,487)	(3,006)
Interest income	9,568	2,713	15,661	5,899
Foreign exchange income (loss)	11	(15)	(175)	(15)
Gain (loss) on sale of other assets	-	(526,086)	-	434,627
Stock-based compensation	(57,009)	-	(57,009)	-
Expenses recovered	-	-	26,537	-
Loss on revaluation of long-term receivable	-	(91,697)	-	(91,697)
Flow-through instrument issue costs (Note 14)	-	(14,709)	-	(14,709)
<b>Net income (loss) and comprehensive income (loss)</b>	<b>(183,107)</b>	<b>(759,417)</b>	<b>(270,793)</b>	<b>85,791</b>
<b>Basic and diluted income (loss) per share</b>	<b>(0.00)</b>	<b>(0.02)</b>	<b>(0.00)</b>	<b>0.00</b>
Weighted average – number of shares outstanding	56,721,307	47,947,541	56,715,782	47,581,894

See notes to financial statements

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

	Six month period ended March 31 2012 \$	Six month period ended March 31 2011 \$
<b>Cash provided by (used for):</b>		
<b>Operating Activities</b>		
Net income (loss) for the period	(270,793)	85,791
Adjustment which do not affect cash:		
Amortization	2,487	3,006
Stock-based compensation	57,009	-
Fair value adjustment - other assets	-	(434,627)
Loss on revaluation of receivable	-	91,697
Flow-through instrument costs	-	14,709
	<u>(211,297)</u>	<u>(239,424)</u>
Net changes in non-cash working capital items:		
Amounts receivable	60,069	(2,227)
Prepaid expense	(5,160)	(8,925)
Reclamation bond	9,959	-
Accounts payable and accrued liabilities	(464,992)	(120,277)
	<u>(611,124)</u>	<u>(370,853)</u>
<b>Financing Activities</b>		
Issue of share capital	-	2,366,752
Share issue costs	-	(112,820)
	<u>-</u>	<u>2,253,932</u>
<b>Investing Activities</b>		
Purchase of capital assets	(899)	(3,868)
Exploration and evaluation assets	(185,047)	(242,839)
Decommissioning provision	(9,959)	-
Sale of other assets	-	1,467,527
	<u>(195,905)</u>	<u>1,220,820</u>
<b>Increase (decrease) in cash</b>	<u>(807,326)</u>	<u>3,103,899</u>
<b>Cash - beginning of period</b>	<u>2,918,647</u>	<u>989,389</u>
<b>Cash - end of period</b>	<u>2,111,321</u>	<u>4,093,288</u>
<b><u>Supplementary disclosures:</u></b>		
Interest income received	15,661	5,899
Shares issued for exploration and evaluation assets	27,500	75,000

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
<b>Balance, October 1, 2010</b>	<b>47,484,068</b>	<b>\$ 22,216,588</b>	<b>\$ 3,251,857</b>	<b>\$ (22,593,445)</b>	<b>\$ 2,875,000</b>
Issued pursuant to property agreement	500,000	75,000	-	-	75,000
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
Options exercised (ranging from \$0.10 to \$0.15)	695,000	98,750			98,750
Share issue cost					
- Filing fees	-	(14,820)	-	-	(14,820)
- Agent's units @ \$0.32	306,250	(98,000)	98,000	-	-
Flow-Through premium	-	(195,291)	-	-	(195,291)
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	-	-
Fair-value of options exercised	-	15,253	(15,253)	-	-
Income for the period	-	-	-	100,500	100,500
<b>Balance, March 31, 2011</b>	<b>55,110,318</b>	<b>\$ 24,208,700</b>	<b>\$ 3,393,384</b>	<b>\$ (22,492,945)</b>	<b>\$ 5,109,139</b>
Options exercised (ranging from \$0.10 to \$0.15)	350,000	47,500	-	-	47,500
Issued pursuant to property agreement	1,250,000	332,500	-	-	332,500
Fair-value of options granted	-	-	476,845	-	476,845
Fair-value of options exercised	-	20,190	(20,190)	-	-
Reversal of fair-value of agent's units	-	98,000	(98,000)	-	-
Loss for the period	-	-	-	(1,644,390)	(1,644,390)
<b>Balance, September 30, 2011</b>	<b>56,710,318</b>	<b>24,706,890</b>	<b>3,752,039</b>	<b>(24,137,335)</b>	<b>4,321,594</b>
Issued pursuant to property agreement	250,000	27,500	-	-	27,500
Fair-value of options granted	-	-	57,009	-	57,009
Loss for the period	-	-	-	(270,793)	(270,793)
<b>Balance, March 31, 2012</b>	<b>56,960,318</b>	<b>\$ 24,734,390</b>	<b>\$ 3,809,048</b>	<b>\$ (24,408,128)</b>	<b>\$ 4,135,310</b>

See notes to financial statements

**EXPEDITION MINING INC.**  
**Condensed Consolidated Interim Statements of Exploration and Evaluation Assets**  
**For the six months ended March 31**

	<b>Balance 01-Oct-10</b>	<b>Additions</b>	<b>Write-off</b>	<b>Balance 30-Sep-11</b>	<b>Additions</b>	<b>Balance 31-Mar-12</b>
	\$	\$	\$	\$	\$	\$
<b>Tact &amp; Buff (Nevada)</b>						
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>
<b>Brew Property (Yukon)</b>						
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>
<b>Joy Property (Yukon)</b>						
Acquisition costs	-	325,000	-	325,000	50,000	375,000
Exploration costs:						
Camp	-	12,499	-	12,499	-	12,499
Consulting	-	6,321	-	6,321	3,925	10,246
Data acquisition	-	70,380	-	70,380	-	70,380
Fieldwork & supplies	-	29,113	-	29,113	1,114	30,227
Geochem and geophysics	-	34,473	-	34,473	1,515	35,988
Helicopter	-	174,058	-	174,058	-	174,058
Legal	-	14,996	-	14,996	201	15,197
Mobilization	-	30,742	-	30,742	(619)	30,123
Soil sampling, trenching & assays	-	176,421	-	176,421	44,799	221,220
	<u>-</u>	<u>874,003</u>	<u>-</u>	<u>874,003</u>	<u>100,935</u>	<u>974,938</u>

See notes to financial statements

**EXPEDITION MINING INC.**  
**Condensed Consolidated Interim Statements of Exploration and Evaluation Assets**  
**For the six months ended March 31**

	<b>Balance 01-Oct-10</b>	<b>Additions</b>	<b>Write-off</b>	<b>Balance 30-Sep-11</b>	<b>Additions</b>	<b>Balance 31-Mar-12</b>
	\$	\$	\$	\$	\$	\$
<b>Mt. Mervyn Property (Yukon)</b>						
Acquisition costs	-	332,500	-	332,500	27,500	360,000
Exploration costs:						
Camp	-	18,748	-	18,748	-	18,748
Consulting	-	6,371	-	6,371	3,925	10,296
Data acquisition	-	105,570	-	105,570	-	105,570
Fieldwork & supplies	-	55,750	-	55,750	1,671	57,421
Geochem and geophysics	-	110,577	-	110,577	13,418	123,995
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	81,727	965,031
<b>Jenny Hill Project (Nevada)</b>						
Acquisition costs	-	-	-	-	19,923	19,923
	-	-	-	-	19,923	19,923
<b>Slate Project (Nevada)</b>						
Acquisition costs	-	-	-	-	9,962	9,962
	-	-	-	-	9,962	9,962
<b>TOTALS</b>	<b>840,173</b>	<b>2,035,967</b>	<b>(1,118,833)</b>	<b>1,735,307</b>	<b>212,547</b>	<b>1,969,854</b>

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 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 \$24,408,128 at March 31, 2012 (\$24,137,335 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**

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 IFRS condensed consolidated interim financial statements for the second 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 14, 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 14 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 14.

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 May 16, 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.

**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 2012 and 2011. 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 March 31, 2012**

---

**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**

	<b>March 31, 2012</b>	<b>September 30, 2011</b>
	<b>\$</b>	<b>\$</b>
Canadian chartered bank		
- Deposits	237,529	411,284
- Investments (GIC)	1,873,792	2,507,363
	<b>2,111,321</b>	<b>2,918,647</b>

**EXPEDITION MINING INC.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**As at March 31, 2012**

**4. RECEIVABLES**

	<b>March 31, 2012</b>	<b>September 30, 2011</b>
	<b>\$</b>	<b>\$</b>
HST receivable	12,241	70,288
Interest receivable	4,895	8,549
Other receivable	8,083	6,451
	<b>25,219</b>	<b>85,288</b>

**5. EQUIPMENT**

	<b>March 31, 2012</b>		
	<b>Cost</b>	<b>Accumulated</b>	<b>Net</b>
	<b>\$</b>	<b>Amortization</b>	<b>\$</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Computer equipment	42,077	34,836	7,241
Office equipment	49,020	37,660	11,360
	<b>91,097</b>	<b>72,496</b>	<b>18,601</b>

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

**6. 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)

**EXPEDITION MINING INC.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**As at March 31, 2012**

---

**6. EXPLORATION AND EVALUATION ASSETS** *(continued)*

**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)

**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 (issued)

**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.

**Jenny Hill & Black Hills Project**  
**Nevada, USA**

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

The Black Hills 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.

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 (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.

**EXPEDITION MINING INC.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**As at March 31, 2012**

---

**6. EXPLORATION AND EVALUATION ASSETS** *(continued)*

**Jenny Hill & Black Hills Project** *(continued)*  
**Nevada, USA**

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

**Slate Hill Project**  
**Nevada, USA**

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 (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.

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

**7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<u>March 31, 2012</u>	<u>September 30, 2011</u>
	<u>\$</u>	<u>\$</u>
Trade accounts payable	3,565	431,266
Accrued liabilities	4,600	37,891
Due to related parties	3,500	7,500
	<u>11,665</u>	<u>476,657</u>

**8. RELATED PARTY TRANSACTIONS**

During the six month period ended March 31, 2012, the Company paid or accrued \$143,930 (2010- \$146,061) 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. In addition, the Company granted 575,000 options with an exercise price of \$0.15 to directors and officers. The fair value of the options granted range from \$0.0943 to \$0.1017 and total share-based payments are \$57,009. Included in Accounts Payable are directors fees payable of \$3,500 (2011 - \$7,500).

**EXPEDITION MINING INC.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**As at March 31, 2012**

---

**9. DECOMMISSIONING PROVISION**

During the six month ended March 31, 2012, 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.

**10. SHARE CAPITAL**

a) Authorized: Unlimited number of common shares

b) Issued and outstanding:

During the six months ended March 31, 2012, the Company issued 250,000 shares with a deemed value of \$0.11 with respect to the Mt. Mervyn property agreement.

c) Stock options:

The continuity of share purchase options is as follows:

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>30-Sep-11</b>	<b>Granted</b>	<b>Exercised</b>	<b>Expired / Cancelled</b>	<b>31-Mar-12</b>
13-Nov-11	0.15	150,000	-	-	(150,000)	-
19-Mar-12	0.15	475,000	-	-	(475,000)	-
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	-	-	(200,000)	400,000
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	-	-	(300,000)	1,215,000
11-Jul-16	0.40	100,000	-	-	-	100,000
12-Jan-17	0.15	-	200,000	-	-	200,000
20-Mar-17	0.15	-	375,000	-	-	375,000
		4,955,000	575,000	-	(1,325,000)	4,205,000
<b>Weighted average exercise price</b>		0.22	0.15	-	0.18	0.21

**EXPEDITION MINING INC.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**As at March 31, 2012**

10. **SHARE CAPITAL** *(continued)*

c) Stock options: *(continued)*

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>01-Oct-10</b>	<b>Re-priced</b>	<b>Granted</b>	<b>Exercised</b>	<b>Expired / Cancelled</b>	<b>31-Mar-11</b>
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	-	-	(120,000)	-	525,000
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	-	-	(120,000)	-	610,000
29-Apr-14	0.15	775,000	-	-	-	(75,000)	700,000
15-Oct-14	0.15	50,000	-	-	-	-	50,000
10-Jun-15	0.10	800,000	-	-	(100,000)	-	700,000
28-Jul-15	0.10	365,000	-	-	(10,000)	-	355,000
21-Sep-15	0.15	50,000	-	-	-	-	50,000
		4,605,000	-	-	(695,000)	(220,000)	3,690,000
<b>Weighted average exercise price</b>		0.15	-	-	0.15	0.15	0.15

During the period ended March 31, 2012, the Company granted 575,000 stock options to directors and consultants (Nil – March 31, 2011). The fair value of each option granted is estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions and resulting values:

	20-Mar-12	12-Jan-12
Number of options	375,000	200,000
Risk-free interest rate	3.00%	3.00%
Expected life	5	5
Vesting period	-	-
Expected volatility	129.84%	134.71%
Expected dividend yield	-	-

d) Share-based payment reserve

October 1, 2010	\$	3,251,857
Fair-value of stock options granted		476,845
Fair-value of agents warrants granted		58,780
Fair-value of stock options exercised		(35,443)
September 30, 2011	\$	3,752,039
Fair-value of stock options granted		57,009
<b>March 31, 2012</b>	<b>\$</b>	<b>3,809,048</b>

**EXPEDITION MINING INC.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**As at March 31, 2012**

**10. SHARE CAPITAL** *(continued)*

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-Mar-12
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
<b>Weighted average exercise price</b>		0.39	-	-	-	0.39

  

Expiry Date	Exercise Price	01-Oct-10	Granted	Exercised	Expired / Cancelled	31-Mar-11
15-Sep-12	0.32	-	1,750,000	-	-	1,750,000
15-Sep-12	0.40	-	1,312,500	-	-	1,312,500
15-Sep-12	0.50	-	306,250	-	-	306,250
15-Sep-12	0.80	-	153,125	-	-	153,125
			3,521,875	-	-	3,521,875
<b>Weighted average exercise price</b>			-	-	-	0.39

**11. NON CASH TRANSACTIONS**

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

	March 31, 2012	September 30, 2011
Investing activities		
Accounts payable related to property	\$ -	\$ 429,518
Financing activities		
Shares issued for exploration and evaluation assets	27,500	407,500
Share-based payment reserve allocated on exercise of options	-	35,443
Share capital allocated from share-based payment reserve	-	(35,443)

**12. 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 March 31, 2012**

---

**12. 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 March 31, 2012.

**(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 March 31, 2012.

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Cash	\$ 2,111,321	\$ —	\$ —	\$ 2,111,321
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.

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Cash	\$ 2,918,647	\$ —	\$ —	\$ 2,918,647
Security deposits	\$ 5,750	\$ —	\$ —	\$ 5,750
Reclamation bond	\$ 9,959	\$ —	\$ —	\$ 9,959

### **13. SUBSEQUENT EVENTS**

Subsequent to March 31, 2012, the following transactions occurred:

- Issued 50,000 shares with respect to the Jenny Hill and Black Hill agreement.
- Paid \$50,000 and issued 1,176,471 shares with respect to the Joy property. The agreement called for cash or shares at the Company's option on or before May 1, 2012. The shares were valued based on the 5 day trading average trading price of the stock.

### **14. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS**

As stated in Note 2, these are the Company's 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 March 31, 2012, the comparative information presented in these condensed consolidated interim financial statements for the period ended March 31, 2011 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.

#### **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:

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

**FIRST TIME ADOPTION OF IFRS (IFRS 1)** *(continued)*

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	March 31, 2011	October 1, 2010
Accumulated adjustment to:			
Flow-through share premium	\$ -	\$ 210,000	-
Share capital	\$ 195,291	195,291	-
Deficit	(195,291)	(195,291)	-

**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 - March 31, 2011.
- Consolidated Interim Statement of Operations and Comprehensive Income Reconciliation – March 31, 2011.
- 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 March 31, 2012**

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

The March 31, 2011 Canadian GAAP consolidated statement of financial position has been reconciled to IFRS as follows:

	March 31, 2011	Effect of Transition to IFRS	March 31, 2011
	CAN GAAP		IFRS
<b>Assets</b>			
<b>Current</b>			
Cash	\$ 4,093,288	\$ -	\$ 4,093,288
Amounts receivables	29,480	-	29,480
Security deposits	5,750	-	5,750
Prepaid expense	8,925	-	8,925
	4,137,443	-	4,137,443
<b>Reclamation bond</b>	17,886	-	17,886
<b>Equipment</b>	23,582	-	23,582
<b>Exploration and evaluation assets</b>	1,158,012	-	1,158,012
	<u>\$ 5,336,923</u>	<u>\$ -</u>	<u>\$ 5,336,923</u>
<b>Liabilities</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	\$ 14,605	\$ -	\$ 14,605
Flow-through share premium		210,000	210,000
	14,605	210,000	214,605
<b>Decommissioning provision</b>	17,886	-	17,886
<b>Shareholders' Equity</b>			
Share capital	24,403,991	(195,291)	24,208,700
Share-based payment reserve	3,393,386	-	3,393,386
Deficit	(22,492,945)	(14,709)	(22,507,654)
	5,304,432	(210,000)	5,094,432
	<u>\$ 5,336,923</u>	<u>\$ -</u>	<u>\$ 5,326,923</u>

**EXPEDITION MINING INC.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**As at March 31, 2012**

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

The Canadian GAAP consolidated statement of operations and comprehensive income for the period ended March 31, 2011 has been reconciled to IFRS as follows:

	March 31, 2011	Effect of Transition to IFRS	March 31, 2011
	CAN GAAP		IFRS
<b>General and administrative expenses</b>			
Bank charges and interest	\$ 352	\$ -	\$ 352
Consulting fees	300	-	300
Corporate and administration fees	19,253	-	19,253
Directors' fees	12,565	-	12,565
Filing and transfer agent fees	13,079	-	13,079
Legal & accounting fees	38,817	-	38,817
Management fees	100,049	-	100,049
Office rent, salaries and supplies	29,739	-	29,739
Shareholders' communication, & promotion	18,926	-	18,926
Travel, meals & entertainment	12,228	-	12,228
	(245,308)	-	(245,308)
<b>Other items</b>			
Amortization	(3,006)	-	(3,006)
Interest income	5,899	-	5,899
Flow-through instrument issue costs	-	(14,709)	(14,709)
Foreign exchange translation	(15)	-	(15)
Gain (loss) on sale of other assets	(334,752)	-	(334,752)
Gain (loss) due to fair value adjustment	769,379	-	769,379
Gain (loss) on revaluation of receivable	(91,697)	-	(91,697)
<b>Gain and comprehensive gain for the period</b>	\$ 100,500	(14,709)	\$ 85,791