

Golden Cariboo Resources Ltd.
CONDENSED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)
For the three months period ended December 31, 2011

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Golden Cariboo Resources Ltd.

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)

Expressed in Canadian Dollars

December 31, 2011

| | December 31, 2011 | September 30, 2011 | October 1, 2010 |
|--|---------------------|---------------------|---------------------|
| Assets | | | |
| Current assets: | | | |
| Cash | \$ 7,448 | \$ 7,772 | \$ 8,017 |
| Amounts receivable | 3,910 | 7,352 | 1,269 |
| Prepaid expenses (note 12(c)) | 2,000 | 2,000 | 2,000 |
| Total current assets | 13,358 | 17,124 | 11,286 |
| Non-current assets | | | |
| Due from related parties (note 12(b)) | - | - | 3,036 |
| Equipment (note 5) | - | - | 15,839 |
| Investments (note 6) | 1,541,636 | 2,284,593 | 1,686,142 |
| Mineral properties (note 8) | - | - | - |
| Oil and gas properties (note 9) | 1 | 1 | 1 |
| Total non-current assets | \$ 1,541,637 | \$ 2,284,594 | \$ 1,705,018 |
| Total assets | \$ 1,554,995 | \$ 2,301,718 | \$ 1,716,304 |
| Liabilities and Shareholders' Equity | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | \$ 505,941 | \$ 501,316 | \$ 648,586 |
| Due to related parties (note 12(b)) | 676,252 | 657,296 | 293,672 |
| Current portion of obligation under capital lease (note 7) | - | - | 7,462 |
| Total current liabilities | 1,182,193 | 1,158,612 | 949,720 |
| Obligation under capital lease (note 7) | - | - | 13,531 |
| Total liabilities | 1,182,193 | 1,158,612 | 963,251 |
| Shareholders' equity | | | |
| Share capital (note 10) | 10,227,559 | 10,227,559 | 10,227,559 |
| Share-based payment reserve (note 11) | 1,494,997 | 1,494,997 | 1,306,032 |
| Accumulated other comprehensive loss | 26,114 | 692,626 | 563,175 |
| Accumulated deficit | (11,375,868) | (11,272,076) | (11,343,713) |
| Total shareholders' equity | 372,802 | 1,143,106 | 753,053 |
| Total liabilities and shareholders' equity | \$ 1,554,995 | \$ 2,301,718 | \$ 1,716,304 |

The accompanying notes form an integral part of these condensed interim financial statements

Golden Cariboo Resources Ltd.

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE LOSS/INCOME (UNAUDITED)

Expressed in Canadian Dollars
For the three months ended December 31, 2011

| | Three months ended | |
|--|---------------------|--------------------|
| | December 31, | |
| | 2012 | 2011 |
| Expenses | | |
| Amortization | - | 1,835 |
| Management fees (note 12(a)) | 15,000 | 15,000 |
| Office and miscellaneous | 70 | 438 |
| Professional fees | - | 10,000 |
| Rent (note 12 (a)) | 1,054 | 5,539 |
| Public relations and advertising | 2,042 | - |
| Salaries and benefits (note 12(a)) | 6,972 | 14,775 |
| Transfer agent and filing fees | 1,735 | 695 |
| | - | |
| Total expenses | 26,872 | 48,282 |
| Future Income Tax (note 6) | (95,216) | - |
| Net Income (loss) after income tax | \$ (122,089) | \$ (48,282) |
| Other comprehensive loss, net of tax | | |
| Fair value gain on Marketable Securities | 18,297 | - |
| Total other comprehensive loss for the year | 18,297 | - |
| Total comprehensive loss for the year | (103,791) | (48,282) |
| Loss per common share basic and diluted | \$ (0.02) | \$ (0.01) |
| Weighted average number of shares outstanding | 7,085,969 | 7,085,969 |

The accompanying notes form an integral part of these condensed interim financial statements

Golden Cariboo Resources Ltd.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

Expressed in Canadian Dollars
For the six months ended January 31, 2011

| | Share Capital | Share based payments reserves | Accumulated other comprehensive loss | Deficit | Total |
|---|---------------------|-------------------------------------|---|-----------------------|--------------------|
| Balance at October 1, 2010 | \$10,227,559 | \$1,306,032 | \$563,175 | \$(11,343,713) | \$753,053 |
| Loss for the period | - | - | - | - | - |
| Unrealized gain (loss) on marketable securities | - | - | 546,857 | (48,282) | 498,575 |
| Balance at December 31, 2010 | \$10,227,559 | \$1,306,032 | \$1,110,032 | \$(11,391,995) | \$1,251,628 |
| Balance at October 1, 2011 | \$10,227,559 | \$1,494,997 | \$692,626 | \$(11,272,076) | \$1,143,106 |
| Loss for the period | - | - | - | (109,391) | (109,391) |
| Realized gain on marketable securities | - | - | (171,855) | - | (171,855) |
| Unrealized gain (loss) on marketable securities | - | - | (494,658) | - | (494,658) |
| Balance at December 31, 2011 | \$10,227,559 | \$1,494,997 | \$26,113 | \$(11,381,467) | \$367,202 |

The accompanying notes form an integral part of these condensed interim financial statements

Golden Cariboo Resources Ltd.
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
Expressed in Canadian Dollars
For the six months ended January 31, 2012

| | Three months ended January 31, | |
|--|-----------------------------------|--------------------|
| | 2012 | 2011 |
| Cash flows from operating activities | | |
| Income/(Loss) for the period | \$ (103,792) | \$ (48,282) |
| Items not involving cash | | |
| Amortization | - | 1,835 |
| Future income tax | 95,216 | - |
| Gain on disposal of marketable securities | (18,297) | - |
| Changes in non-cash working capital: | | |
| Amounts receivable | 3,442 | (1,052) |
| Accounts payable and accrued liabilities | 4,626 | 6,974 |
| Total cash inflows (outflows) from operating activities | \$ (18,805) | \$ (40,525) |
| Cash flows from financing activities | | |
| Due to related parties | - | 39,192 |
| Total cash inflows (outflows) from investing activities | \$ - | \$ 39,192 |
| Cash flows from investing activities | | |
| Proceeds from sale of marketable securities, net of cost | 343,010 | - |
| Investment | (343,485) | - |
| Due to related parties | 18,956 | 2,494 |
| Total cash inflows from financing activities | \$ 18,481 | \$ 2,494 |
| Total increase in cash during the period | \$ (324) | \$ 1,161 |
| Cash at the beginning of the period | \$ 7,772 | \$ 8,017 |
| Cash at the end of the period | \$ 7,448 | \$ 9,178 |

The accompanying notes form an integral part of these condensed interim financial statements

1. CORPORATE INFORMATION

Golden Cariboo Resources Ltd. (the "Company") is an exploration stage company incorporated under the laws of British Columbia and its principal business activities include the exploration and development of oil and gas properties in Canada.

These financial statements have been prepared in accordance with accounting principles applicable to a going concern, which assumes that the Company will realize its assets and discharge its liabilities in the ordinary course of business. At December 31, 2011, the Company has a working capital deficiency of \$1,168,835 (September 30, 2011: \$1,141,488), has an accumulated deficit of \$11,375,868 (September 30, 2011: \$11,272,076) and expects to incur further losses in the development of its business. The Company's continuing operations and the ability of the Company to discharge its liabilities and fulfill its commitments as they come due is dependent upon the continued support of its related parties, the ability of the Company to continue to obtain equity financing and, ultimately, on locating economically recoverable ore reserves in its mineral properties and attaining and maintaining profitable operations. The Company has curtailed its operations and exploration activities.

The Company is in the process of exploring and developing its mineral properties and has not yet determined whether its mineral properties contain ore reserves that are economically recoverable. The underlying value and the recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable ore reserves in its mineral properties, the ability of the Company to obtain the necessary financing to complete development, confirmation of the Company's interest in the underlying mineral claims and upon future profitable production from or the proceeds from the disposition of its mineral properties.

2. BASIS OF PREPARATION

a) Statement of Compliance

The financial statements of the Company for the year-ending September 30, 2012 will be prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), having previously prepared its financial statements in accordance with pre-changeover Canadian Generally Accepted Accounting Principles ("pre-changeover Canadian GAAP"). These condensed interim financial statements for the three months period ended December 31, 2011 have been prepared in accordance with IAS 34 Interim Financial Reporting, and as they are part of the Company's first IFRS annual reporting period, IFRS 1 First-time Adoption of International Financial Reporting Standards has been applied.

As these condensed interim financial statements are the Company's first financial statements prepared using IFRS, certain disclosures that are required to be included in annual financial statements prepared in accordance with IFRS that were not included in the Company's most recent annual financial statements prepared in accordance with pre-changeover Canadian GAAP have been included in these financial statements for the comparative annual period. However, these condensed interim financial statements do not include all of the information required for full annual financial statements.

These condensed interim financial statements should be read in conjunction with the Company's 2011 annual financial statements and the explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Company is provided in Note 11.

The condensed interim financial statements were authorized for issue by the Board of Directors on March 30, 2012.

b) Basis of Measurement

The condensed interim financial statements have been prepared on a historical cost basis, as modified by the revaluation of available-for-sale financial assets.

The condensed interim financial statements are presented in Canadian dollars, which is also the Company's functional currency.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below are expected to be adopted for the year-ending July 31, 2012 and have been applied consistently to all periods presented in these condensed interim financial statements and in preparing the opening IFRS balance sheet at August 1, 2010 for the purposes of the transition to IFRS, unless otherwise indicated.

a) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. For cash flow statement presentation purposes, cash and cash equivalents includes bank overdrafts.

b) Mineral Exploration and Evaluation Expenditures

Pre-exploration Costs

Pre-exploration costs are expensed in the period in which they are incurred.

Exploration and Evaluation Expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures ("E&E") are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of comprehensive loss/income.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as 'mines under construction'. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Mineral exploration and evaluation expenditures are classified as intangible assets.

c) Impairment of Non-Financial Assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial year-end. Other non-financial assets, including exploration and evaluation assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. The Company has one cash-generating unit for which impairment testing is performed.

An impairment loss is charged to the profit or loss, except to the extent they reverse gains previously recognized in other comprehensive loss/income.

d) Financial Instruments**Financial Assets**

Financial assets are classified as into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Loans and Receivables

These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in the profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Available-For-Sale Investments

Non-derivative financial assets not included in the above categories are classified as available-for-sale and comprise principally the Company's strategic investments in entities not qualifying as subsidiaries or associates. Available-for-sale investments are carried at fair value with changes in fair value recognized in accumulated other comprehensive loss/income. Where there is a significant or prolonged decline in the fair value of an available-for-sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment, including any amount previously recognized in other comprehensive loss/income, is recognized in profit or loss. If there is no quoted market price in an active market and fair value cannot be readily determined, available-for-sale investments are carried at cost.

Purchases and sales of available-for-sale financial assets are recognized on a trade date basis. On sale or impairment, the cumulative amount recognized in other comprehensive loss/income is reclassified from accumulated other comprehensive loss/income to profit or loss.

Impairment on Financial Assets

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Financial Liabilities

Financial liabilities are classified as other financial liabilities, based on the purpose for which the liability was incurred, and comprise of trade payables and accrued liabilities. These liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of the period which are unpaid. Trade payable amounts are unsecured and are usually paid within 90 days of recognition.

e) Provisions

Rehabilitation Provision

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of the rehabilitation activities include restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur.

Other Provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

f) Income Taxes

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

g) Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, preferred shares, share warrants and flow-through shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Flow-through Shares

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenses being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognised as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The portion of the proceeds received but not yet expended at the end of the Company's period is disclosed separately as flow-through share proceeds in Note 10.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

Loss Per Share

Basic earnings/loss per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant period.

Diluted earnings/loss per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

Diluted loss per share would not differ from basic loss per share as the effect of the exercise of options and warrants would be anti-dilutive.

h) Share-based Payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive loss/income over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss/income over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss/income over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss/income, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

i) Standards, Amendments and Interpretations Not Yet Effective

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting periods beginning after January 1, 2011 or later periods.

The Company has early adopted the amendments to IFRS 1 which replaces references to a fixed date of '1 January 2004' with 'the date of transition to IFRSs'. This eliminates the need for the Company to restate derecognition transactions that occurred before the date of transition to IFRSs. The amendment is effective for year-ends beginning on or after July 1, 2011; however, the Company has early adopted the amendment. The impact of the amendment and early adoption is that the Company only applies IAS 39 derecognition requirements to transactions that occurred after the date of transition.

The following new standards, amendments and interpretations, that have not been early adopted in these interim financial statements, will or may have an effect on the Company's future results and financial position:

- IFRS 9 Financial Instruments

IFRS 9 Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2013. The Company is in the process of evaluating the impact of the new standard on the accounting for the available-for-sale investment.

- IFRS 13 Fair Value Measurement

IFRS 13 Fair Value Measurement defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies when other IFRSs require or permit fair value measurements. It does not introduce any new requirements to measure an asset or a liability at fair value, change what is measured at fair value in IFRSs or address how to present changes in fair value. The new requirements are effective for annual periods beginning on or after January 1, 2013, with earlier application permitted. Management has yet to assess the impact that IFRS 13 is likely to have on the Company's financial statements.

The following new standards, amendments and interpretations, that have not been early adopted in these interim financial statements, will not have an effect on the Company's future results and financial position:

- IFRS 1: Severe Hyperinflation (Effective for periods beginning on or after July 1, 2011)
- IAS 12: Deferred Tax: Recovery of Underlying Assets (Amendments to IAS 12 (Effective for periods beginning on or after January 1, 2012))
- Amendments to IFRS 9: Financial Instruments (Effective for periods beginning on or after January 1, 2013)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Golden Cariboo Resources Ltd. makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the condensed interim financial statements within the next financial year are discussed below:

i) Rehabilitation Provisions

Rehabilitation provisions have been created based on Golden Cariboo Resources Ltd.'s internal estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from period to period. Actual rehabilitation costs will ultimately depend on future market prices for the rehabilitation costs which will reflect the market condition at the time of the rehabilitation costs are actually incurred. The final cost of the currently recognized rehabilitation provisions may be higher or lower than currently provided for.

ii) Exploration and Evaluation Expenditure

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

iii) Title to Mineral Property Interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

iv) Income Taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

Golden Cariboo Resources Ltd.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

Expressed in Canadian Dollars

For the three months ended December 31, 2011

v) Share-based Payment Transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 11.

5. EQUIPMENT

Equipment is recorded at cost. Amortization is provided annually at a rate calculated to write off assets over their estimated useful lives. Equipment of the Company consists of photocopiers under capital lease amortized on a straight line basis over the term of the lease of 5 years. During the year ended September 30, 2011 the lease was terminated and photocopiers were returned.

| | | | September 30, 2011 and December 31, 2011 | | September 30, 2010 |
|-------------------------------|------|-----------------------------|---|--|--------------------|
| | Cost | Accumulated Amortization | Net Book Value | | Net Book Value |
| Equipment under capital lease | \$ - | \$ - | \$ - | | \$15,839 |

6. AVAILABLE-FOR-SALE INVESTMENT

Available-for-sale investment consists of an investment in common shares of Barkerville Gold Mines Ltd. (formerly International Wayside Gold Mines Ltd.) ("Barkerville"), and therefore has no fixed maturity date or coupon rate. The fair value of the listed available-for-sale investment has been determined directly by reference to published price quotations in an active market.

| | December 31, 2011 | | | September 30, 2011 | | |
|---------------------------------------|----------------------|-------------------------|---------------|-----------------------|-------------------------|---------------|
| | Number of Shares | At initial Valuation | Fair Value | Number of Shares | At initial Valuation | Fair Value |
| International Wayside Gold Mines Ltd. | 1,857,393 | \$ 1,511,272 | \$1,541,636 | 1,039,633 | \$ 1,492,500 | \$2,284,593 |

On December 5, 2011 the Company entered into an agreement to sell 404,100 common shares at \$0.85, at a price equal to a concurrent private placement being completed by Barkerville Gold Mines Ltd. ("Barkerville"). The proceeds from the sale of the shares were applied to purchase 404,100 units at \$0.85 in Barkerville's through the concurrent private placement, with each unit comprising of one common share and one half of one common share purchase warrant. The Company's shareholding in Barkerville is unchanged, however the Company has obtained 202,050 warrants exercisable at \$1.10 per share until July 17, 2013. This transaction resulted in the realization of previously unrealized gain included in accumulated other comprehensive gain of \$171,855 and resulted in a gain of \$18,297 in comprehensive loss.

At December 31, 2011, the quoted market price of the share was \$0.83 per share, which represents an unrealized mark-to-market loss of \$494,658, net of future income tax expense of \$95,516, recorded in comprehensive loss.

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7. OBLIGATION UNDER CAPITAL LEASE

| | December 31, 2011 and September 30, 2011 | September 30, 2010 |
|---|--|-----------------------|
| Obligations under capital lease - 31.77% per annum, expiring February 1, 2013, repayable in monthly payments of \$402 comprised of principal and interest, collateralized by related equipment. Lease was terminated during the year ended September 30, 2011. | \$ - | \$7,879 |
| Obligations under capital lease - 23.30% per annum, expiring February 15, 2013, repayable in monthly payments of \$612 comprised of principal and interest, collateralized by related equipment. Lease was terminated during the year ended September 30, 2011. | - | 13,114 |
| | - | 20,993 |
| Less: current portion | - | (7,462) |
| Balance, end of period | \$ - | \$13,531 |

During the year ended September 30, 2011, a company with a common director entered into a new lease agreement for photocopiers made available to the Company, and as a condition of the lease agreement, the remainder of the lease under the Company's name was paid in full and terminated.

The monthly lease payments were allocated among other companies related through common directors. As such, the Company recovers a portion of the cost for lease payments. The Company recovered a total of \$4,880 (2010 - \$11,708) in interest and principal payments for photocopier leasing costs incurred during the year ended September 30, 2011.

8. MINERAL PROPERTIES, ASSETS HELD FOR SALE

The Company is authorized to issue an unlimited number of common shares, issuable in series.

During the year ended September 30, 2009, the Company entered into an asset sale agreement with Barkerville Gold Mines Ltd. (formerly International Wayside Gold Mines Ltd.) ("BGM"), a related party by common directors. The company agreed to sell its interest in the Cariboo Properties located near Barkerville, BC for a total consideration of \$2,300,000. The terms of the agreement are as follows:

- (i) Cash payment of \$600,000 on the closing date of BGM's purchase of the Company's interest in the Cariboo Properties (received);
- (ii) Issuance of \$600,000 worth of BGM's common shares on the closing date at a deemed price per share equal to the closing price of such shares on the TSX Venture Exchange on the day preceding the date of issuance of such shares (received);
- (iii) Issuance of \$600,000 worth of BGM's common shares on the first anniversary of the closing date at a deemed price per share equal to the closing price of such shares on the TSX Venture Exchange on the day preceding the date of issuance of such shares (received); and
- (iv) During the year ended September 30, 2010, the Company entered into a letter agreement with BGM whereby BGM agreed to pay \$50,000 cash as an advance on the outstanding balance of the purchased price payable per (iii) of the terms of the asset sale agreement above. The parties agree that following payment of the \$50,000 from BGM to the Company, the outstanding balance would be reduced to \$450,000 which was paid in 2011 by the issuance of shares on the second anniversary of the closing date at a deemed price per share of \$1.33, equal to the closing price of such shares on the TSX Venture Exchange on the day preceding the date of issuance of such shares.

costs driven from the ownership of these mineral properties are the only remaining substantial continuing operations of the Company. Therefore these expenses are not disclosed as a discontinued operation in the statement of operations and comprehensive income and deficit.

9. OIL AND GAS PROPERTIES

| | September 30, 2011 and December 31, 2011 | September 30, 2010 |
|------------------------------|--|-----------------------|
| Balance, beginning of period | \$ 1 | \$ 1 |
| Balance, end of period | \$ 1 | \$ 1 |

10. SHARE CAPITAL AND RESERVES

a) Common Shares

The Company is authorized to issue an unlimited number of common shares, issuable in serious.

The holders of common shares are entitled to dividends which are declared from time to time, entitled to one vote per share at meetings of the Company. All shares are ranked equally with regards to the Company's residual assets.

| | Number of Shares | Amount |
|--|---------------------|---------------|
| Balance October 1, 2010, September 30, 2011 and December 31, 2011 | 7,085,969 | \$ 10,227,559 |

b) Share Purchase warrants

There are no share purchase warrants outstanding as at December 31, 2011, September 31, 2011 and October 1, 2010.

c) Nature and Purpose of Equity and Reserves

The reserves recorded in equity on the Company's balance sheet include 'Share-based payment reserve', 'Accumulated Other Comprehensive Loss/Income' and 'Accumulated Deficit'.

'Share-based payment reserve' is used to recognize the value of stock option grants and share warrants prior to exercise.

'Accumulated Other Comprehensive Loss/Income' includes an available-for-sale reserve. This reserve is used to recognize fair value changes on available-for-sale investments.

'Accumulated Deficit' is used to record the Company's change in deficit from earnings from period to period.

11. SHARE-BASED PAYMENTS

a) Option Plan Details

Pursuant to the policies of the TSX-V, the Company may grant incentive stock options to its officers, directors, employees and consultants. TSX-V policies permit the Company's directors to grant incentive stock options for the purchase of shares of the Company to persons in consideration for services. Stock options must be non-transferable and the aggregate number of shares that may be reserved for issuance pursuant to stock options may not exceed 10% of the issued shares of the Company at the time of granting and may not exceed 5% to any individual (maximum of 2% to any consultant). The exercise price of stock options is determined by the board of directors of the Company at the time of grant and may not be less than the closing price of the Company's shares on the trading day immediately preceding the date on which the option is granted and publicly announced, less an applicable discount, and may not otherwise be less than \$0.10 per share. Options have a maximum term of five years and terminate 90 days following the termination of the optionee's employment, except in the case of retirement, death or disability, in which case they terminate one year after the event. Vesting periods of options is determined at the time of granting of the options at the discretion of the board of directors. Once approved and vested, options are exercisable at any time.

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The following is a summary of changes in options from October 1, 2010 to December 31, 2011:

| | December 31, 2011 | | September 30, 2011 | |
|------------------------------|-------------------|---------------------------------|--------------------|---------------------------------|
| | Number of Options | Weighted Average Exercise Price | Number of Options | Weighted Average Exercise Price |
| Balance, beginning of period | 708,597 | \$0.285 | - | - |
| Granted | - | - | 708,597 | \$0.285 |
| Expired | - | - | - | - |
| Exercised | - | - | - | - |
| Balance, end of period | 708,597 | \$0.285 | 708,597 | \$0.285 |

These options are expired on February 15, 2016 and have weighted average remaining contractual life of 4.13 years as at December 31, 2011,

b) Fair Value of Options Issued During the Period

There were no options granted during the period ended December 31, 2011. The weighted average fair value at grant date of options granted during the year-ended September 31, 2010 was \$188,965.

Options Issued to Employees

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The model inputs for options granted during the period ended September 30, 2011 included:

| Grant Date | Expiry Date | Share Price at Grant Date | Exercise Price | Risk-Free Interest Rate | Expected Life | Volatility Factor | Dividend Yield |
|------------|-------------|---------------------------|----------------|-------------------------|---------------|-------------------|----------------|
| 02/15/2011 | 02/15/2016 | \$0.285 | \$0.285 | 2.77% | 5 years | 163% | Nil% |

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.

c) Escrow Shares

At December 31, 2011, a total of 6,250 (2010 - 6,250) of the issued and outstanding shares are held in escrow and may not be released without the consent of the regulatory authorities.

d) Flow-through Shares

The Canada Revenue Agency ("CRA") has reviewed Canadian exploration expenditures ("CEE") incurred by the Company that were renounced on certain flow-through shares issued for taxation years 2000 through 2003. During the year ending September 30, 2008, upon completion of the review, the Company was assessed and has recorded in the financial statements approximately \$49,000 in additional Part XII.6 tax and accrued interest relating to flow-through share issuances for these fiscal years. The CRA has not indicated to Management it will be conducting an examination for taxation years after 2003. Between taxation years 2004 and 2008, the Company has estimated \$1.32 million flow-through

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share proceeds were raised in excess of qualifying flow-through share expenditures incurred over this period. The Company has failed to incur these expenditures within the time period required during the 2004 - 2008 fiscal years.

The Company did not issue any flow through shares during the period ending December 31, 2011 and the fiscal years ending September 30, 2011 and 2010. Per the flow-through subscription agreements with investors, the Company was to incur CEE by December 31, 2007 equal to the amount that was renounced. During the year ended September 30, 2011 the Company paid \$180,000 (2010: \$Nil) to the CRA for part payment of penalties and interest outstanding, and accrued an additional \$Nil in penalties and interest in 2011 (2010: \$Nil) , as a result, management has estimated and recorded interest and penalties related to Part XII.6 taxes payable and unremitted amounts owing to the CRA of \$375,888 (2010:\$558,388). The Company is continuing to review its compliance with respect to flow through shares issuances and has filed voluntary disclosure with the CRA.

The Company anticipates that it will settle the remaining \$375,888 to the flow through share investors once the CRA has completed its review of the Company's flow through renunciations. The Company has estimated the flow through renunciations. The Company has estimated the flow through investor liability at the maximum marginal tax rate of the investors, which is calculated by management to be 43.7%. The final outcome of the voluntary disclosure is unknown at the date of the interim financial statements.

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12. RELATED PARTY TRANSACTIONS

Transactions with related parties are incurred in the normal course of business and are measured at the carrying amount. Related party transactions have been listed below, unless they have been disclosed elsewhere in the financial statements.

a) Summary of the related party fees and Key Management Compensation

| | Note | December 31, 2011 | December 31, 2010 |
|--------------------|------|----------------------|----------------------|
| Management Fees | (i) | \$ 15,000 | \$ 15,000 |
| Salaries and Wages | | \$ 6,972 | \$ 14,775 |
| Rent | (ii) | \$ 1,054 | \$ 2,610 |

- (i) The Company has entered into a management agreement with the Company's president whereby the Company agreed to pay a management fee of \$5,000 per month until the agreement is terminated. The agreement can be terminated by providing two months notice.
- (ii) Included in rent is a recovery from related entities relating to equipment under a capital lease.

b) Receivable and Payable

| | December 31, 2011 | December 31, 2010 |
|--|----------------------|----------------------|
| Due from companies with common directors | \$ - | \$ 542 |
| Due to directors | \$ 191,000 | \$ 35,000 |
| Due to companies with common directors | \$ 485,252 | \$ 297,864 |
| | \$ 676,252 | \$ 332,864 |

These amounts are unsecured and non-interest bearing.

c) Prepaid expenses

As at December 31, 2011, included in prepaid expenses is \$2,000 (2011 - \$2,000) for rent to a company with a common director.

13. SEGMENTAL REPORTING

An operating segment is defined as a component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are reviewed regularly by the Company's chief operating decision maker, and for which discrete financial information is available. The Company has determined that it has one reportable operating segment, the acquisition, exploration, development mineral properties, all of which occurs within Canada. The Company's corporate head office earns nominal revenue that are considered incidental to the activities of the Company and therefore does not meet the definition of an operating segment.

14. SUBSEQUENT EVENTS

On January 18, 2012 the Company entered into an option agreement with Golden Valley Mines Ltd. and Integra Gold Corp. in respect of a portfolio consisting of twelve properties located in the Abitibi Greenstone Belt.

Under the Agreement the Company can acquire a 70% interest in certain properties (the "GZZ Option") located in the Abitibi Greenstone Belt of northwestern Québec and northeastern Ontario (the "GZZ Properties") held by Golden Valley.

Subject to net smelter return royalty interests and advance royalty interests in favour of the original vendors (one of which is a director and officer of Golden Valley), the Company can acquire a 70% interest in certain properties located in the Abitibi Greenstone Belt of northwestern Québec (the "GZZ-I Option"); these properties are subject to a 30% interest held by Integra pursuant to a joint venture agreement between Integra and Golden Valley (the "GZZ-I Properties"). Golden Valley will be operator during the option phase.

In order to maintain in force the Option the Company has to:

- (i) Issue to Golden Valley 9.9% of Company's issued share capital (the "Share Interest");
- (ii) Incur expenditures in an aggregate amount of \$4,500,000 over a 5 year period (the "Expenditures") to be allocated between the GZZ Properties and the GZZ-I Properties as the Company may determine provided that no more than \$4,000,000 of the Expenditures shall be incurred with respect to the GZZ Properties and at least \$500,000 of the Expenditures shall be incurred with respect to the GZZ-I Properties; and
- (iii) Reimburse Golden Valley for all costs related to the preparation of any technical reports. Golden Valley has the right, but not the obligation to participate in future financings of the Company in order to maintain its Share Interest.

Upon the GZZ Option being exercised, Golden Valley shall retain a 30% free carried interest to production in respect of the GZZ Properties. Upon the GZZ-I Option being exercised, Golden Valley and Integra shall retain a combined 30% free carried interest to production (22.5% Golden Valley/7.5% Integra).

15. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Company's financial statements for the year-ending July 31, 2012 are the first annual financial statements that will be prepared in accordance with IFRS. IFRS 1, First Time Adoption of International Financial Reporting Standards, requires that comparative financial information be provided. As a result, the first date at which the Company has applied IFRS was August 1, 2010 (the "Transition Date"). IFRS 1 requires first-time adopters to retrospectively apply all effective IFRS standards as of the reporting date, which for the Company will be July 31, 2012. However, it also provides for certain optional exemptions and certain mandatory exceptions for first time IFRS adoption. Prior to transition to IFRS, the Company prepared its financial statements in accordance with pre-changeover Canadian Generally Accepted Accounting Principles ("pre-changeover Canadian GAAP").

In preparing the Company's opening IFRS financial statements, the Company has adjusted amounts reported previously in the financial statements prepared in accordance with pre-changeover Canadian GAAP.

OPTIONAL EXEMPTIONS

The IFRS 1 applicable exemptions and exceptions applied in the conversion from pre-changeover Canadian GAAP to IFRS are as follows:

Share-based Payment Transactions

The Company has elected not to retrospectively apply IFRS 2 to equity instruments that were granted and had vested before the Transition Date. As a result of applying this exemption, the Company will apply the provisions of IFRS 2 only to all outstanding equity instruments that are unvested as at the Transition Date to IFRS.

Lease

The Company has elected to apply the transitional provision of IFRIC 4 Lease which permits no reassessment if previous GAAP has the same treatment as IFRS

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MANDATORY EXCEPTIONS

Estimates

The estimates previously made by the Company under pre-changeover Canadian GAAP were not revised for the application of IFRS except where necessary to reflect any difference in accounting policy or where there was objective evidence that those estimates were in error. As a result the Company has not used hindsight to revise estimates.

RECONCILIATIONS OF PRE-CHANGEOVER CANADIAN GAAP EQUITY AND COMPREHENSIVE INCOME TO IFRS

IFRS 1 requires an entity to reconcile equity, comprehensive income and cash flows for prior periods. The changes made to the statements of financial position as shown below have resulted in reclassifications of various amounts on the statements of cash flows, however as there have been no material adjustments to the net cash flows, no reconciliation of the statement of cash flows has been prepared. There have been no changes within the statement of comprehensive income/loss from conversion to IFRS, therefore no reconciliations for the statement of comprehensive income/loss has been prepared.

EXPLANATIONS FOR THE ADJUSTMENTS:

D) RECLASSIFICATION WITHIN EQUITY SECTION

Under Canadian GAAP, a balance within contributed surplus existed to record the issuance of an equity-settled employee benefits. Upon adoption of IFRS, the balances in these accounts have been reclassified to Share-based payment reserve.

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RECONCILIATION OF STATEMENT OF FINANCIAL POSITION AS AT OCTOBER 1, 2010

| | Canadian GAAP as reported | Effect of transition to IFRS | IFRS |
|---|------------------------------|---------------------------------|---------------------|
| Assets | | | |
| Current assets: | | | |
| Cash | \$ 8,017 | \$ - | \$ 8,017 |
| Amounts receivable | 1,269 | - | 1,269 |
| Prepaid expenses | 2,000 | - | 2,000 |
| Total current assets | 11,286 | - | 11,286 |
| Non-current assets | | | |
| Due from related parties | 3,036 | - | 3,036 |
| Equipment | 15,839 | - | 15,839 |
| Investments | 1,686,142 | - | 1,686,142 |
| Mineral properties | - | - | - |
| Oil and gas properties | 1 | - | 1 |
| Total non-current assets | \$ 1,705,018 | \$ - | \$ 1,705,018 |
| Total assets | \$ 1,716,304 | \$ - | \$ 1,716,304 |
| Liabilities and Shareholders' Equity | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | \$ 648,586 | \$ - | \$ 648,586 |
| Due to related parties | 293,672 | - | 293,672 |
| Current portion of obligation under capital lease | 7,462 | - | 7,462 |
| Total non-current liabilities | 949,720 | - | 949,720 |
| Obligation under capital lease | 13,531 | - | 13,531 |
| Total liabilities | 963,251 | - | 963,251 |
| Shareholders' equity | | | |
| Share capital | 10,227,559 | - | 10,227,559 |
| Contributed Surplus | 1,306,032 | (1,306,032) | - |
| Share-based payment reserve | - | 1,306,032 | 1,306,032 |
| Accumulated other comprehensive loss | 563,175 | - | 563,175 |
| Accumulated deficit | (11,343,713) | - | (11,343,713) |
| Total shareholders' equity | 753,053 | - | 753,053 |
| Total liabilities and shareholders' equity | \$ 1,716,304 | \$ - | \$ 1,716,304 |

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RECONCILIATION OF STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2011

| | Canadian GAAP as reported | Effect of transition to IFRS | IFRS |
|---|------------------------------|------------------------------------|---------------------|
| Assets | | | |
| Current assets: | | | |
| Cash | \$ 9,178 | \$ - | \$ 9,178 |
| Amounts receivable | 2,321 | - | 2,321 |
| Prepaid expenses | 2,000 | - | 2,000 |
| Total current assets | 13,499 | - | 13,499 |
| Non-current assets | | | |
| Due from related parties | 542 | - | 542 |
| Equipment | 14,004 | - | 14,004 |
| Investments | 2,232,999 | - | 2,232,999 |
| Mineral properties | - | - | - |
| Oil and gas properties | 1 | - | 1 |
| Total non-current assets | \$ 2,247,546 | \$ - | \$ 2,247,546 |
| Total assets | \$ 2,261,045 | \$ - | \$ 2,261,045 |
| Liabilities and Shareholders' Equity | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | \$ 655,560 | \$ - | \$ 655,560 |
| Due to related parties | 332,864 | - | 332,864 |
| Current portion of obligation under capital lease | 7,462 | - | 7,462 |
| Total non-current liabilities | 995,886 | - | 995,886 |
| Obligation under capital lease | 13,531 | - | 13,531 |
| Total liabilities | 1,009,417 | - | 1,009,417 |
| Shareholders' equity | | | |
| Share capital | 10,227,559 | - | 10,227,559 |
| Contributed Surplus | 1,306,032 | (1,306,032) | - |
| Share-based payment reserve | - | 1,494,997 | 1,494,997 |
| Accumulated other comprehensive loss | 1,110,032 | - | 1,110,032 |
| Accumulated deficit | (11,391,995) | - | (11,391,995) |
| Total shareholders' equity | 1,251,628 | 188,965 | 1,440,593 |
| Total liabilities and shareholders' equity | \$ 2,261,045 | \$ 188,965 | \$ 2,450,010 |

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RECONCILIATION OF STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2011

| | Canadian GAAP as reported | Effect of transition to IFRS | IFRS |
|---|---------------------------------|---------------------------------|---------------------|
| Assets | | | |
| Current assets: | | | |
| Cash | \$ 7,772 | \$ - | \$ 7,772 |
| Amounts receivable | 7,352 | - | 7,352 |
| Prepaid expenses | 2,000 | - | 2,000 |
| Total current assets | 17,124 | - | 17,124 |
| Non-current assets | | | |
| Due from related parties | - | - | - |
| Equipment | - | - | - |
| Investments | 2,284,593 | - | 2,284,593 |
| Mineral properties | - | - | - |
| Oil and gas properties | 1 | - | 1 |
| Total non-current assets | \$ 2,284,594 | \$ - | \$ 2,284,594 |
| Total assets | \$ 2,301,718 | \$ - | \$ 2,301,718 |
| Liabilities and Shareholders' Equity | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | \$ 501,316 | \$ - | \$ 501,316 |
| Due to related parties | 657,296 | - | 657,296 |
| Current portion of obligation under capital lease | - | - | - |
| Total non-current liabilities | 1,158,612 | - | 1,158,612 |
| Obligation under capital lease | - | - | - |
| Total liabilities | 1,158,612 | - | 1,158,612 |
| Shareholders' equity | | | |
| Share capital | 10,227,559 | - | 10,227,559 |
| Contributed Surplus | 1,494,997 | (1,494,997) | 0 |
| Share-based payment reserve | - | 1,494,997 | 1,494,997 |
| Accumulated other comprehensive loss | 692,626 | - | 692,626 |
| Accumulated deficit | (11,272,076) | - | (11,272,076) |
| Total shareholders' equity | 1,143,106 | - | 1,143,106 |
| Total liabilities and shareholders' equity | \$ 2,301,718 | \$ - | \$ 2,301,718 |