

Interim Financial Statements of
(Expressed in Canadian Dollars)
(Unaudited - Prepared by Management)

GOLDEN CARIBOO RESOURCES LTD.
(An exploration stage company)

For the three months ended December 31, 2010

The accompanying financial statements for the three month period ended December 31, 2010 and 2009 have not been reviewed or audited by the Company's Auditors.

GOLDEN CARIBOO RESOURCES LTD.

(An Exploration Stage Company)

Balance Sheets

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

	December 31, 2010	September 30, 2010
Assets		
Current assets:		
Cash and cash equivalents	\$ 9,178	\$ 8,017
Amounts receivable	2,321	1,269
Prepaid expenses (note 8(a))	2,000	2,000
	13,499	11,286
Due from related party (note 8(b))	542	3,036
Equipment (note 3)	14,004	15,839
Investments (note 12)	2,232,999	1,686,142
Mineral properties (note 5)	-	-
Oil and gas properties (note 6)	1	1
	\$ 2,261,045	\$ 1,716,304
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities (note 7(f))	\$ 655,560	\$ 648,586
Due to related parties (note 8(b))	332,864	293,672
Current portion of obligation under capital lease (note 4)	7,462	7,462
	995,886	949,720
Obligation under capital lease (note 4)	13,531	13,531
	1,009,417	963,251
Shareholders' equity (deficiency):		
Share capital (note 7)	10,227,559	10,227,559
Contributed surplus (note 7)	1,306,032	1,306,032
Accumulated other Comprehensive Income (note 12)	1,110,032	563,175
Deficit	(11,391,995)	(11,343,713)
	1,251,628	753,053
	\$ 2,261,045	\$ 1,716,304

Going concern (note 1)

Commitments (note 7(f))

See accompanying notes to financial statements.

Approved on behalf of the Board:

“Frank Callaghan”
Director

“Andrew Rees”
Director

GOLDEN CARIBOO RESOURCES LTD.

(An Exploration Stage Company)
 Statements of Operations and Deficit
 (Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

	Three months ended December 31,	
	2010	2009
Administration costs:		
Amortization	\$ 1,835	\$ 1,835
Management fees (note 8)	15,000	15,000
Office and miscellaneous	438	861
Professional fees	10,000	10,000
Rent (note 8)	5,539	5,824
Public relations and advertising	-	574
Salaries and benefits (note 8)	14,775	10,933
Transfer agent and filing fees	695	952
	<u>48,282</u>	<u>45,979</u>
Net Income before income taxes	(48,282)	(45,979)
Net Income	(48,282)	(45,979)
Deficit, beginning of period	(11,343,713)	(12,085,042)
Deficit, end of period	<u>\$ (11,391,995)</u>	<u>\$ (12,131,021)</u>
Basic and diluted gain (loss) per share	\$ (0.01)	\$ (0.01)
Weighted average number of shares outstanding (note 7)	7,085,969	7,085,969

See accompanying notes to financial statements.

GOLDEN CARIBOO RESOURCES LTD.

(An Exploration Stage Company)

Statements of Cash Flows

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

	Three months ended December 31,	
	2010	2009
Cash provided by (used in):		
Operating activities:		
Net Income (Loss) for the period	\$ (48,282)	\$ (45,979)
Items not involving cash:		
Amortization	1,835	1,835
Changes in non-cash working capital:		
Amounts receivable	(1,052)	(1,241)
Accounts payable and accrued liabilities	6,974	11,589
	(40,525)	(33,796)
Financing activities:		
Due to related parties	39,192	31,506
	39,192	31,506
Investing activities:		
Due from related party	2,494	(1,627)
	2,494	(1,627)
Increase in cash	1,161	(3,917)
Cash, beginning of period	8,017	4,184
Cash, end of period	\$ 9,178	\$ 267

See accompanying notes to financial statements.

GOLDEN CARIBOO RESOURCES LTD.

(An Exploration Stage Company)

Statements of Other Comprehensive Income and Accumulated Other Comprehensive Income
(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

Statements of Other Comprehensive Income

	December 31, 2010	September 30, 2010
Net Income (Loss) for the period	\$(48,282)	\$ 689,662
Unrealized gain on available-for-sale investment (note 12)	546,857	310,009
Comprehensive Income	\$ 498,575	\$ 999,671

Statements of Accumulated Other Comprehensive Income

	December 31, 2010	September 30, 2010
Accumulated Other Comprehensive Income, Opening	\$ 563,175	\$ 361,666
Realized gain on available-for-sale investment (Note 12)	-	(108,500)
Unrealized gain on available-for-sale investment (Note 12)	546,857	310,009
Accumulated Other Comprehensive Income, Ending	\$ 1,110,032	\$ 563,175

See accompanying notes to financial statements.

GOLDEN CARIBOO RESOURCES LTD.

(An Exploration Stage Company)
Notes to Financial Statements
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

Three months ended December 31, 2010

1. Nature of operations and ability to continue as a going concern

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 mineral and oil and gas properties in Canada.

During the September 30, 2009 fiscal year, the Company entered into an agreement to sell its interests in mineral properties for approximately \$2.3 million (note 5). As a result, the Company is currently re-focusing its efforts on its oil and gas properties. In the event that the Company decides to engage in the exploration and development of these oil and gas properties, the Company’s ability to meet its future obligations will depend on the existence, discovery and successful exploitation of economically recoverable reserves in its oil and gas properties, obtaining the necessary equity financing to complete the development and the attainment of profitable production from the properties.

These financial statements have been prepared on a going concern basis which assumes that the company will be able to realize its assets and discharge its liabilities and commitments in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing, to complete development and to achieve and maintain profitable operations in the future.

At December 31 2010, the Company has a working capital deficiency of \$982,387 and accumulated losses of \$11,391,995. The ability of the Company to meet its liabilities as they come due and to continue as a going concern is dependent upon the financial support of its directors, shareholders and other related parties, the ability of the Company to raise equity financing to complete the acquisition, exploration and development of its existing and future resource properties and, ultimately, the attainment of profitable operations. Failure to continue as a going concern would require restatement of assets and liabilities on a liquidation basis, which could differ materially from the going concern basis.

2. Significant accounting policies

(a) Basis of presentation:

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

(b) Cash and cash equivalents, and reclamation deposits:

Cash and cash equivalents are highly liquid investments, such as term deposits with major financial institutions, having a term to maturity of three months or less at acquisition, that are readily convertible to specified amounts of cash.

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Notes to Financial Statements
(Expressed in Canadian dollars)

Three months ended December 31, 2010

2. Significant accounting policies (continued)

(b) Cash equivalents and reclamation deposits (continued):

Reclamation deposits are term deposits placed in the name of the government of the province of British Columbia as security for possible reclamation activities on the Company's mineral properties in connection with permits required for exploration activities. As they are restricted from general use, they are excluded from current assets.

(c) Mineral properties:

Consistent with prior periods, mineral property acquisition costs include the cash consideration paid and the fair value of common shares issued on acquisition, based on the trading price of the shares on the date of the agreement to issue the shares.

Recoveries for option payments or shares received are recorded on receipt, as the payments or shares received under the agreement are made at the sole discretion of the optionee.

Mineral property assets are reviewed for impairment when changes in circumstances suggest their carrying value has become impaired. If impairment exists, the asset will be written down to fair value. Fair value is determined using a discounted cash flow forecast analysis. Amounts shown for mineral properties represent costs incurred to date, less recoveries and write-downs, and do not necessarily reflect present or future values.

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

(d) Asset retirement obligations:

The Company records a liability for the fair value of legal obligations associated with the retirement of long-lived tangible assets in the period in which they are incurred, normally when the asset is purchased or developed if a reasonable estimate of fair value can be determined. On recognition of the liability there is a corresponding increase in the carrying amount of the related asset known as the asset retirement cost, which is depleted on a unit-of-production basis over the life of the reserves. The liability is adjusted each reporting period to reflect the passage of time, with the accretion charged to earnings, and for revisions to the estimated future cash flows. Actual costs incurred upon settlement of the obligations are charged against the liability.

The company has asset retirement obligations for which the obligations cannot be reasonably estimated at this time. The asset retirement obligation is primarily associated with the Company's 5% working interest in an Indian oil and gas permit located in the Sarcee area (current net book value \$1). While there will be a legal asset retirement obligation (that is, land and environmental remediation and/or removal of assets), the final date of removal of the related assets and the cost to do so cannot be reasonably determined at this time.

GOLDEN CARIBOO RESOURCES LTD.

(An Exploration Stage Company)
Notes to Financial Statements
(Expressed in Canadian dollars)

Three months ended December 31, 2010

2. Significant accounting policies (continued)

(d) Asset retirement obligations: (continued)

The company has also not incurred significant asset retirement obligations in connection with its mineral property exploration, accordingly no asset retirement obligation is recorded.

(e) Flow-through shares:

The Company has financed a portion of its exploration activities through the issuance of flow-through shares. Under the terms of the flow-through share agreements, the tax attributes of the related exploration expenditures are renounced to subscribers. To recognize the foregone tax benefits to the Company, the carrying value of the shares issued is reduced by the tax effect of the tax benefits renounced to subscribers.

The Company follows the recommendations of the Emerging Issues Committee ("EIC") of the Canadian Institute of Chartered Accountants ("CICA") with respect to flow-through shares, as outlined in EIC-146. The application of EIC-146 requires the recognition of the foregone tax benefit on the date the Company renounces the tax credits associated with the exploration expenditures, provided there is reasonable assurance that the expenditures will be made.

(f) Stock-based compensation:

The Company has a stock-based compensation plan. The Company follows the Canadian Institute of Chartered Accountants Handbook Section 3870, "*Stock-Based Compensation and Other Stock-Based Payments*", which requires the use of the fair value method to calculate all stock-based compensation associated with the granting of stock options.

The value of stock options granted is estimated on the date of grant using the Black-Scholes option-pricing model. The Black-Scholes option-pricing model requires the input of subjective assumptions, including the expected term of the option and stock price volatility. The expected term of options granted is determined based on the date of expiry of the option. Expected volatility is based on the historical volatility of the share price of the Company. These estimates involve inherent uncertainties and the application of management judgment. In addition, the Company is required to estimate the expected forfeiture rate and only recognize an expense for those options expected to vest. As a result, if other assumptions had been used, the recorded stock-based compensation expense could have been different from that reported.

Consideration received on the exercise of stock options is recorded as share capital and the related contributed surplus is transferred to share capital.

(g) Share capital:

The Company records proceeds from share issuances net of issue costs. Shares issued for consideration other than cash are valued at the quoted market price on the date the agreement to issue the shares is reached and announced.

GOLDEN CARIBOO RESOURCES LTD.

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Notes to Financial Statements
(Expressed in Canadian dollars)

Three months ended December 31, 2010

2. Significant accounting policies (continued)

(h) Future income taxes:

The Company accounts for income taxes using the asset and liability method. Under this method of tax allocation, future income taxes are recognized for the future income tax consequences attributable to differences between the financial statement carrying values of existing assets and liabilities and their respective income tax bases (temporary differences), and loss carry forwards. Future income tax assets and liabilities are measured using substantively enacted income tax rates expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled. The effect on future income tax assets and liabilities of a change in tax rates is included in income in the period in which the change is substantively enacted. A valuation allowance is recorded to reduce future income tax assets recognized by the amount of any future income tax benefits that, based on available evidence, are not expected to be realized.

(i) Earnings per share

Basic earnings per share are determined using the weighted average number of participating shares outstanding during the year.

Diluted earnings per share is determined using the weighted average number of participating shares outstanding during the year, plus the effects of dilutive potential participating shares outstanding during the year. The calculation of diluted earnings per share is made using the treasury stock method, as if all dilutive potential participating shares had been exercised at the later of the beginning of the year or the date of issuance, as the case may be, and that the funds obtained thereby be used to purchase participating shares of the Company at the average market value of the participating shares during the year.

(j) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant areas requiring the use of management estimates relate to assumptions used in determining the fair value of non-cash stock-based compensation, the determination of impairment in mineral properties and valuation allowance relating to future tax assets. Actual results could differ from those estimates.

GOLDEN CARIBOO RESOURCES LTD.

(An Exploration Stage Company)

Notes to Financial Statements

(Expressed in Canadian dollars)

Three months ended December 31, 2010

2. Significant accounting policies (continued)

(k) Financial instruments:

All financial instruments are classified into one of five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets, or other financial liabilities. All financial instruments and derivatives are measured on the trade date at fair value upon initial recognition. Subsequent measurement depends on the initial classification of the instrument.

Held-for-trading financial assets are measured at fair value, with changes in fair value recorded in net income. Available-for-sale financial assets are measured at fair value, with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired. Loans and receivables, held-to-maturity investments and other financial liabilities are measured at amortized cost. All derivative instruments, including embedded derivatives, are recorded in the balance sheet at fair value unless they qualify for the normal sales and purchases exemption. Changes in the fair value of derivatives that are not exempt are recorded in the statement of operations. Transaction costs on the acquisition of financial assets and liabilities that are classified as other than held-for-trading are expensed in the period in which they occur.

The following is a summary of the accounting model the Company has elected to apply to each of its significant categories of financial instruments outstanding:

Cash and cash equivalents	Held-for-trading
Amounts receivable	Loans and receivables
Due from related party	Loans and receivables
Reclamation deposits	Held-for-trading
Investments	Available-for-sale
Accounts payable and accrued liabilities	Other financial liabilities
Due to related parties	Other financial liabilities

(l) Derivatives and Hedge Accounting

The Company currently does not have derivative instruments and accordingly is not impacted by CICA Handbook Section 3865, Hedges.

GOLDEN CARIBOO RESOURCES LTD.

(An Exploration Stage Company)
Notes to Financial Statements
(Expressed in Canadian dollars)

Three months ended December 31, 2010

2. Significant accounting policies (continued)

(m) Comprehensive Income

Comprehensive income is composed of the Company's earnings and other comprehensive income. Other comprehensive income includes unrealized gains and losses on available-for-sale securities, all net of income taxes. Cumulative changes in other comprehensive income are included in accumulated other comprehensive income which is presented as a component of shareholders' equity (deficiency).

(o) Accounting Pronouncements Not Yet Adopted

Business Combinations

In January 2009, the CICA issued Section 1582 – Business Combinations, which replaces Section 1581 – Business Combinations, and Section 1601 – Consolidated Financial Statements and Section 1602 – Non-Controlling Interests, which replace Section 1600 – Consolidated Financial Statements. These new sections are effective for years beginning on or after January 1, 2011 with earlier adoption permitted. Sections 1582 and 1602 will require net assets, non-controlling interests and goodwill acquired in a business combination to be recorded at fair value and non-controlling interests will be reported as a component of equity. In addition, the definition of a business is expanded and is described as an integrated set of activities and assets that are capable of being managed to provide a return to investors or economic benefits to owners. As well acquisition costs are not part of the consideration and are to be expensed when incurred. These new sections are not expected to have a material impact on the Company's financial condition or operating results.

GOLDEN CARIBOO RESOURCES LTD.

(An Exploration Stage Company)

Notes to Financial Statements

(Expressed in Canadian dollars)

Three months ended December 31, 2010

3. 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.

			December 31, 2010	September 30, 2010
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Equipment under capital lease	\$ 35,097	\$ 21,093	\$ 14,004	\$ 15,839

4. Obligations under capital lease

	December 31, 2010	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.	\$ 7,879	\$ 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.	13,114	13,114
	20,993	20,993
Less: current portion	(7,462)	(7,462)
Balance, end of period	\$ 13,531	\$ 13,531

Future minimum lease payments over the next three years are as follows:

Year	Amount
2011	12,163
2012	12,163
2013	4,054
	\$ 28,380
Less: imputed interest	(7,388)
	\$ 20,992

The monthly lease payments are allocated among other companies related through common directors. As such, the Company recovers a portion of the cost for lease payments. During the period ended December 31, 2010, the Company recovered a total of \$2,928 (Interim 2009 – \$2,928) in interest and principal payments for photocopier leasing costs.

GOLDEN CARIBOO RESOURCES LTD.

(An Exploration Stage Company)
Notes to Financial Statements
(Expressed in Canadian dollars)

Three months ended December 31, 2010

5. Mineral properties, assets held for sale

At September 30, 2010 and December 31, 2010, the Company has no mineral property assets.

The Company's mineral property interests consisted of approximately 270 contiguous mineral claims located in the Cariboo Mining District of British Columbia, near the towns of Wells and Barkerville (the "Cariboo Properties"). The Company held a 100% interest in the majority of the claims; however, the Company had a 50% interest in two of the claims groups.

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. 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) Issuance of \$500,000 worth of BGM's common shares on the second 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.

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 purchase price payable per (iv) 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 will be reduced to \$450,000 which shall be paid by the issuance of shares on April 9, 2011, the second 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.

GOLDEN CARIBOO RESOURCES LTD.

(An Exploration Stage Company)

Notes to Financial Statements

(Expressed in Canadian dollars)

Three months ended December 31, 2010

5. Mineral properties, assets held for sale (continued)

In accordance with EIC-161 "Discontinued Assets", costs driven from the ownership of these mineral properties are the only remaining substantial continuing operations of the Company and thus these expenses are not disclosed as a discontinued operation in the statement of operations and comprehensive income and deficit.

6. Oil and gas properties:

	December 31, 2010	September 30, 2010
Balance, beginning of period	\$ 1	\$ 1
Balance, end of period	\$ 1	\$ 1

7. Share capital

(a) Authorized:

Unlimited common shares without par value.

(b) Issued and outstanding:

	Number of shares	Amount
Balance, September 30, 2008	70,859,690	\$ 10,227,559
Share consolidation	10 for 1	
Balance, September 30, 2010 and December 31, 2010	7,085,969	\$10,227,559

GOLDEN CARIBOO RESOURCES LTD.

(An Exploration Stage Company)
Notes to Financial Statements
(Expressed in Canadian dollars)

Three months ended December 31, 2010

7. Share capital (continued)

(b) Issued and outstanding (continued)

During the year ended September 30, 2009, the Company completed a 10 for 1 share consolidation that reduced the issued and outstanding number of shares to 7,085,969. All share and per share information have been restated to reflect the share consolidation on a retroactive basis. The Company did not issue any shares during the period ended December 31, 2010.

(c) Share purchase options

The Company has an incentive stock option plan (the "Plan") that allows it to grant options to its employees, directors, consultants and management company employees. Under the terms of the Plan, the exercise price of each option will not be lower than the market price of the Company's shares on the TSX at the time of grant, less the applicable discount as provided by the policies of the TSX, provided that the exercise price will not be less than \$0.10 per share. In the context of the Plan, market price is the last closing price of the Company's shares on the day immediately preceding the date on which the directors grant and publicly announce the options, subject to adjustment in certain circumstances in accordance with the policies of the TSX.

Options have a maximum term of five years and terminate thirty to ninety days following the termination of the optionee's employment or term of engagement, except in case of retirement or death. Pursuant to the Plan, the aggregate number of common shares for which options may be granted will not exceed 10% of the issued and outstanding common share capital.

Vesting of options is determined by the Board of Directors at the time the options are granted. Options issued to consultants providing investor relations activities must vest in stages over twelve months with no more than one-quarter of the options vesting in any three-month period.

During the period ended December 31, 2010 the Company did not grant any share purchase options. There are no share purchase options outstanding at December 31, 2010.

The continuity of share purchase options for the period ended September 30, 2010, is as follows:

Expiry Date	Exercise price	Outstanding at September 30, 2009	Granted	Exercised	Cancelled/ Expired	Outstanding at September 30, 2010
February 21, 2010	\$1.00	280,239	-	-	(280,239)	-
		280,239	-	-	(280,239)	-

GOLDEN CARIBOO RESOURCES LTD.

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Notes to Financial Statements
(Expressed in Canadian dollars)

Three months ended December 31, 2010

7. Share capital (continued)

(d) Share purchase warrants:

During the period ended December 31, 2010, the Company did not grant any share purchase warrants.

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

(e) Escrow shares:

At December 31, 2010, 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.

(f) 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 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 fiscal years ending September 30, 2010 and 2009. Per the flow-through subscription agreements with investors, the Company was to incur CEE's by December 31, 2007 equal to the amount that was renounced. 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 \$558,388 (2009: \$558,388). The company is continuing to review its compliance with respect to flow through shares issuances.

(g) Contributed surplus:

There was no change to contributed surplus during the period ended December 31, 2010, 2010 (2010: no change).

GOLDEN CARIBOO RESOURCES LTD.

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Notes to Financial Statements

(Expressed in Canadian dollars)

Three months ended December 31, 2010

8. Related parties

A summary of the amounts charged to the Company by officers, directors, and companies with common directors is as follows:

	December 31, 2010	December 31, 2009
Management fees	\$ 15,000	\$ 15,000
Equipment Rentals	\$ -	\$ -
Salaries and Wages	\$ 14,775	\$ 10,933
Rent	\$ 2,610 ⁽¹⁾	\$ 2,896 ⁽¹⁾

⁽¹⁾Included in rent is a recovery from related entities of \$2,928 (2009 - \$2,928) relating to equipment under a capital lease.

Transactions are recorded at the exchange amount agreed upon between related parties.

Prior to fiscal 2001, the Company 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.

(a) Prepaid expenses:

As at December 31, 2010, included in prepaid expenses is \$2,000 (2010 - \$2,000) for rent to a company with a common director.

(b) Balances receivable/payable:

The amounts due from/to related parties, which are non-interest bearing, unsecured and due on demand, are comprised of the following:

	December 31, 2010	September 30, 2010
Receivable:		
Due from companies with common directors	\$ 542	\$ 3,036
Payable:		
Due to directors	\$ 35,000	\$ 20,000
Due to companies with common directors	\$ 297,864	\$ 273,672
	\$ 332,864	\$ 293,672

GOLDEN CARIBOO RESOURCES LTD.

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Notes to Financial Statements

(Expressed in Canadian dollars)

Three months ended December 31, 2010

9. Income taxes

- (a) The reconciliation of income tax provision computed at statutory rates to the reported income tax provision is as follows:

	September 30, 2010	September 30, 2009 (Restated – Note 13)
	28.88%	30.13%
Income tax benefit (provision) computed at statutory rate	\$ (190,800)	\$ (88,700)
Permanent difference from interest and penalties not deductible for tax	-	(31,400)
Permanent difference due to BC Mining Tax credit	2,600	-
Non-taxable portion of capital gains	25,000	-
Effect of reduction in statutory rates	26,000	(37,200)
Change in valuation allowance in the year	166,000	209,000
Future income tax recovery	\$ 28,800	\$ 51,700

- (b) The significant components of the Company's future income tax assets and liabilities are as follows:

	September 30, 2010	September 30, 2009
<u>Future income tax assets:</u>		
Losses carried forward	\$ 366,000	\$ 341,000
Mineral properties	596,000	759,000
Obligation under capital lease	5,000	7,000
Total future income tax assets	967,000	1,107,000
<u>Future income tax liability:</u>		
Equipment under capital lease	(4,000)	(6,000)
Marketable securities	(80,000)	(52,000)
Total future income tax liabilities	(84,000)	(58,000)
Valuation allowance	(883,000)	(1,049,000)
	\$ -	\$ -

GOLDEN CARIBOO RESOURCES LTD.

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Notes to Financial Statements

(Expressed in Canadian dollars)

Three months ended December 31, 2010

9. Income taxes (continued)

At September 30, 2010, the Company has operating loss carry forwards for income tax purposes of approximately \$1,376,000 that expire at various dates to 2030.

Year of Expiry	\$
2026	513,000
2027	336,000
2028	328,000
2030	199,000
	<u>\$ 1,376,000</u>

10. Segment disclosures

As at December 31, 2010, the Company considers its business to comprise a single operating segment, being exploration of resource properties, within the geographic area of Canada.

11. Management of capital and financial instruments

The company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide opportunities for growth benefiting its shareholders and key stakeholders. The company's capital structure is comprised of components of shareholders' equity, as well as loans from related parties, cash and cash equivalents and receivables. Since the company is in the exploration stage, in order to maintain or adjust its capital structure, the Company may issue new shares, obtain further financing from related companies or dispose of assets. The company is not subject to externally imposed capital restrictions.

The Company is exposed to various risks resulting from its financial assets and liabilities. The following analysis provides a measure of the risks as at December 31, 2010.

Fair value

The carrying values of cash and cash equivalents, amounts receivable, accounts payable and due to/from related parties approximate their fair values because of the short-term maturity of these instruments. The Company's investments have been adjusted to their fair value based on their market price (note 12). The Company's reclamation deposits are recorded at their carrying value as this approximates their fair value.

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11. Management of capital and financial instruments (continued):

Credit Risk

Credit risk is the risk that arises when a party to a financial instrument will be unable to discharge its obligations. The Company's financial assets exposed to credit risk are cash and cash equivalents, amounts receivable and amounts due from related parties.

Cash is placed with major financial institutions rated in the two highest grades by nationally recognized rating agencies. Amounts receivable and amounts due from related parties are assessed for impairment based on the individual characteristics (credit history, ability to repay) of each counterparty.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. The Company manages liquidity risk through the management of its capital structure, more specifically, the issuance of new common shares and loans from related parties. However, without further equity financing, it is unlikely that the Company will be able to meet the obligations associated with its financial liabilities in the upcoming year.

Market Risk

Market risk is comprised of three components: currency risk, interest rate risk and commodity price risk.

Currency Risk

The Company is not subject to foreign currency risk since historically, it does not enter into foreign currency transactions with third parties.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's financial assets and liabilities subject to interest rate risk include cash and cash equivalents and accounts payable and accrued liabilities however this risk is mitigated due to their short-term maturity. .

Commodity Price Risk

The value of the Company's resource properties is related to the price of oil and gas, and the outlook for these commodities. Oil and gas prices have historically fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, industrial and retail demand, forward sales by producers and speculators, levels of worldwide production, short-term changes in supply and demand because of speculative hedging activities, and certain other factors. The Company has elected not to actively manage our commodity risk at this time.

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11. Management of capital and financial instruments (continued):

Fair Value

Handbook Section 3862, Financial Instruments – Disclosures, was amended in June 2009. It establishes revised standards for the disclosure of financial instruments. The new standard establishes a three-tier hierarchy as a framework for disclosing fair value of financial instruments based on inputs used to value the Company's investments. The hierarchy of inputs and description of inputs is described as follows:

Level 1 – fair values are based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – fair values are based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); or

Level 3 – fair values are based on inputs for the asset or liability that are not based on observable market data, which are unobservable inputs.

December 31, 2010	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 9,178	-	-
Investments	2,232,999	-	-
September 30, 2009	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 4,184	-	-
Investments	1,686,142	-	-

During the period ended December 31, 2010, there were no significant transfers between level 1 and 2 (2010: no significant transfers).

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12. Investments

	December 31, 2010			September 30, 2010		
	Number of shares	At Initial Valuation	Fair Value	Number of shares	At Initial Valuation	Fair Value
International Wayside Gold Mines Ltd.	1,519,047	\$1,042,500	\$2,232,999	1,519,047	\$1,042,500	\$1,686,142

During the year ended September 30, 2010, the Company received 535,714 (2009: 1,333,333) common shares in connection with an asset sale agreement (note 5) with Barkerville Gold Mines Ltd. (formerly International Wayside Gold Mines Ltd) ("BGM"), a related party by common directors, valued at \$600,000 (2009: \$600,000), the market value as at April 8, 2010 (2009: April 8, 2009). During the year ended September 30, 2010, the Company sold 350,000 shares (2009: Nil) for total proceeds of \$357,776, which resulted in the realization of previously unrealized gains included in accumulated other comprehensive income of \$108,500 (2009: \$Nil) and resulted in a gain on disposal of \$200,276 (2009: Nil) which was recognized in the statement of operations and deficit.

The fair value of the securities is marked-to-market based on the closing price of the securities as traded on active markets with changes in the fair value reflected net of tax in the Statement of Other Comprehensive Loss. At December 31, 2010 the quoted market price of the shares was \$1.47 per share (2010: \$1.11 per share) which represents an unrealized mark-to-market gain of \$546,857 (2010: \$310,009), which has been recorded in other comprehensive income (loss).

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13. Restatement of prior year financial statements

During the preparation of the financial statements for the year ended September 30, 2010, the Company determined that a future income tax recovery had been incorrectly presented in the financial statements for the year ended September 30, 2009.

As at September 30, 2009, the fair value of the Company's marketable securities designated as available-for-sale exceeded the tax basis of these investments by \$413,333. These unrealized gains gave rise to a future income tax liability of \$51,667. The Company had sufficient non-capital losses available to reduce this future income tax liability to zero. In accordance with CICA EIC 172, "Income Statement Presentation of a Tax Loss Carryforward Recognized Following an Unrealized Gain Recorded in Other Comprehensive Income", the reduction of the future income tax liability should have been recorded as a recovery in the statement of operations rather than as a recovery in other comprehensive income.

The financial statements for the year ended September 30, 2009 have accordingly been adjusted to increase the future tax recovery in the statement of operations and reduce comprehensive income by \$51,667. The impact on basic and diluted gain per share is an increase of \$0.01 per share.

Summary of restatement:

September 30, 2009	As Previously Reported	Adjustment	As Restated
Income tax recovery	\$ -	\$51,667	\$51,667
Net income	\$294,277	\$51,667	\$345,944
Unrealized gain on available-for-sale investment	\$413,333	(\$51,667)	\$361,666
Comprehensive income	\$707,610	\$ -	\$707,610

14. Comparative figures

Certain of the prior year's comparative figures have been reclassified to conform to the current period's presentation.

15. Subsequent events

Grant of stock options

On February 15, 2011, further to its news release of January 5, 2011, pursuant to the Incentive Stock Option Plan, the Company granted incentive stock options to directors, officers, employees and consultants of the Company to purchase up to an aggregate of 708,597 common shares in the capital stock of the Company. The options will now be exercisable at a price of \$0.285 per share for a period of five years from the date of grant and are subject to such vesting periods as imposed by the Board of Directors pursuant to the Plan.