PROMINEX RESOURCE CORP.

FINANCIAL STATEMENTS FOR THE YEAR ENDED

APRIL 30, 2011

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Prominex Resource Corp. trades on the TSX Venture Exchange under the symbol PXR

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CONTENTS

PAGE

Independent auditor's report

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To the Shareholders of
Prominex Resource Corp.

We have audited the accompanying financial statements of Prominex Resource Corp., which comprise the balance sheets as at April 30, 2011 and 2010, and the statements of loss, comprehensive loss and deficit and cash flow statements for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Prominex Resource Corp. as at April 30, 2011 and 2010, and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Emphasis of matter

The accompanying financial statements have been prepared assuming that Prominex Resource Corp. will continue as a going concern. Without modifying our opinion, we draw attention to Note 1 to the financial statements, which indicate that the Company incurred accumulated losses of $9.1 million to April 30, 2011 and, as of that date, the Company has no sources of revenue. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Grant Thornton LLP

St. John's, Newfoundland and Labrador

August 23, 2011 Chartered Accountants

	For The Year Ended April 30	
	2011	**2010**
REVENUE:		
Interest revenue	$ -	$ 1
EXPENSES:		
Audit	30,000	43,260
Amortization	-	2,028
Bank charges & interest	8,483	6,725
Consulting wages & benefits	114,671	221,218
Insurance	-	2,526
Legal Fees	1,393	2,065
Meals and Entertainment	1,461	-
Office	8,108	3,070
Regulatory fees	10,844	14,236
Rent	25,606	21,036
Repairs	-	25,000
Secretarial services	2,890	2,879
Shareholder information	4,961	3,889
Share warrant award (Note 6)	-	332,604
Stock option compensation	111,300	-
Transfer agent & shareholder	6,482	13,126
Travel & entertainment	1,783	1,471
	327,982	695,133
Loss on sale of assets	-	4,355
Net loss being comprehensive loss	$ (327,982)	$ (699,487)
Deficit, beginning of year	(8,797,394)	(8,097,907)
Deficit, end of year	$ (9,125,376)	$ (8,797,394)
Weighted average number of shares outstanding, basic and diluted	49,809,150	45,143,287
Loss per share, basic and diluted	$ (0.007)	$ (0.02)

See accompanying notes to the financial statements

BALANCE SHEETS

YEAR ENDED APRIL 30TH

	April 30, 2011	April 30, 2010
ASSETS		
Current		
Cash & cash equivalents	$ 290,103	$ 67,568
Receivables	33,407	35,879
Prepaid expenses	14,518	-
	338,028	103,447
Mineral properties (Note 4)	1,694,938	1,658,246
	$ 2,032,966	$ 1,761,693
LIABILITIES		
Current		
Payables & accruals (Note 5)	$ 549,695	$ 490,490
EQUITY		
Share capital (Note 6)	7,885,228	7,609,278
Contributed surplus (Note 7)	2,723,419	2,459,319
Deficit	(9,125,376)	(8,797,394)
	1,483,271	1,271,203
	$ 2,032,966	$ 1,761,693

Going concern assumption (Note 1)

On behalf of the Board

"Gordon Barron"
Director

"Allan Innes"
Director

See accompanying notes to the financial statements

	For the Year Ended April 30	
	2011	**2010**
INCREASE IN CASH AND CASH EQUIVALENTS		
Operating		
Net loss	$ (327,982)	$ (699,487)
Amortization	-	2,028
Share warrant award	-	332,604
Stock based compensation	111,300	-
Loss on sale of assets	-	4,355
	(216,682)	(360,500)
Change In Non-Cash Working Capital		
Receivables	2,472	(14,442)
Prepaid expenses	(14,518)	5,847
Payables and accruals	3,342	(95,222)
	(225,386)	(464,317)
Investing		
Mineral property expenditures	(36,692)	(19,280)
Reclamation bonds & other deposits	-	3,060
	(36,692)	(16,220)
Financing		
Issuance of common shares and warrants	449,750	306,250
Advances from related parties	55,863	241,372
Share issue costs	(21,000)	(6,875)
	484,613	540,747
Increase in cash & cash equivalents	225,535	60,210
Cash & cash equivalents, beginning of year	67,568	7,358
Cash & cash equivalents, end of year	$ 290,103	$ 67,568

1. GOING CONCERN

The Company is a junior mining company primarily involved in the exploration and development of its natural resource licenses and on licenses jointly controlled with its joint venture partner and has not yet confirmed the existence of economically developable reserves.

The amounts shown as mineral properties represent net costs to date less any write-offs and do not necessarily represent present or future values. The Company is incorporated in the Province of British Columbia and is extra-provincially registered in Newfoundland and Labrador, Canada. On October 28, 2005, the Company changed its name from Sino Pacific Development Ltd. The Company is publicly traded on the TSX Venture Exchange under the symbol "PXR".

These financial statements have been prepared on a going concern basis, which assumes the realization of the company's assets and discharge of liabilities in the normal course of business. However, the Company has accumulated losses of $9.1 million to April 30, 2011, ($8.8 million to April 30, 2010), has accumulated a $211,667 working capital deficiency and has limited capital resources to advance its exploration and development programs. The Company has historically financed its activities principally by sale of equity securities and while it has been successful in the past there can be no assurances it will be successful in the future. The recoverability of exploration costs is dependent upon the ability of the Company to obtain financing to fund and complete the development of such reserves or through the sale of the licenses which cannot be assured.

These financial statements do not include any adjustments relating to the recoverability of assets and classification of liabilities that may be necessary should the Company be unable to continue as a going concern. If the "going concern assumption" was not appropriate for these financial statements, then adjustment would be necessary in the carrying values of assets and liabilities, the reported revenue and expenses and the balance sheet classifications.

2. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and are expressed in Canadian currency and include the accounts of the Company, along with the Company's share of the assets, liabilities, revenues and expenses of an unincorporated joint venture.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

JOINT VENTURES

A portion of the Company's exploration activities is conducted jointly with others wherein the Company enters into agreements that provide for specified percentage interest in mineral properties. Expenditures on these properties are capitalized to mineral properties. Joint venture accounting which reflects the Company's proportionate interest in mineral properties is applied by the Company only when the parties enter into formal comprehensive agreements for ownership and mineral participation.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of deposits in banks and highly liquid investments with an original maturity of ninety days or less.

REVENUE RECOGNITION

Interest revenue is recognized in the period in which it is earned. The Company has not earned any revenue from its mineral properties.

MINERAL PROPERTIES

The Company capitalizes all costs directly related to investments in mineral property interests on a property-by-property basis. Such costs include mineral property acquisition costs and exploration and development expenditures, net of any recoveries. Costs are deferred until the properties to which they relate are placed into production, sold or management has determined there to be an impairment of the value.

The amounts shown for acquisition costs and deferred exploration expenditures represent costs incurred to date and do not necessarily reflect present or future values. Realization of the Company's investment in these assets is largely dependent on its ability to establish legal ownership, obtain adequate funding, the nature of the mineral deposit, the development work program, commodity prices, the satisfaction of ongoing governmental regulatory requirements, management of environmental matters and the attainment of successful production or sufficient recovery from the sale of the mineral interests.

USE OF ESTIMATES AND MEASUREMENT UNCERTAINTY

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 revenues and expenses during the reporting period. Significant areas requiring the use of management estimates include impairment of mineral interests, fair values of share based payments, share warrants and valuation allowances for future income tax assets, and expected rates for future income tax recoveries.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

The recoverability of mineral properties is a management estimate dependent upon a number of assumptions including further development of reserves and obtaining the necessary financing to fund the development which cannot be assured. Actual results could differ from these estimated amounts as future confirming events occur. By their nature, these estimates are subject to measurement uncertainty and could materially impact the financial statements.

STOCK BASED COMPENSATION

The Company accounts for stock-based compensation expense using the fair value method with respect to all stock based payments to directors, officers, employees, and non-employees. Under the fair value method, stock-based payments are measured at the fair value of the consideration received or the fair value of the equity instrument issued or liabilities incurred, whichever is more reliably measurable and are charged to operations over the vesting period. A corresponding offset is charged to contributed surplus. Upon the exercise of the stock options, consideration received, together with the amount previously recognized in contributed surplus is recorded as an increase to share capital. The Company uses the Black-Scholes option pricing model to estimate the fair value of the stock-based compensation.

LOSS PER SHARE

Basic and diluted losses per share amounts are computed using the weighted average number of common shares outstanding during the year. The Company uses the treasury stock method to determine the dilutive effect of stock options and other dilutive instruments. Under the treasury stock method, only instruments with exercise amounts less than market prices impact the diluted calculations. In computing diluted loss per share, no shares were added to the weighted average number of common shares outstanding during the years ended April 30, 2011, and 2010, for the dilutive effect of employee stock options and warrants as they were all anti-dilutive. No adjustments were required to reported loss from operations in computing diluted per share amounts.

INCOME TAXES

The Company accounts for income taxes using the asset and liability method. Under this method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Future tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment or enactment occurs. To the extent that the Company does not consider it more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess. Unused tax losses are recognized as assets to the extent that the amounts are more likely than not to be realized. The Company has not recognized the potential benefit of any unused tax losses.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

ASSET RETIREMENT OBLIGATIONS

The Company will account for retirement obligations using CICA Section 3110, "Asset Retirement Obligations" when such obligations exist. This section establishes standards for recognizing statutory, contractual or other legal obligations related to the retirement of tangible long-lived assets when such obligations are incurred, if a reasonable estimate of fair value can be made. These obligations are measured initially at fair value and the resulting costs capitalized to the carrying value of the related asset. In subsequent periods, the liability is adjusted for any changes in the amount or timing and for the accretion of discounted underlying future cash flows. The capitalized asset retirement costs are amortized to operations over the life of the asset. The Company currently does not have any asset retirement obligations.

SHARE CAPITAL FLOW-THROUGH SHARES

From time to time the Company may finance a portion of its exploration and development activities through issuance of flow-through shares. Under the terms of the flow-through share agreements, the associated resource expenditure deductions for income tax purposes are renounced to investors in accordance with applicable income tax legislation. Upon renunciation to the shareholders, the Company provides for the future effect on income taxes related to flow through shares as a charge to share capital and future income tax liability. In instances where the Company has sufficient deductible temporary differences available to offset the renounced tax benefits, the realization of the deductible temporary differences will be credited to the income in the period of renunciation.

SHARE ISSUE COSTS

Share issue costs incurred on issue of the Company's shares are charged directly to share capital.

IMPAIRMENT OF LONG-LIVED ASSETS

Long-lived assets are reviewed for impairment upon the occurrence of events or changes in circumstances indicating that the value of the assets may not be recoverable. Impaired assets are recorded at fair value, determined principally using discounted future cash flows expected from their use and eventual disposition. The Company has assessed that there is no impairment of its long lived assets in the current year (2010 - $ Nil).

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

FINANCIAL INSTRUMENTS

The Company classifies all financial instruments as held-to-maturity, available-for-sale, held-for-trading, loans and receivables, or other financial liabilities. Financial assets held-to maturity, loans and receivables and financial liabilities other than those held-for-trading are measured at amortized cost. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income until the instrument is derecognized or impaired, when the amounts are then recorded in net earnings. Instruments classified as held-for-trading are measured at fair value with unrealized gains and losses recognized in the statement of loss.

In accordance with the standard, the Company's financial assets and liabilities are generally classified and measured as follows:

Asset/Liability	**Classification**	**Measurement**
Cash and cash equivalents	Held for trading	Fair value
Receivables	Loans and receivables	Amortized cost
Payables and accruals	Other financial liabilities	Amortized cost

Other balance sheet accounts, such as equipment and mineral properties are not within the scope of the accounting standards as they are not financial instruments. There were no embedded derivatives in any contracts that require special accounting treatment.

FUTURE CHANGES IN ACCOUNTING STANDARDS

(i) International Financial Reporting Standards (IFRS)

In January 2006, the Canadian Accounting Standards Board announced its decision requiring all publicly accountable entities to report under International Financial Reporting Standards. This decision establishes standards for financial reporting with increased clarity and consistency in the global marketplace. These standards are effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011, and are applicable for the Company's first quarter of Fiscal 2012. The financial impact of the transition to IFRS cannot be reasonably estimated at this time, as the Company has just commenced its plan for convergence with IFRS.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(ii) Business Combinations

In January 2009, the CICA issued Handbook Sections 1582 "Business Combinations", 1601 "Consolidated Financial Statements" and 1602 "Non-Controlling Interests" which replace CICA Handbook Sections 1581 "Business Combinations" and 1600 "Consolidated Financial Statements". Section 1582 establishes standards for the accounting for business combinations that is equivalent to the standard under IFRS. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. These sections are applicable for the Company's interim and annual consolidated financial statements for its fiscal year beginning on or after January 1, 2011. The Company does not expect any potential impact on its financial statements.

3. JOINT VENTURES

During the current year, the Company participated in an unincorporated joint venture with Buchans Minerals Corporation (TSX: V-BMC) formerly Royal Roads Corp. (TSX.V – RRO) relating to Tulks Hill Property, having earned a 51% interest and is the operator of the joint venture. Accordingly, the Company includes its share of assets, liabilities, revenues and expenses in the financial statements.

The following is a summary of the Company's proportionate share of the financial position, operating results and cash flows of the joint venture as at April 30, 2011 and 2010.

		2011		2010
Balance sheet				
Receivables	$	3,287	$	3,287
Mineral properties		391,347		391,347
Payables and accruals		(7,130)		(7,130)
Deficit		(45,522)		(45,522)
Net assets	$	341,982	$	341,982
Statement of loss				
Expenses	$	-	$	(112)
Net loss	$	-	$	(112)
Statement of cash flows				
Cash provided for (used in)				
Operating activities	$	-	$	(3,576)
Financing activities	$	-	$	-
Investing activities	$	-	$	(151)

4. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS

The Company has investigated title to all of its mineral properties and all of its properties are in good standing and requires no expenditures until 2013. The Company's mineral properties are all located in Newfoundland and Labrador, Canada.

TULKS HILL

On December 15, 2005, the Company entered into an option agreement to acquire a 51% interest in a property known as Tulks Hill located in central Newfoundland. In November 2007, the Company earned a 51% interest by completing the requirements under the option agreement. In July 2008, the Company received an NI 43-101 Technical Report on the Tulks Hill property. The property is subject to Net Smelter Return royalties ranging from 2% to 2.25% on certain of the claims.

The Company is aware that it must conduct a property clean up at Tulks Hill. The Company has accrued an estimate of $25,000 for these clean up costs.

LAKE BOND

On December 28, 2006, the Company entered into an option agreement to acquire a 100% interest in a property known as Reid Lot 50, Lake Bond located in central Newfoundland. In order to acquire the 100% interest, the Company must expend $50,000 on exploration and development of the claims by October 17, 2010. The option was extended to October 17th, 2011 to allow the Company to complete the expenditures. The property is subject to a Net Smelter Return royalty of 2%, of which the Company can purchase 1% for $1,000,000.

A summary of mineral properties as at April 30, 2011, and 2010 is as follows:

	Tulks Hill Property	**Lake Bond Property**	**Total**
Balance, April 30, 2010	$ 1,604,274	$ 53,972	$ 1,658,246
Additions during year			
Geological consultant	5,900	5,000	10,900
Project management	10,000	-	10,000
Assessments and licences	-	10,888	10,888
Travel	3,678	1,226	4,904
	19,578	17,114	36,692
Balance, April 30, 2011	$ 1,623,852	$ 71,086	$ 1,694,938

4. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS (CONT'D.)

	Tulks Hill Property	Lake Bond Property	Total
Balance, April 30, 2009	$ 1,595,882	$ 43,084	$ 1,638,966
Additions during year			
Geological consultant	2,420	-	2,420
Engineering	3,862	-	3,862
Assessments and licences	-	10,888	10,888
Assays	2,110	-	2,110
	8,392	10,888	19,280
Balance, April 30, 2010	$ 1,604,274	$ 53,972	$ 1,658,246

5. PAYABLES AND ACCRUALS

	2011	2010
Trade payables and accruals	$ 173,531	$ 170,189
Due to related parties	376,164	320,301
	$ 549,695	$ 490,490

6. CAPITAL STOCK

Issued and outstanding:

Common shares issued	58,320,890
Options outstanding	3,700,000
Warrants outstanding	8,955,000

The following summarizes the share transactions during the year.

	2011		2010	
	Number	$	Number	$
Balance, beginning of year	49,325,890	7,609,278	40,975,890	7,515,435
Issued for cash from:				
Private placements	8,995,000	449,750	8,350,000	306,250
Share issue costs	-	(21,000)	-	(6,875)
Share warrants	-	(152,800)	-	(205,532)
Balance, end of year	58,320,890	7,885,228	49,325,890	7,609,278

6. CAPITAL STOCK (CONT'D.)

PRIVATE PLACEMENTS

On January 29th, 2011, the Company announced that the TSX Venture Exchange had accepted for filing the documentation with respect to the Non-Brokered Private Placement announced on November 11th, 2010. The Private Placement closed for 1,760,000 units at a price of $0.05 per unit for total proceeds of $88,000. The Company paid $2,000 in fees.

Each unit consists of one common share ("Common Share") and one common share purchase warrant ("Warrant"). Each whole warrant will be exercisable at $0.10 into one common share for a period of 12 months from Closing. The securities issued pursuant to the offering will be subject to a four-month hold period from date of closing. The proceeds from this financing will be used for general working capital including other financing initiatives. No fees or commissions were paid.

On April 29th, 2011, the TSX Venture Exchange accepted for filing the documentation with respect to the Non-Brokered Private Placement announced on April 13th, 2011. The Private Placement closed for 7,235,000 units at a price of $0.05 per unit for total proceeds of $361,750, less a finder's fee of $21,000 that was paid to arms length parties.

Each unit consists of one common share ("Common Share") and one common share purchase warrant ("Warrant"). Each whole warrant will be exercisable at $0.10 into one common share for a period of 12 months from Closing. The securities issued pursuant to the offering will be subject to a four-month hold period from date of closing. The proceeds from this financing will be used for general working capital including other financing initiatives. The Company paid $19,000 in fees.

During the current year, the Company incurred no legal expenses (2010 – $ Nil) related to the issuance of the private placements.

SHARE PURCHASE WARRANTS

As at April 30, 2011, the Company had outstanding share purchase warrants exercisable to acquire 8,995,000 common shares; (2010 –20,190,000).

Changes to the Number of Share Purchases Warrants Outstanding

	2011		**2010**	
	Number	**Weighted Average Exercise Price**	**Number**	**Weighted Average Exercise Price**
Outstanding, beginning of year	20,190,000	0.11	11,840,000	0.13
Issued	8,995,000	0.10	8,350,000	0.07
Expired	20,190,000	0.11	-	-
Outstanding, end of year	8,995,000	0.10	20,190,000	0.11

6. CAPITAL STOCK (CONT'D.)

The following table provides detailed information about warrants outstanding as at April 30, 2011:

Warrants Outstanding	Exercise Price	Expiry Date	Weighted Average Remaining Contractual Life in Years
1,760,000	0.10	Jan. 29, 2012	.75
7,235,000	0.10	April 29, 2012	1.0

SHARE PURCHASE OPTIONS

The Company has adopted a formal stock option plan, which follows the TSX Venture Exchange ("TSX-V") policy under which it is authorized to grant options to directors and employees to acquire up to 10% of issued and outstanding common stock. Under the plan, the exercise price of each option equals the discounted market price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of 5 years and options issued to consultants are subject to a vesting provision whereby 25% become exercisable every three months over a period of 12 months.

Outstanding director options at April 30, 2011 and April 30, 2010

	2011			2010		
	Number	Weighted Average Exercise Price	Weighted Average Remaining Life in Years	Number	Weighted Average Exercise Price	Weighted Average Remaining Life in Years
Outstanding, beginning of year	500,000	0.11	.54	1,650,000	0.15	1.28
Expired	(500,000)	0.11	-	(1,150,000)	0.17	-
Issued	3,700,000	0.10	4.75	-	-	-
Outstanding, end of year	3,700,000	0.10	4.75	500,000	0.11	0.54

On November 10, 2010, the options to Harold Wareham, Michael "Butch" Collins and Paul O`Brien expired and were unexercised.

On January 19th, 2011 the following options were granted to the officers and directors of the Company. This grant of options was approved and ratified at the 2010 Annual general Meeting of shareholders held in Vancouver, BC on May 13, 2011.

6. CAPITAL STOCK (CONT'D.)

Outstanding Options at April 30th, 2011

	Position	Options	Exercise Price ($)	Expiry Date
Gordon Barron	Officer	2,400,000	0.10	01/2016
Allan Innes	Officer	400,000	0.10	01/2016
Dr. David Stirling	Director	300,000	0.10	01/2016
Gordon MacNIel	Director	300,000	0.10	01/2016
Liliana Hartwig	Director	300,000	0.10	01/2016

7. CONTRIBUTED SURPLUS

		2011		2010
Balance – beginning of year	$	2,459,319	$	1,921,183
Private placements – warrants		152,800		205,532
Share warrants extension granted		-		332,604
Stock based compensation		111,300		-
Balance end of year	$	$2,723,419	$	2,459,319

The weighted average fair value of the private placement warrants issued during the year was $152,800. The fair value of these share warrants was estimated using the Black-Scholes option pricing model with the following weighted average assumptions.

	April 2011 Placement	Jan, 2011 Placement
Expected dividend yield	-	-
Expected stock price volatility	122%	104%
Risk-free interest rate	1.38%	1.29%
Expected warrant life in years	1	1

The following assumptions were used in the Black-Scholes option pricing model for options granted for $111,300.

Exercise price	$0.10
Expected life in years	5.0
Annualized volatility	105%
Annual rate of dividends	0.0%
Risk-free interest rate	2.56%

8. DUE TO RELATED PARTY AND RELATED PARTY TRANSACTIONS

Amounts due to related entities at balance sheet dates are as follows:

	2011	2010
Former directors and director controlled company	$ 109,502	$ 112,702
CEO and president	178,348	143,870
CFO and director	22,120	10,000
Independent directors	12,465	-
Former directors	53,729	53,729
Total	$ 376,164	$ 320,301

These amounts owing are non-interest bearing and have no set terms of repayment.

The following table summarizes services provided by or expenses paid to directors and to companies having directors and/or senior management in common, during the years ended April 30, 2011 and 2010:

	2011	2010
Consulting and management fees	$ 130,715	$ 221,218
Secretarial services	2,890	-
Office rent	18,468	15,636
Other	-	1,821
	$ 152,073	$ 238,675

These transactions, which were incurred in the normal course of operations, have been recorded at their exchange amounts, being the amounts agreed to by the related parties.

9. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard its accumulated capital in order to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of capital and equity comprised of share capital, contributed surplus, and deficit.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issuances or by undertaking other activities as deemed appropriate under the specific circumstances.

9. CAPITAL MANAGEMENT (CONT'D.)

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended April 30, 2010.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's policy for managing significant risks includes policies, procedures and oversight designed to reduce the risks identified to an appropriate threshold. The Board of Directors is provided with timely and relevant reports on the management of significant risks. Significant risk managed by the Company includes liquidity risk.

(i) Financial Risk Management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company considers the fluctuations of financial markets and seeks to minimize potential adverse effects on financial performance.

(ii) Financial Instrument Risk Exposure

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management process.

CREDIT RISK

Credit risk is the risk of a financial loss to the Company if counterparty to a financial instrument fails to meet its contractual obligation. The Company's receivables consist primarily of sales tax receivables due from federal government agencies.

LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to access the required funding through future equity issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities.

Management and the Board of Directors are actively involved in the review, planning, and approval of significant expenditures and commitments.

INTEREST RATE RISK

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONT'D)

PRICE RISK

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact of the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold and other precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in pricing may be significant.

11. INCOME TAXES

Future income taxes reflect the net tax effects of the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's future tax assets as at April 30, 2011, and 2010, are as follows:

	2011	2010
Equipment	$ 3,394	$ 2,256
Non-capital loss carry forward	706,324	655,751
Cumulative resource development and exploration expenditures	643,467	665,656
Share issue costs	8,690	13,869
	1,361,876	1,337,532
Less: Valuation allowance	(1,361,876)	(1,337,532)
Net future tax assets	$ -	$ -

A reconciliation of the combined federal and provincial income taxes at statutory rates and the Company's effective income tax expense is as follows:

	2011	2010
Loss before income tax recovery	$ (327,982)	$ (699,487)
Statutory tax rate	32.00	33.00
Expected income tax recovery	(104,954)	(230,831)
Items not deductible for tax purposes and other	35,616	109,760
Non-capital loss carry forward expired	-	42,985
Effect of change in current and future tax rates	44,994	8,912
Benefit of current year tax loss not recognized	81,263	134,504
Change in valuation allowance	(56,919)	(65,330)
Actual income tax provision (recovery)	$ -	$ -

11. INCOME TAXES (CONT'D)

The Company has non-capital losses totalling $2,435,600 which may be carried forward and applied against taxable income in future years. These losses, if unutilized, will expire as follows:

2014	$ 133,249
2015	111,521
2026	175,993
2027	323,923
2028	629,371
2029	404,192
2030	403,404
2031	253,947
	$ 2,435,600

The Company also has certain resource exploration and development expenditures totalling $3,913,791 (2010 - $3,877,099), which may be deducted against future taxable income on a discretionary basis and share issue costs totalling $29,966 (2010 - $46,230) which have not been claimed for income tax purposes.

The potential benefits of these losses and resource deductions have not been recognized as a future income tax asset, as currently these amounts are not more likely than not to be realized.

12. FLOW-THROUGH PART XII.6 TAX, PENALTIES AND INDEMNIFICATION

Under the terms of the Company's flow-through share agreements, the Company is required to spend and renounce expenditures for exploration that are qualifying Canadian Exploration Expenditures ("CEE") as defined by the Income Tax Act Canada and has undertaken to warrant to shareholders that these expenditures qualify as CEE.

The Company has a provision for subscriber indemnification including $82,805 related to the shortfall in required expenditures related to a flow-through shares financing agreement.

13. COMPARATIVE FIGURES

Certain of the comparative figures have been restated to conform to the financial statement presentation adopted for the current year.

14. SUBSEQUENT EVENTS

On August 12, 2011, the Company announced that the summer/fall exploration program on its Tulks Hill volcanogenic massive sulphide (VMS) project located in central Newfoundland, will commence on August 29th, 2011. Prominex is the operator of the Tulks Hill Project with a 51% interest in a joint venture with Buchans Mineral Corporation (BMC-TSXV) which holds the remaining 49% interest. In accordance with the terms of the joint venture agreement, Buchans Minerals Corporation has notified the Company that it will not be participating in this year's exploration program and will dilute its interest, which may be approximately 10% upon completion of the $500,000 program planned for 2011. The 2011 exploration program will consist of prospecting and surface evaluation in areas identified in the 2006 exploration program and a 2,800 metre diamond drilling program.

On August 16, 2011, the Company announced a non-brokered private placement of up to 11,000,000 flow through units ("Units") at CAD $0.05 per unit. Each unit consists of one flow through common share ("Common Share") and one full flow through common share purchase warrant ("Warrant"). Each warrant will be exercisable at CAD $0.10 into one flow through common share for a period of 12 months from the Closing date.