Planet Exploration Inc.

Financial Statements
For the years ended
March 31, 2011 and 2010

HLB Cinnamon Jang Willoughby

Chartered Accountants

A Partnership of Incorporated Professionals

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Planet Exploration Inc.:

We have audited the accompanying balance sheet of Planet Exploration Inc. as at March 31, 2011 and the statements of operations, comprehensive loss and deficit, changes in shareholders' equity and cash flows for the year 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.

Auditors' 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 Planet Exploration Inc. as at March 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements as at March 31, 2010 and for the year then ended were audited by other auditors who expressed an opinion without reservation on those statements in their report dated July 22, 2010.

"Cinnamon Jang Willoughby"
-Signed-
Chartered Accountants

Burnaby, BC
July 27, 2011

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Planet Exploration Inc.
Balance Sheets
As at March 31, 2011 and 2010

	2011	2010
Assets		
Current		
Cash and cash equivalents	$ 5,628,154	$ 4,498,886
Accounts receivable	21,901	11,231
Marketable securities	2,850	1,675
Prepaid	6,638	-
	5,659,543	4,511,792
Equipment (note 5)	-	1,000
Mineral properties (note 6 and 9)	6,562,968	6,361,641
	$ 12,222,511	$ 10,874,433
Liabilities		
Current		
Accounts payable and accrued liabilities	$ 146,853	$ 98,013
Future income taxes (note 7)	487,524	487,524
	634,377	585,537
Shareholders' equity		
Share capital (note 8)	12,874,829	11,341,692
Contributed surplus	1,479,303	1,169,375
Deficit	(2,765,998)	(2,222,171)
	11,588,134	10,288,896
	$ 12,222,511	$ 10,874,433

Significant accounting policies (Note 2)

Approved on behalf of the Board of Directors:

*Christopher Taylor*______________
Director

*Tony M. Ricci*____________________
Director

The accompanying notes are an integral part of these financial statements.

Planet Exploration Inc.
Statements of Operations, Comprehensive Loss and Deficit
Years Ended March 31, 2011 and 2010

	2011	2010
Expenses		
Amortization	$ 1,000	$ 104
Consulting (note 9)	52,250	142,000
Management (note 9)	87,335	154,000
Office and general (note 9)	40,207	36,289
Professional fees (note 9)	52,396	65,520
Stock-based compensation	358,540	24,090
Total expenses	591,728	422,003
Other income		
Interest income	(46,726)	(18,511)
Loss (gain) on held-for-trading securities	(1,175)	(925)
Net Loss before income tax provision	543,827	402,567
Future income tax (recovery)	-	(112,522)
Net loss for the year	543,827	290,045
Net comprehensive loss for the year	$ 543,827	$ 290,045
Deficit, beginning of year	(2,222,171)	(1,932,126)
Deficit, end of year	$ (2,765,998)	$ (2,222,171)
Loss per share – basic and diluted	$ (0.018)	$ (0.011)
Weighted average number of shares outstanding	31,058,012	25,319,190

The accompanying notes are an integral part of these financial statements.

Planet Exploration Inc.
Statements of Changes in Shareholders' Equity
Years Ended March 31, 2011 and 2010

	Share Capital				
	Number of Shares	Amount	Contributed Surplus	Deficit	Shareholders' Equity
Balance, March 31, 2009	25,319,190	$ 11,341,692	$ 1,145,285	$ (1,932,126)	$ 10,554,851
Stock- based compensation	-	-	24,090	-	24,090
Net loss for the year	-	-	-	(290,045)	(290,045)
Balance, March 31, 2010	25,319,190	$ 11,341,692	$ 1,169,375	$ (2,222,171)	$ 10,288,896
Shares and warrants issued for private placement	10,000,000	1,200,000	-	-	1,200,000
Shares issued for warrants	150,000	37,500	-	-	37,500
Shares issued for stock options	825,000	140,250	-	-	140,250
Fair value of stock options exercised	-	80,990	(80,990)	-	-
Shares issued for resource property	330,000	89,100	-	-	89,100
Share issuance costs	-	(14,703)	-	-	(14,703)
Stock-based compensation	-	-	358,540	-	358,540
Capitalized stock-based compensation	-	-	32,378	-	32,378
Net loss for the year	-	-	-	(543,827)	(543,827)
Balance, March 31, 2011	**36,624,190**	**$ 12,874,829**	**$ 1,479,303**	**$ (2,765,998)**	**$ 11,588,134**

The accompanying notes are an integral part of these financial statements.

Planet Exploration Inc.
Statements of Cash Flows
Years Ended March 31, 2011 and 2010

		2011		2010
Operating Activities				
Net loss and comprehensive loss	$	(543,827)	$	(290,045)
Items not affecting cash				
Depreciation		1,000		104
Future income tax recovery		-		(112,522)
Unrealized gain on marketable securities		(1,175)		(925)
Stock-based compensation		358,540		24,090
		(185,462)		(379,298)
Change in non-cash working capital				
Accounts receivable		(10,670)		33,883
Accounts payable		48,840		(31,849)
Prepaid		(6,638)		-
		(153,930)		(377,264)
Investing Activities				
Additions to mineral properties		(79,849)		(985,386)
Financing Activities				
Units issued for cash (note 8)		1,200,000		-
Issue costs		(14,703)		-
Options exercised		177,750		-
		1,363,047		-
Increase (decrease) in cash and cash equivalents		1,129,268		(1,362,650)
Cash and cash equivalents, beginning of year		4,498,886		5,861,536
Cash and cash equivalents, end of year	$	5,628,154	$	4,498,886
Cash and cash equivalents consist of				
Cash	$	5,628,154	$	198,582
Term deposits		-		4,300,304
	$	5,628,154	$	4,498,886
Supplementary information:				
Interest received	$	46,726	$	18,245

Non-cash transactions (note 10)

The accompanying notes are an integral part of these financial statements.

1. NATURE OF OPERATIONS

Planet Exploration Inc. ("the Company") is in the business of acquiring, exploring and developing gold, copper, silver and other mineral properties, both directly and through joint ventures in Canada. To date the Company has not generated significant revenues from operations and is considered to be an exploration stage company. These financial statements have been prepared on the assumption that the Company will continue as a going concern and realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain mineral reserves that are economically recoverable. The continued operations of the Company are primarily dependent upon its ability to raise exploration financing from equity markets or by selling or optioning its mineral properties. Recovery of the capitalized carrying costs shown for mineral properties will likely require the establishment of economically recoverable reserves, the securing of development financing and profitable production.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Company have been prepared by management in accordance with generally accepted accounting principles (GAAP) in Canada. The financial statements have, in management's opinion, been properly prepared using careful judgment within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

a) Use of estimates

The preparation of the financial statements in conformity with GAAP 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 dates of the financial statements and the amounts of revenue and expenses during the period. These estimates and assumptions are based on management's best knowledge of current events and actions that the Company may undertake in the future. Significant areas requiring the use of management estimates include the determination of stock-based compensation and the useful life of long-lived assets as well as determination of impairment thereon, the recoverability of future income tax assets and the determination of possible losses arising from lawsuits.

Amortization is based on the estimated useful lives of equipment. Mineral property interests are reviewed to ensure their carrying value does not exceed the estimated future net cash flows.

Actual results could differ from those estimates and as adjustments become necessary they are reported in earnings in the periods in which they become known.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Financial instruments - recognition and measurement

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 initially in the balance sheet at fair value. Held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income. Available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired. Held-to-maturity investments, loans and receivables, and other financial liabilities are initially measured at fair value and subsequently measured at amortized cost. Amortization of premiums or discounts and losses due to impairment are included in current year net earnings (loss).

The Company has classified cash and cash equivalents and marketable securities as held-for-trading financial assets. Accounts receivable is classified as loans and receivables. Accounts payable and accrued liabilities are classified as other financial liabilities. The Company has not classified any financial assets as held-to-maturity and available for sale.

Gains and losses on held-for-trading financial assets and financial liabilities are recognized in net income or loss in the period in which they arise. Unrealized gains and losses arising from changes in fair value of available for sale assets are recognized in other comprehensive income until the financial asset is derecognized or impaired, at which time any unrealized gains, or losses are recorded in net income or loss.

Transaction costs other than those related to financial instruments classified as held-for-trading, which are expensed as incurred, are added to the fair value of the financial asset or financial liability on initial recognition and amortized using the effective interest method. Under the effective interest method, estimated future cash receipts are discounted over the asset’s expected life, or other appropriate period, to its net carrying value. Fair values are based on quoted market prices where available from active markets, otherwise fair values are estimated using a variety of valuation techniques and models.

CICA Section 3862 “*Financial Instruments – Disclosure*” requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The accounting standard establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument’s categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Section 3862 prioritizes the inputs into three levels that may be used to measure fair value:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Financial instruments - recognition and measurement (continued)

i) Level 1 – Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

ii) Level 2 – Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.

iii) Level 3 – Applies to assets or liabilities for which there are unobservable market data.

The Company's financial instruments consist principally of cash and cash equivalents, marketable securities, long term investments, and accounts payable. Pursuant to Section 3862, fair value of assets and liabilities measured on a recurring basis include cash and cash equivalents and marketable securities determined based on Level 1 inputs, which consist of quoted prices in active markets for identical assets. The fair value of long term investments are determined based on Level 3 data. The Company believes that the recorded values of accounts payable approximate their current fair value because of their nature and respective maturity dates or durations.

c) Cash and cash equivalents

Cash equivalents consist of highly liquid investments, which are readily convertible into cash and generally have maturities of three months or less when acquired. Investments with a maturity of greater than three months, with an insignificant risk of loss in value, are included in cash equivalents. At March 31, 2011, $Nil (2010 - $4,300,304) held in term deposits with an original maturity of greater than three months was included as cash equivalents.

d) Equipment

Equipment is recorded at cost and amortized on a straight line bases over five years.

e) Mineral property interests

Acquisition and exploration costs of mineral property interests are capitalized and deferred until such time as the property is put into production, the property is disposed of either through sale or abandonment or the property is considered uneconomic in the foreseeable future. If put into production, the costs of acquisition and exploration will be written off over the life of the property based on estimated economic reserves. Proceeds received from the sale of any interest in a property or option proceeds with respect to undeveloped properties are credited against the carrying value of the property, with any excess included in operations for the period. If a property is abandoned or considered uneconomic in the foreseeable future, the acquisition and deferred exploration costs are written off to operations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Mineral property interests (continued)

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

Management reviews capitalized costs on its mineral property interests on a periodic basis and recognizes impairment in value based upon current exploration results and upon management's assessment of the future probability of profitable operations from the property or sale of the property. For non-producing properties, management also considers indications of impairment such as the current status of ongoing operations, whether exploration is planned in the foreseeable future, the expiration of lease ownership rights, and funding requirements to complete exploration programs.

f) Long-Lived Assets Impairment

Long-term assets of the Company are reviewed when changes in circumstances suggest their carrying value has become impaired. Management considers assets to be impaired if the carrying value exceeds the future projected cash flows from related operations. If impairment is deemed to exist, the assets will be written down to fair value.

g) Revenue recognition

The Company recognizes interest revenue from guaranteed investment certificates on a straight line basis over the life of the certificates.

h) Income taxes

The Company records income taxes using the asset and liability method. Under this method, current income taxes are recorded based on the estimated income taxes payable for the year. Future income tax assets and liabilities are recognized for temporary differences between the tax and accounting basis of assets and liabilities.

Future income tax assets and liabilities are measured using enacted tax rates and laws expected to apply when the tax assets or liabilities are due to be settled or realized. The effect of a change in tax rates on future income tax assets and liabilities is recognized in operations in the period that includes the substantive enactment date. A valuation allowance is recognized, to the extent it is more likely than not, that those future income tax assets will not be realized.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Accumulated Other Comprehensive Income

The Company maintains a Statement of Comprehensive Income and establishes Accumulated Other Comprehensive Income ("AOCI") as a separate component of shareholders' equity. The Statement of Comprehensive Income is defined as a change in net assets arising from transactions and other events from non-owner sources. The statement would present net income and each component recognized in other comprehensive income ("OCI") when such amounts exist. For the years ended March 31, 2011 and 2010, the Company did not recognize any OCI and therefore a separate statement of OCI has not been presented. Any future OCI recognized by the Company will be recognized in AOCI.

j) Earnings per share

The basic earnings per share calculation is based upon the weighted average number of common shares outstanding during each year. Diluted common shares outstanding are calculated using the treasury stock method, which assumes that any proceeds received from in-the-money options would be used to buy back common shares at the average market price for the period. Options that are anti-dilutive are not included in the calculation of diluted earnings per share.

k) Foreign currency translation

Monetary assets and liabilities of the Company which are denominated in foreign currencies are translated into Canadian dollars at the rate of exchange in effect at the balance sheet date. Other assets, liabilities and items affecting earnings are translated into Canadian dollars at rates of exchange in effect at the date of the transaction. Gains or losses arising from these foreign currency transactions are included in the determination of income.

l) Flow-through shares

Certain resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with tax legislation. To recognize the forgone tax benefits to the Company, the future income tax liability and the carrying value of the shares issued are adjusted by the effect of the tax benefits renounced to subscribers. The future income tax liability is recorded when the expenditures are renounced by the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Stock-based compensation

The Company has a stock-based compensation plan as described in note 8(c). Compensation expense is calculated using the fair value of the option at the date of grant determined using the Black-Scholes options pricing model that takes into account the exercise price, and expected volatility of the Company's stock price, the expected dividends on the stock and the current risk-free interest rate for the expected life of the option. For options granted in respect of future services, compensation expense is recorded over the vesting period with a corresponding increase to contributed surplus. Upon the exercise of options consideration received together with the amount previously recognized in contributed surplus is recorded as an increase to share capital. The Company has not incorporated an estimated forfeiture rate, rather the Company accounts for actual forfeitures as they occur.

n) Asset retirement obligation

The Company recognizes the estimated fair value of an asset retirement obligation (ARO) in the period in which it is incurred when a reasonable estimate of the fair value can be made. The fair value of the estimated ARO is recorded as a liability with a corresponding increase in the carrying amount of the related asset. ARO is initially measured at fair value and subsequently adjusted for the accretion of discount and any changes to the underlying cash flows. The capitalized amount is depleted on a unit-of-production basis over the life of the proved resources. The liability amount is increased each reporting period due to the passage of time and the amount of accretion is charged to earnings in the period. Revisions to the estimated timing of cash flows or to the original estimated undiscounted costs of ARO results in an increase or decrease to ARO. As the Company's mining properties are in the exploration phase, no material liability exists for asset retirement obligations. Accordingly, no ARO has been recorded in these financial statements.

o) Recent accounting pronouncements

i) Business combinations

In January 2009, the CICA issued Handbook Sections 1582 – Business Combinations, Section 1601 – Consolidated Financial Statements and 1602 – Non-controlling Interests which replaces CICA Handbook Sections 1591 – Business Combinations and 1600 – Consolidated Financial Statements. Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under International Financial Reporting Standards ("IFRS"). Section 1582 is applicable for the Company's business combinations with acquisition dates on or after January 1, 2011. Early adoption of this Section is permitted. Section 1601 is applicable for the Company's interim and annual consolidated financial statements for its fiscal year beginning June 1, 2011. Early adoption of this Section is permitted. If the Company chooses to early adopt any one of these sections, the other two sections must also be adopted at the same time.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o) Recent accounting pronouncements (continued)

ii) International Financial Reporting Standards ("IFRS")

In 2006, the Accounting Standards Board (AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to apply IFRS. The changeover is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement of comparative amounts reported by the Company for the period ending December 31, 2010. The conversion to IFRS will impact the Company's policies, information technology and data systems, internal control over financial reporting, and disclosure controls and procedures. The transition may also impact business activities, such as foreign currency activities, certain contractual arrangements, capital requirements and compensation arrangements. The Company continues to monitor the future impact of IFRS on its financial statements and will continue to invest in training and additional resources to ensure a timely conversion.

3. CAPITAL MANAGEMENT

The Company's objectives when managing capital are:

- To safeguard the entity's ability to continue as a going concern.
- To maintain appropriate cash reserves on hand to meet ongoing exploration and operating costs.
- To invest cash on hand in highly liquid and highly rated financial instruments.

The Company defines its capital as shareholders' equity as at March 31, 2011, of $11,588,134 (2010 - $10,288,896. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may pay dividends, return capital to shareholders or issue new shares. The Company currently has no externally imposed capital requirements.

4. FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS

The Company holds various forms of financial instruments as described in Note 2(b). The nature of these instruments and the Company's operations expose the Company to various risks as follows:

a) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest cash in certificates of deposit issued by a Canadian chartered bank with which it keeps its bank accounts. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its Canadian chartered bank. The Company's cash equivalents are subject to interest rate fluctuations as a result of changes in market rates.

b) Credit risk

The Company is exposed to credit risk with respect to its cash and cash equivalents. However, this risk is minimized as cash and cash equivalents are held at a major financial institution in Canada.

c) Liquidity risk

The Company addresses liquidity risk as part of its capital management. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities as they become due and to continue its exploration drilling program at its Red Lake Property. As at March 31, 2011, the Company had a working capital of $5,512,690 (2010 - $4,413,779).

d) Foreign currency risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company does not have any exposure to any highly inflationary foreign currencies.

e) Fair values

The methods and assumptions used to develop fair value measurements for those financial instruments carried at fair value in the balance sheet have been prioritized into three levels of a fair value hierarchy included in Section 3862 of the CICA Handbook. Level one includes quoted prices (unadjusted) in active markets for identical assets or liabilities, level two includes inputs that are observable other than quoted prices included in level one and level three includes inputs that are not based on observable market data. The Company's cash and cash equivalents and marketable securities are level one fair value measurements. The fair values of financial instruments consisting of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate their carrying values due to their short-term nature.

5. EQUIPMENT

	2011		
	Cost	*Accumulated Amortization*	*Net Carrying Amount*
Equipment	$ -	$ -	$ -

	2010		
	Cost	*Accumulated Amortization*	*Net Carrying Amount*
Equipment	$ 1,000	$ -	$ 1,000

6. MINERAL PROPERTY INTERESTS

The Company's mineral properties are as follows:

		2011			
		Acquisition costs (net of recoveries)	Deferred exploration costs	Write down	Total
Red Lake, Ontario	$	1,046,905	5,314,736	-	6,361,641
Golden Loon, British Columbia		155,487	45,840	-	201,327
	$	1,202,392	5,360,576	-	6,562,968

		2010			
		Acquisition costs (net of recoveries)	Deferred exploration costs	Write down	Total
Red Lake, Ontario	$	1,046,905	5,478,058	(163,322)	6,361,641
Mongolia		4,860	427,448	(432,308)	-
	$	1,051,765	5,905,506	(595,630)	6,361,641

Red Lake, Ontario, Canada

The Company currently owns a 40% (March 31, 2010 – 40%) interest in the Red Lake, Ontario mineral property claims. The remainder 60% is held by affiliates of Goldcorp Inc.

Ownership in mineral properties involves certain inherent risks due to the difficulties in determining the validity of certain claims, as well as the potential for problems arising from the frequently ambiguous conveyance history characteristics of many mineral interests. The Company has investigated ownership of its mineral interests and, to the best of its knowledge, ownership of its properties is in good standing.

6. MINERAL PROPERTY INTERESTS (continued)

Golden Loon, British Columbia

On February 15, 2011, the Company signed an option agreement with Tilava Mining Corporation, a private company, to acquire an initial 70% interest, which can be increased to 100%, in Tilava's Golden Loon gold and copper project located 80 kilometres north of Kamloops, British Columbia. Pursuant to the terms of the option agreement, the Company must

(a) pay in the aggregate $250,000 to Tilava Mining Corporation as follows:

- (i) $5,000 upon signing of the agreement (paid);
- (ii) $45,000 upon approval by TSX Venture Exchange (paid);
- (iii) $100,000 on or before February 1, 2012;
- (iv) $100,000 on or before February 1, 2013;

(b) issue in aggregate 1,000,000 common shares as follows:

- (i) 300,000 common shares upon approval by TSX Venture Exchange (issued);
- (ii) 300,000 common shares upon earlier of incurring $500,000 in exploration expenditures and receiving an engineering report which recommends further work (“Stage I”) or February 1, 2012;
- (iii) 400,000 common shares upon earlier of incurring an aggregate of $1,500,000 in exploration expenditures and receiving an engineering report which recommends further work (“Stage II”) or February 1, 2013;

(c) incur exploration expenditures of not less than $3,000,000 as follows:

- (i) $500,000 before February 1, 2012 (completion of Stage I);
- (ii) an additional $1,000,000 before February 1, 2013 (completion of Stage II) for an aggregate of $1,500,000;
- (iii) an additional $1,500,000 before February 1, 2014 (completion of Stage III).

A finders’ fee was paid on the project in accordance with TSX rules.

The option agreement was amended subsequent to year end as discussed in Note 12(b).

7. INCOME TAXES

The income tax provision differs from the amount that would be computed by applying the basic combined Canadian federal and provincial statutory income tax rate to the statement of net loss for the year. The reasons for the differences are as follows:

		2011	**2010**
		28.00%	29.00%
Computed income tax (recovery)	$	(152,272)	(116,744)
Non-deductible stock-based compensation		100,403	6,986
Other		-	13,065
Tax rate adjustment		5,728	-
Valuation allowance		46,141	(15,829)
	$	-	(112,522)

At March 31, 2011 the Company had the following accumulated non-capital losses available for utilization in future years. These losses expire on the following dates:

March 31, 2026	$	34,280
March 31, 2028		204,628
March 31, 2029		399,530
March 31, 2030		409,518
March 31, 2031		184,290
	$	1,232,246

The components of the net future income tax liability are as follows:

		2011	**2010**
Net book value of mineral properties in excess of tax value	$	487,524	487,524
Non-capital losses		(308,062)	(259,408)
Foreign resources expenditures		(70,091)	(76,283)
Valuation allowance		378,153	335,691
Future income tax liability	$	487,524	487,524

8. SHARE CAPITAL

a) Authorized capital

Unlimited number of common voting shares without nominal or par value.
Unlimited number of first preferred shares.
Unlimited number of second preferred shares.

b) Common shares issued

Year ended March 31, 2011

On September 17, 2010, the Company closed a non-brokered private placement consisting of 10,000,000 Units of the Company, at $0.12 per Unit, for gross proceeds of $1,200,000. Each Unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase an additional common share of the Company at any time until September 17, 2012 at an exercise price of $0.25 per share. Of the $1.2 million consideration received, $325,900 has been attributed to the fair value of the warrants using Black-Scholes valuation method and the pro-rata allocation method. The Company paid a total of $14,703 in issue costs.

On September 24, 2010, the Company issued 200,000 common shares at $0.17 per share for total gross proceeds of $34,000 for the exercise of stock options.

On November 1, 2010, the Company issued 200,000 common shares at $0.17 per share for total gross proceeds of $34,000 for the exercise of stock options.

On December 2, 2010, the Company issued 400,000 common shares at $0.17 per share for total gross proceeds of $68,000 for the exercise of stock options.

On March 2, 2011, the Company issued 150,000 common shares at $0.25 per share for total gross proceeds of $37,500 for the exercise of warrants.

On March 11, 2011, the Company issued 25,000 common shares at $0.17 per share for total gross proceeds of $4,250 for the exercise of stock options.

On March 17, 2011, the Company issued 300,000 common shares at a deemed price of $0.27 per share for acquisition of a resource property.

On March 17, 2011, the Company issued 30,000 common shares at a deemed price of $0.27 per share for finders` fees related to the acquisition of a resource property.

No common shares were issued during the year ended March 31, 2010.

8. SHARE CAPITAL (continued)

c) Stock Options

The Company has a stock option plan whereby the Company may grant options to its directors, officers, employees and consultants for up to 10% of the outstanding common shares from time to time with vesting rights determined at each grant date. The exercise price of each option equals the market price of the Company's stock on the date of the grant (less any permitted discount, if any) and an option's maximum term is five years.

A summary of the changes in stock options for the years ended March 31, 2011 and 2010 is presented below:

	2011			2010		
	Number of options		Weighted average exercise price	Number of options		Weighted average exercise price
Balance, beginning of year	2,307,500	$	0.27	2,327,500	$	0.27
Granted	1,800,000		0.34	-		-
Exercised	(825,000)		0.17	-		-
Cancelled	(935,000)		0.37	-		-
Expired	(170,000)		0.36	(20,000)		0.56
Balance, end of year	2,177,500	$	0.31	2,307,500	$	0.27
Exercisable, end of year	2,002,500	$	0.32	1,995,500	$	0.28

As at March 31, 2011 the following stock options are outstanding:

Number of common shares under option	Exercise price per common share	Weighted average remaining contractual life in years	Exercisable at March 31, 2011
7,500	$ 0.40	0.42	7,500
370,000	0.17	2.72	195,000
1,550,000	0.34	4.62	1,550,000
250,000	0.35	5.00	250,000
2,177,500	$ 0.31	4.33	2,002,500

The fair value of stock options is estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	2011	2010
Risk free interest rate	2.20 - 2.77%	-
Expected dividend rate	-	-
Expected stock price volatility	73 - 76%	-
Expected option life	5 years	-
Weighted-average grant-date fair value per share of options granted	$0.34	-

8. SHARE CAPITAL (continued)

No options were issued during the 2010 fiscal year.

d) Share purchase warrants

The following table summarizes changes in the number of warrants outstanding and exercisable:

	Number of warrants	Weighted average exercise price
Balance, March 31, 2010	-	$ -
Granted	10,000,000	0.25
Exercised	(150,000)	0.25
Balance, March 31, 2011	9,850,000	$ 0.25

9. RELATED PARTY TRANSACTIONS

The following summarizes the Company's related party transactions:

	2011	**2010**
Consulting fees paid to a former officer and director	$ 20,000	$ 65,000
Consulting fees paid to a company controlled by a person related to a director	11,250	27,000
Management fees paid to directors and officer	60,000	154,000
Management fees paid to a company with directors in common	2,835	-
Management fees paid to a company controlled by a director	24,500	-
Geological consulting fees paid to a company controlled by a former officer and director ($47,400 of the fees incurred in 2010 were capitalized to mineral properties with the remainder included in professional fees)	-	50,400
Reimbursable expenses included in office and general paid to directors and officers	4,290	-
Reimbursable expenses included in office and general paid to a person related to a former director	2,799	-

9. RELATED PARTY TRANSACTIONS (continued)

	2011	2010
Reimbursable expenses included in office and general paid to a company controlled by a director	$ 2,495	$ -
Reimbursable expenses included in office and general paid to companies with directors in common	15,952	-
Reimbursable expenses capitalized to mineral properties paid to a company with directors in common	2,439	-

These related party transactions are in the normal course of operations and have been measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

Accounts receivable from an officer amounts to $8,248 (2010 - $nil). Accounts payable include a total of $13,773 (2010 – $nil) owing to related parties.

10. SUPPLEMENTAL CASH FLOW INFORMATION

	2011	2010
Shares issued for acquisition of resource properties	$ 89,100	$ -

11. COMPARATIVE FIGURES

Some of the prior year figures have been adjusted to conform to the current year presentation.

12. SUBSEQUENT EVENTS

a) Subsequent to the year ended March 31, 2011, Mr. Salim Jivraj resigned from being a director of the Company.

b) The Company amended on April 7, 2011 and on April 19, 2011 an option agreement with Tilava Mining Corporation, a private company, to acquire an initial 70% interest, which can be increased to 100%, in Tilava's Golden Loon gold and copper project, and the extended Golden Loon property as amended, located 80 kilometres north of Kamloops, British Columbia. Pursuant to the terms of the option agreement, as amended, the Company must

(i) pay in the aggregate $500,000 to Tilava Mining Corporation as follows:

(1) $10,000 upon signing of the agreement (paid);
(2) $90,000 upon approval by TSX Venture Exchange ($45,000 paid);
(3) $200,000 on or before February 1, 2012;
(4) $200,000 on or before February 1, 2013;

12. SUBSEQUENT EVENTS (continued)

(ii) issue in aggregate 2,000,000 common shares as follows:

(1) 600,000 common shares upon approval by TSX Venture Exchange (300,000 issued);

(2) 600,000 common shares upon earlier of incurring $750,000 in exploration expenditures and receiving an engineering report which recommends further work (“Stage I”) or February 1, 2012;
(3) 800,000 common shares upon earlier of incurring an aggregate of $2,250,000 in exploration expenditures and receiving engineering report which recommends further work (“Stage II”) or February 1, 2013;

(iii) incur exploration expenditures of not less than $4,500,000 as follows:

(1) $750,000 before February 1, 2012 (completion of Stage I);
(2) an additional $1,500,000 before February 1, 2013 (completion of Stage II) for an aggregate of $2,250,000;
(3) an additional $2,250,000 before February 1, 2014 (completion of Stage III).