FIREBIRD RESOURCES INC.

Consolidated Financial Statements

Years Ended April 30, 2011 and 2010

(Expressed in Canadian dollars)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Firebird Resources Inc. (the "Company") were prepared by management in accordance with Canadian generally accepted accounting principles. Management acknowledges responsibility for the preparation and presentation of the financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances. The significant accounting policies of the Company are summarized in Note 2 of the consolidated financial statements.

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the financial statements and (ii) the financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the financial statements.

The Board of Directors is responsible for reviewing and approving the financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

Management's assessment of internal control over financial reporting ("ICFR")

Management is also responsible for establishing and maintaining adequate internal control over the Company's financial reporting. The internal control system was designed to provide reasonable assurance to the Company's management regarding the preparation and presentation of the financial statements.

As the Company is a Venture Issuer (as defined under ***National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings***) ("NI 52-109"), the Company and Management are not required to include representations relating to the establishment and/or maintenance of disclosure controls and procedures ("DC&P") and/or ICFR, as defined in NI 52-109.

"John Cook"	*"Stephen Gledhill"*
President and Chief Executive Officer August 18, 2011	Chief Financial Officer August 18, 2011

SATURNA GROUP
CHARTERED ACCOUNTANTS LLP

1066 West Hastings Street, Suite 1250
Vancouver, BC Canada V6E 3X1

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Firebird Resources Inc.

We have audited the accompanying consolidated financial statements of Firebird Resources Inc. (the "Company"), which comprise the consolidated balance sheets as at April 30, 2011 and 2010, and the consolidated statements of operations, comprehensive loss, deficit, and cash flows 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits 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 consolidated 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 consolidated 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 involves evaluating the appropriateness of the 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, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2011 and 2010 and its operations and its cash flows for the years then ended, in accordance with Canadian generally accepted accounting principles.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 of the consolidated financial statements which describe certain conditions that give rise to substantial doubt about the entity's ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Saturna Group LLP

Chartered Accountants

Vancouver, Canada

August 18, 2011

FIREBIRD RESOURCES INC.
Consolidated balance sheets
As at April 30, 2011 and 2010
(Expressed in Canadian dollars)

	2011 $	2010 $
ASSETS		
Current assets		
Cash	178,334	383,483
Amounts receivable	14,437	2,518
Prepaid expenses	–	3,968
	192,771	389,969
Mineral properties (Note 3)	5,579,056	378,228
	5,771,827	768,197
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	268,318	52,838
Advances from shareholders (Note 4)	24,556	126,581
	292,874	179,419
Convertible debenture (Note 5)	87,842	41,624
	380,716	221,043
SHAREHOLDERS' EQUITY		
Share capital (Note 7)	16,422,555	11,524,555
Contributed surplus (Note 8)	1,382,257	148,481
Equity portion of convertible debenture (Note 5)	231,092	231,092
Share subscriptions received (Note 7)	373,000	–
Deficit	(13,017,793)	(11,356,974)
	5,391,111	547,154
	5,771,827	768,197

Nature of operations and continuance of business (Note 1)
Subsequent events (Note 14)

Approved on behalf of the Board:

/s/ 'Ken Ralfs' — Ken Ralfs, Director

/s/ 'Glen McDonald' — Glen McDonald, Director

(The accompanying notes are an integral part of these consolidated financial statements)

FIREBIRD RESOURCES INC.
Consolidated statements of operations, comprehensive loss and deficit
Years ended April 30, 2011 and 2010
(Expressed in Canadian dollars)

	2011 $	2010 $
Revenue	–	–
Expenses		
General and administrative (Note 6)	168,987	84,366
Management fees (Note 6)	93,000	57,500
Professional fees (Note 6)	124,919	27,250
Stock-based compensation	1,233,776	–
	1,620,682	169,116
Loss before other income (expense)	(1,620,682)	(169,116)
Other income (expense)		
Accretion of discount on convertible debenture (Note 5)	(46,218)	(17,716)
Financing costs	–	(16,575)
Gain on settlement of debt (Note 6)	31,581	–
Interest expense	(25,500)	(9,851)
	(40,137)	(44,142)
Loss before income taxes	(1,660,819)	(213,258)
Future income tax recovery (Note 13)	–	11,932
Net loss and comprehensive loss for the year	(1,660,819)	(201,326)
Deficit, beginning of year	(11,356,974)	(11,155,648)
Deficit, end of year	(13,017,793)	(11,356,974)
Basic and diluted net loss per share	(0.03)	(0.01)
Weighted average number of shares outstanding	47,782,539	38,790,816

(The accompanying notes are an integral part of these consolidated financial statements)

FIREBIRD RESOURCES INC.
Consolidated statements of cash flows
Years ended April 30, 2011 and 2010
(Expressed in Canadian dollars)

	2011 $	2010 $
Operating Activities		
Net loss for the year	(1,660,819)	(201,326)
Items not involving cash:		
Accretion of discount on convertible debenture	46,218	17,716
Future income tax recovery	–	(11,932)
Gain on settlement of debt	(31,581)	–
Shares issued for financing costs	–	16,575
Stock-based compensation	1,233,776	–
Changes in non-cash working capital items:		
Amounts receivable	(11,919)	(2,220)
Prepaid expenses	3,968	(3,968)
Due to related parties	9.556	
Accounts payable and accrued liabilities	215,480	(78,432)
	(195,321)	(263,587)
Investing Activities		
Mineral property expenditures	(400,828)	(113,673)
	(400,828)	(113,673)
Financing Activities		
Advances from shareholders	–	58,882
Repayment of shareholders' loans	(80,000)	(305,260)
Proceeds from convertible debenture	–	255,000
Proceeds from issuance of common shares and subscriptions received	471,000	755,000
Share issuance costs	–	(6,000)
	391,000	757,622
Increase (decrease) in cash	(205,149)	380,362
Cash, beginning of year	383,483	3,121
Cash, end of year	178,334	383,483
Non-cash investing and financing activities:		
Issuance of shares for acquisition of mineral properties	4,800,000	–
Issuance of shares for finders' fees	–	69,500
Discount on convertible debenture recorded as equity	–	231,092
Supplemental Disclosures:		
Interest paid	–	–
Income taxes paid	–	–

(The accompanying notes are an integral part of these consolidated financial statements)

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company was incorporated under the Canada Business Corporations Act and is listed on the TSX Venture Exchange. On November 4, 2009, the Company changed its name from Falcon Ventures International Inc. to Firebird Resources Inc. The Company is an exploration stage company that is in the process of exploring its mineral properties located in Canada and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete explorations and development and future profitable production from the properties.

These financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at April 30, 2011, the Company has not generated any revenues from operations, has a working capital deficit of $100,103, and an accumulated deficit of $13,017,793. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

The consolidated financial statements of the Company are prepared in accordance with Canadian generally accepted accounting principles. These consolidated financial statements include the accounts of the Company and its' wholly owned subsidiaries, Falcon Ventures (US) Corp. and K.K. Tan International Inc. All significant inter-company balances and transactions have been eliminated on consolidation.

(b) Use of estimates

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires the Company's management to make estimates and assumptions that affect the amounts reported in the financial statements and the related notes to the consolidated financial statements. Significant financial statement items which involve the use of estimates includes the recoverability of mineral property costs, equity component of the convertible debenture, stock-based compensation, and future income tax asset valuation allowances. Actual results could differ from those estimates.

(c) Cash and cash equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance to be cash equivalents.

(d) Mineral properties

The Company records its interests in mineral properties and areas of geological interest at cost. All direct and indirect costs related to the acquisition and exploration of these interests are capitalized on the basis of specific claim blocks or areas of geological interest until the properties to which they relate are placed into production, sold, or management has determined there to be an impairment in value. These costs will be depleted using the unit-of-production method based on the estimated proven and probable reserves available on the related property following commencement of production.

The amounts shown for mineral properties represent costs, net of write-offs, option proceeds and recoveries, and do not necessarily reflect present or future value. Recoverability of these amounts will depend upon the existence of economically recoverable reserves, the ability of the Company to obtain financing necessary to complete development, and future profitable production.

2. SIGNIFICANT ACOUNTING POLICIES (continued)

(d) Mineral properties (continued)

The Company reviews the carrying values of mineral properties when there are any events or change in circumstances that may indicate impairment. Where estimates of future cash flows are available, an impairment charge is recorded if the estimated undiscounted future net cash flows expected to be generated by the property is less than the carrying amount. An impairment charge is recognized by the amount by which the carrying amount of the property exceeds the fair value of the property.

(e) Asset Retirement Obligations

The Company follows CICA Handbook Section 3110, "Asset Retirement Obligations", which established standards for asset retirement obligations and the associated retirement costs related to site reclamation and abandonment. The fair value of the liability for an asset retirement obligation is recorded when it is incurred and the corresponding increase to the asset is depreciated over the life of the asset. The liability is increased over time to reflect an accretion element considered in the initial measurement at fair value.

(f) Income taxes

The Company follows the asset and liability method of accounting for income taxes. Future income taxes assets and liabilities are recognized for the estimated future tax consequences attributable to the difference between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases ("temporary differences") and loss carry forwards. When necessary, a valuation allowance is recorded to reduce income tax assets to an amount where realization is more likely than not. Future income tax assets and liabilities are measured using enacted or substantively enacted tax laws and rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect on future income tax assets and liabilities of a change in rates is recognized in the period that included the date of enactment or substantive enactment.

(g) Flow-through shares

The Company follows the recommendations of Emerging Issue Committee Abstract No. 146, which is effective for all flow-through share transactions. Canadian tax legislation permits a company to issue securities referred to as flow-through shares whereby the Company assigns the tax deductions arising from the related resource expenditures to the shareholders. When resource expenditures are renounced to the investors and the Company has reasonable assurance that the expenditures will be completed, a future income tax liability is recognized and share capital is reduced. If the Company has sufficient unused tax losses carried forward or other future income tax assets to offset all or part of this future income tax liability and no future income tax assets have been previously recognized for these items, a portion of such unrecognized losses is recorded as income up to the amount of the future income tax liability that was previously recognized on the renounced expenditures.

(h) Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at exchange rates in effect at the consolidated balance sheet date. Non-monetary assets and liabilities are translated at transaction date rates. Revenue and expenses are translated at average rates for the period. Foreign exchange gains and losses are included in the results of operations.

(i) Loss per share

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share. Stock options, share purchase warrants, and other equity instruments are dilutive when the average market price of the common shares during the period exceeds the exercise price of the options, warrants and other equity instruments. As the Company has recorded a loss in each of the periods presented, basic and diluted loss per share are the same since the exercise of warrants or options would reduce the loss per share.

2. SIGNIFICANT ACOUNTING POLICIES (continued)

(j) Financial instruments

The Company classifies all financial instruments as either held-for-trading, available-for-sale, held-to-maturity, loans and receivables or other financial liabilities. Financial instruments are required to be measured at fair value on initial recognition. Measurement in subsequent periods depends on the financial instruments classification. Held-for-trading instruments are measured at fair value with unrealized gains and losses recognized in results of operations. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Instruments held-to-maturity, loans and receivables and other financial liabilities are measured at amortized cost. The Company has classified its cash as held-for-trading. Amounts receivable are classified as loans and receivables. Accounts payable, accrued liabilities, advances from shareholders, and convertible debenture are classified as other financial liabilities.

(k) Comprehensive loss

Section 1530 establishes standards for the reporting and display of comprehensive income. The Company's does not have any items representing comprehensive income or loss.

(l) Stock-based compensation

The Company recognizes stock-based compensation expense in accordance with CICA Handbook Section 3870, "Stock-Based Compensation and Other Stock-Based Payments". When stock or stock options are issued to employees, compensation expense is recognized based on the fair value of the stock or stock options issued on the date of grant, over the vesting period of the stock or stock options. Stock-based payments to non-employees are measured at the fair value of the consideration received, or the fair value of the equity instruments issued, or liabilities incurred, whichever is more reliably measurable. The fair value of stock-based payments to non-employees is periodically re-measured until counterparty performance is complete, and any change therein is recognized over the period and in the same manner as if the Company had paid cash instead of paying with or using equity instruments. The cost of stock-based payments to non-employees that are fully vested and non-forfeitable at the grant date is measured and recognized at that date. On the exercise of stock options, share capital is credited for consideration received and for fair value amounts previously credited to contributed surplus.

(m) Future changes in accounting standards

In August 2009, the Accounting Standards Board ("AcSB") issued CICA Handbook Section 1625, "Comprehensive Revaluation of Assets and Liabilities" for consistency with new Section 1582, "Business Combinations". The amendments apply prospectively to comprehensive revaluations of assets and liabilities occurring in fiscal years beginning on or after January 1, 2011. The adoption of this section is not expected to have a material impact on the Company's consolidated financial statements.

In August 2009, AcSB issued CICA Handbook Section 3251, "Equity" in response to issuing Section 1602, "Non-controlling Interests". The amendments require non-controlling interests to be recognized as a separate component of equity. The amendments apply only to entities that have adopted Section 1602. The adoption of this section is not expected to have a material impact on the Company's consolidated financial statements.

In January 2009, the Accounting Standards Board ("AcSB") issued CICA 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 business combination accounting standard under IFRS. Section 1582 is applicable for the Company's business combinations with acquisition dates on or after May 1, 2011. Early adoption of this section is permitted. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. Section 1601 is applicable for the Company's interim and annual consolidated financial statements for its fiscal year beginning May 1, 2011. Early adoption of this section is permitted and all three sections must be adopted concurrently.

(Expressed in Canadian dollars)

2. SIGNIFICANT ACOUNTING POLICIES (continued)

(m) Future changes in accounting standards (continued)

In February 2008, the AcSB confirmed that public companies will be required to prepare interim and annual consolidated financial statements under International Financial Reporting Standards ("IFRS") for fiscal years beginning on or after January 1, 2011. The transition date of May 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended April 30, 2011. Management has assessed the effects of the adoption of IFRS is not expected to have a significant effect on the Company's consolidated financial statements.

3. MINERAL PROPERTIES

	Rose Property, Ontario $	Mountain of Gold, Ontario $	Pageland Minerals, South Carolina $	Total $
Acquisition costs:				
Balance, April 30, 2010	212,000	–	–	212,000
Additions	12,000	1,807	5,000,000	5,013,807
	224,000	1,807	5,000,000	5,225,807
Exploration costs:				
Balance, April 30, 2010	166,228	–	–	166,228
Camp, field, and exploration work	6,451	–	180,570	187,021
Balance, April 30, 2011	172,679	–	180,570	353,249
	396,679	1,807	5,180,570	5,579,056
Acquisition costs:				
Balance, April 30, 2009	170,000	–	–	170,000
Option payments	42,000	–	–	42,000
Balance, April 30, 2010	212,000	–	–	212,000
Exploration costs:				
Balance, April 30, 2009	94,555	–	–	94,555
Airborne surveys/geophysics	48,524	–	–	48,524
Assays	2,254	–	–	2,254
Camp, field, and exploration work	6,533	–	–	6,533
Consulting fees	9,000	–	–	9,000
Filing fees and other	5,362	–	–	5,362
Balance, April 30, 2010	166,228	–	–	166,228
	378,228	–	–	378,228

3. MINERAL PROPERTIES (continued)

(a) Rose Property, Ontario

Pursuant to a mineral property option agreement dated January 20, 2005, the Company was granted an option to acquire a 100% undivided interest in 42 claims located in the Sudbury area of Ontario. In order to keep the option granted to the Company in good standing, the Company is obligated to:

i) issue 40,000 common shares (issued) and pay $27,000 (paid) by January 14, 2005;
ii) issue 45,000 common shares (issued) and pay $30,000 (paid) by January 28, 2006;
iii) issue 45,000 common shares (issued), pay $35,000 (paid), and incur exploration costs of not less than $80,000 by January 28, 2007;
iv) issue 45,000 common shares (issued), pay $40,000 (paid), and incur additional exploration costs of not less than $100,000 by January 28, 2008; and
v) issue 50,000 common shares (issued) and pay $40,000 (paid) by January 28, 2009.

Upon commencement of commercial production on the property, the Company will pay a royalty payment of $0.20 per pound of uranium produced and sold from the property to the option holder. The Company has the option and right to purchase and cancel the royalty payment at anytime in exchange for $1,200,000. In 2005, the Company staked 62 adjacent claims to the Rose Property, and these additional claims are not subject to the royalty payment on the uranium produced and sold from the property.

The Company is required to pay all taxes, levies, and other expenditures as may be required in order to maintain the property in good standing with the applicable regulatory bodies. As at April 30, 2011, the option agreement is in good standing. On July 27, 2011, the Company sold its option in the properties under a plan of arrangement. Refer to Note 14.

(b) Mountain of Gold, Ontario

Pursuant to a mineral property option agreement dated May 4, 2005, the Company was granted an option to acquire a 100% undivided interest in two claims in the Turnbull area of Ontario. In order to keep the option granted to the Company in good standing, the Company was obligated to:

i) issue 50,000 common shares on regulatory approval of the agreement;
ii) issue 50,000 common shares by May 4, 2006; and
iii) issue 100,000 common shares by May 4, 2007.

The Company has earned a 100% interest in the property, subject to retention by the vendor of a 1% net smelter royalty if the Company commences commercial production on the claims. The Company has the option and right to purchase and cancel 100% of the net smelter royalty at anytime for $1,000,000.

During the year ended April 30, 2009, the Company determined that there was an impairment of the value of the property due to the lack of exploration caused by the non-availability of funds. Based on this, the Company fully impaired all capitalized acquisition and exploration costs on the property.

(c) Pageland Minerals, South Carolina

Pursuant to a mineral property option agreement dated June 24, 2010, the Company was granted an option to acquire a 70% undivided interest in mineral claims in South Carolina. In order to keep the option granted to the Company in good standing, the Company is obligated to:

i) issue common shares with a fair value of $4,800,000 (issued) by July 31, 2011;
ii) pay $200,000 (paid) on or before March 31, 2011;
iii) pay $500,000 on or before June 30, 2011; and
iv) incur exploration costs of $495,000 by July 31, 2011.

The Company has the option to acquire the remaining 30% interest in the mineral claims in exchange for $1,800,000 and incurring an additional $1,000,000 of exploration costs by July 31, 2012.

4. ADVANCES FROM SHAREHOLDERS

As at April 30, 2011 the advances from shareholders in the amount of $24,556 (2010 - $126,581) are unsecured, non-interest bearing, and have no fixed repayment terms.

5. CONVERTIBLE DEBENTURE

On December 10, 2009, the Company completed a convertible debenture financing for proceeds of $255,000. The convertible debenture is unsecured and bears interest at 10% per annum payable annually in arrears. The debenture has a five year term plus one day and is convertible into common shares of the Company at $0.10 per common share, at the holder's option, for the duration of the term. The debenture holder was issued 2,550,000 detachable common share purchase warrants exercisable at $0.10 per share for a period of five years. In connection with this financing, the Company issued 255,000 units with a fair value of $16,575 as finder's fees. Each unit consisted of one common share and one common share purchase warrant exercisable at $0.10 per share for a period of five years.

Pursuant to CICA Handbook Section 3863, "Financial Instruments – Presentation", the Company split the proceeds of the convertible debenture between debt and equity, based on the relative fair values of the debt, conversion option, and warrants. The amount attributable to the debt was $23,908 and the amount attributable to the conversion option and warrants was $231,092. This amount represented a deemed discount on the debt issuance, and accordingly is being accreted in the statement of operations on a straight-line basis over the five year term of the debt. During the year ended April 30, 2011, the Company recorded accretion expense of $46,218 (2010 - $17,716) which increased the carrying value of the convertible debenture to $87,842 (2010 - $41,624).

The fair values of the conversion option and the warrants were estimated using the Black-Scholes option pricing model assuming volatility of 100%, expected life of five years, risk-free rate of 2.42%, and no expected dividends.

6. RELATED PARTY TRANSACTIONS

(a) The Company incurred management fees of $30,000 (2010 - $39,500) to two directors of the Company.

(b) The Company incurred rent of $nil (2010 - $6,450) to a director of the Company.

(c) The Company incurred accounting fees of $nil (2009 -$5,000) to the former Chief Financial Officer of the Company.

(d) During the year ended April 30, 2011, the Company settled $75,161 to a former director of the Company with cash payment of $43,580, resulting in a gain on settlement of debt of $31,581.

These transactions have been in the normal course of operations and have been recorded at their exchange amount, which are the amounts agreed upon by the related parties.

(Expressed in Canadian dollars)

7. SHARE CAPITAL

Authorized: unlimited number of common shares without par value

	Number of shares	$
Balance, April 30, 2009	7,280,842	10,770,912
Issued pursuant to private placements	26,800,000	715,000
Issued pursuant to flow-through private placement	1,600,000	40,000
Shares issued as finders' fees for private placements	2,600,000	69,500
Shares issued as finder's fee for convertible debenture	510,000	16,575
Share issuance costs	–	(75,500)
Reduction for renunciation of flow-through tax benefit	–	(11,932)
Balance, April 30, 2010	38,790,842	11,524,555
Adjustment for partial common shares upon forward split	(28)	–
Shares issued pursuant to the exercise of warrants	1,960,000	98,000
Shares issued pursuant to property option payment	9,056,603	4,800,000
Balance, April 30, 2011	49,807,417	16,422,555

(a) On September 29, 2009, the Company completed a private placement of 2,400,000 units at $0.025 per unit for proceeds of $60,000. Each unit consisted of one common share and one share purchase warrant granting the holder to acquire one additional common share at $0.125 per share in the first year and $0.25 per share thereafter, expiring on September 29, 2014. As part of the private placement, the Company paid finders' fees of $6,000.

(b) On November 4, 2009, the Company completed a consolidation of its share capital on a five old common shares for one new common share basis. All share amounts have been retroactively adjusted for all periods presented.

(c) On November 13, 2009, the Company completed a private placement of 20,000,000 units at $0.025 per unit for proceeds of $500,000. Each unit consisted of one common share and one share purchase warrant granting the holder to acquire one additional common share at an exercise price of $0.025 per share in the first year and $0.05 per share thereafter, expiring on November 13, 2014. 1,600,000 of the units were issued as flow-through units. In connection with this private placement, the Company issued 2,000,000 units with a fair value of $50,000 as finders' fees with the same terms.

(d) On January 14, 2010, the Company issued 510,000 units with a fair value of $16,575 as a finder's fees for the convertible debenture. Each unit consisted of one common share and one common share purchase warrant exercisable at $0.05 per share for a period of five years.

(e) On January 14, 2010, the Company completed a private placement of 6,000,000 units at $0.0325 per unit for gross proceeds of $195,000. Each unit consisted of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one additional common share at an exercise price of $0.05 per share, expiring on January 13, 2015. In connection with this private placement, the Company paid finders' fees of 600,000 units with a fair value of $19,500 having the same terms.

(f) On June 15, 2010, the Company issued 30,000 common shares pursuant to exercise of share purchase warrants for proceeds of $1,500.

(g) On July 27, 2010, the Company issued 20,000 common shares pursuant to exercise of share purchase warrants for proceeds of $1,000.

(h) On November 30, 2010, the Company issued 20,000 common shares pursuant to exercise of share purchase warrants for proceeds of $1,000.

(i) On December 24, 2010, the Company completed a forward split of its issued and outstanding shares on a two-for-one basis. All share amounts have been retroactively adjusted for all period presented.

(Expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

(j) On January 24, 2011, the Company issued 20,000 common shares pursuant to exercise of share purchase warrants for proceeds of $1,000.

(k) On February 1, 2011, the Company issued 1,420,000 common shares pursuant to exercise of share purchase warrants for proceeds of $71,000.

(l) On February 16, 2011, the Company issued 9,056,603 common shares with a fair value of $4,800,000 pursuant to an option agreement. Refer to Note 3.

(m) On March 11, 2011, the Company issued 20,000 common shares pursuant to exercise of share purchase warrants for proceeds of $1,000.

(n) On March 23, 2011, the Company issued 410,000 common shares pursuant to exercise of share purchase warrants for proceeds of $20,500.

(o) On March 28, 2011, the Company issued 20,000 common shares pursuant to exercise of share purchase warrants for proceeds of $1,000.

(p) As at April 30, 2011, the Company has received $373,000 from share subscriptions relating to the future issuance of common shares relating to a private placement.

8. CONTRIBUTED SURPLUS

	$
Balance, April 30, 2009 and 2010	148,481
Fair value of stock options vested	1,233,776
Balance, April 30, 2011	1,382,257

9. SHARE PURCHASE WARRANTS

	Number of warrants	Weighted average exercise price $
Balance, April 30, 2009	–	–
Issued	36,610,000	0.06
Balance, April 30, 2010	36,610,000	0.06
Exercised	(1,960,000)	0.05
Balance, April 30, 2011	34,650,000	0.06

As at April 30, 2011, the following share purchase warrants were outstanding:

Number of warrants outstanding	Exercise price $	Expiry date
2,400,000	0.25	September 25, 2014
22,000,000	0.05	November 13, 2014
10,250,000	0.05	January 8, 2015
34,650,000		

(Expressed in Canadian dollars)

10. STOCK OPTIONS

The Company has adopted a stock option plan pursuant to which options may be granted to directors, officers, employees, and consultants of the Company to a maximum of 10% of the issued and outstanding common shares, and not exceeding 5% granted to any individual. The stock options have a maximum term of five years and cannot be assigned or transferred.

On March 23, 2011, the Company granted 500,000 stock options pursuant to a consulting agreement. The options are exercisable at $0.60 per share until March 23, 2013 with 25% vested immediately, and 25% vested every three months until December 23, 2011.

On March 25, 2011, the Company granted 4,000,000 stock options to directors, officers, and consultants of the Company. The options are exercisable at $0.60 per share until March 25, 2013 with 25% vested immediately, and 25% vested every three months until December 25, 2011.

The following table summarizes the continuity of the Company's stock options:

	Number of Options	Weighted Average Exercise Price $
Outstanding, April 30, 2009 and 2010	–	–
Granted	4,500,000	0.60
Outstanding, April 30, 2011	4,500,000	0.60

Additional information regarding stock options outstanding as at April 30, 2011 is as follows:

	Outstanding			Exercisable	
Range of exercise prices $	Number of options	Weighted average remaining contractual life (years)	Weighted average exercise price $	Number of options	Weighted average exercise price $
0.60	4,500,000	2.67	0.60	1,125,000	0.60

The weighted average fair value of stock options granted was $0.62 (2010 - $nil) per option. The fair values for the stock options vested during the period was $1,233,776 (2010 - $nil) using the Black-Scholes option pricing model assuming no expected dividends and the following weighted average assumptions:

	2011	2010
Risk-free interest rate	1.41%	–
Expected life (in years)	2.77	–
Expected volatility	100%	–

(Expressed in Canadian dollars)

11. FINANCIAL INSTRUMENTS AND RISKS

(a) Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's balance sheet as at April 30, 2011 as follows:

	Fair Value Measurements Using			
	Quoted prices in active markets for identical instruments (Level 1) $	Significant other observable inputs (Level 2) $	Significant unobservable inputs (Level 3) $	Balance, April 30, 2011 $
Cash	178,334	–	–	178,334

The fair values of other financial instruments, which include amounts receivable, accounts payable and accrued liabilities, and amounts due to related parties approximate their carrying values due to the relatively short-term maturity of these instruments.

(a) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure. Amounts receivable consists of GST/HST refunds which are due from the Government of Canada.

(b) Foreign Exchange Rate and Interest Rate Risk

The Company is not exposed to any significant foreign exchange rate or interest rate risk.

(c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

(d) Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

12. CAPITAL MANAGEMENT

The Company manages its capital 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 cash and items included in shareholders' equity.

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 issues or by undertaking other activities as deemed appropriate under the specific circumstances.

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.

(Expressed in Canadian dollars)

13. SEGMENTED INFORMATION

	Canada		USA	
	2011 $	2010 $	2011 $	2010 $
Mineral properties	398,486	378,228	5,180,570	–

14. FUTURE INCOME TAXES

The tax effect (computed by applying the Canadian federal and provincial statutory rate) of the significant temporary differences, which comprise future tax assets and liabilities, are as follows:

	2011 $	2010 $
Canadian statutory income tax rate	27.83%	28.67%
Income tax recovery at statutory rate	(462,206)	(61,134)
Tax effect of:		
Permanent differences and other	342,674	(17,038)
Change in enacted tax rates	12,155	70,783
Expiry of non-capital losses	–	43,292
Change in valuation allowance	107,377	(47,835)
Future income tax recovery	–	(11,932)

The significant components of future income tax assets and liabilities are as follows:

	2011 $	2010 $
Future income tax assets		
Resource pools	94,081	94,081
Property and equipment	75	304
Share issuance costs	11,325	15,100
Non-capital losses carried forward	445,939	334,558
Valuation allowance	(551,420)	(444,043)
Net future income tax asset	–	–

As at April 30, 2010, the Company has non-capital losses carried forward of $1,783,775 which are available to offset future years' taxable income. These losses expire as follows:

	$
2014	217,846
2015	181,676
2026	194,112
2027	159,476
2028	241,374
2029	133,126
2030	210,642
2031	445,523
	1,783,775

15. SUBSEQUENT EVENTS

(a) On May 17, 2011, the Company announced that it had received an order from the Supreme Court of British Columbia authorizing it to convene an annual and special meeting for the purpose of considering and approving a plan of arrangement. Under the arrangement, GTO Resources Inc. ("GTO"), a wholly owned subsidiary of the Company incorporated subsequent to April 30, 2011, would acquire the Company's interest in the Rose Property, and through the distribution of shares to existing shareholders, would become an independently listed company. Each shareholder of the Company received one common share of the Company and one-half of one common share of GTO. Each warrant holder received one new common share purchase warrant of the Company under the same terms as the existing share purchase warrants, and one-half of one common share purchase warrant of GTO. On June 13, 2011, the shareholders of the Company approved the plan of arrangement. On June 14, 2011, the Company received final approval for the plan of arrangement with GTO.

The plan of arrangement closed on July 27, 2011, and GTO began trading on the TSX Venture Exchange on July 28, 2011 under the trading symbol "GTR".

(b) On May 31, 2011, the Company amended its option agreement with Pageland Minerals Ltd. to extend the payment of the $500,000 from May 31, 2011 to June 30, 2011.

(c) On July 5, 2011, the Company issued 3,653,000 units in a private placement at $0.60 per unit for proceeds of $2,191,800. Each unit was comprised of one common share of the Company and one-half of one share purchase warrant where each whole warrant entitles the holder to purchase one common share of the Company at $1.00 per share until January 5, 2013. In connection with the private placement, the Company paid finders' fees of 7% of the gross proceeds received and issued non-transferable compensation warrants of up to 7% of the total units issued.