Lions Gate Metals Inc.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)

For the three and nine month periods ended September 30, 2011

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Expressed in Canadian Dollars

	September 30, 2011 $	December 31, 2010 $
Assets		
Current assets		
Cash and cash equivalents	**2,920,043**	367,713
Available-for-sale investments (Note 5)	**125,521**	145,400
Amounts receivable	**283,687**	121,800
Prepaid expenses	**120,682**	161,211
Total current assets	**3,449,933**	796,124
Non-current assets		
Loan receivable (Note 6)	**1**	1
Reclamation deposits (Note 7)	**44,098**	44,002
Property, plant and equipment (Note 8)	**15,520**	-
Exploration and evaluation assets (Note 9)	**7,875,714**	5,231,629
Total non-current assets	**7,935,333**	5,275,632
Total assets	**11,385,266**	6,071,756
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities	**446,185**	198,393
Due to related parties	**-**	7,560
Other liabilities (Note 10)	**84,211**	-
Total current liabilities	**530,395**	205,953
Total liabilities	**530,395**	205,953
Commitments and contingencies (Note 18)		
Shareholders' equity		
Share capital (Note 11)	**20,287,493**	15,819,452
Share purchase warrants (Note 11)	**3,166,114**	1,902,699
Contributed surplus (Note 11)	**2,278,292**	1,630,073
Accumulated other comprehensive loss/income	**74,278**	1,851
Accumulated deficit	**(14,951,307)**	(13,488,272)
Total shareholders' equity	**10,854,871**	5,865,803
Total liabilities and shareholders' equity	**11,385,266**	6,071,756

Approved by the Board of Directors:

"Arni Johansson" Director

"Michael Sweatman, CA" Director

Expressed in Canadian Dollars

	Three Months Ended		Nine Months Ended	
	September 30, 2011 $	September 30, 2010 $	September 30, 2011 $	September 30, 2010 $
Interest and other income	**6,569**	-	**11,035**	-
Expenses				
Accounting and audit (Note 13)	**12,665**	-	**44,585**	9,070
Advertising and promotion	**68,166**	6,154	**114,399**	39,307
Amortization (Note 8)	**2,431**	-	**7,246**	-
Bank charges and interest	**632**	580	**2,467**	1,690
Conferences and trade shows	**-**	-	**21,385**	2,390
Consulting and management fees (Note 13)	**28,414**	118,264	**124,889**	373,600
Director fees	**5,750**	-	**9,500**	25,250
Filing and transfer agent fees	**3,526**	19,782	**24,913**	43,084
General exploration	**1,688**	-	**4,438**	-
Insurance	**4,631**	4,863	**16,284**	16,516
Investor relations	**23,500**	-	**49,764**	-
Legal (Note 13)	**22,120**	13,988	**87,555**	151,741
Office, rent and telephone (Note 13)	**39,495**	24,793	**104,973**	84,994
Salaries and benefits	**72,900**	-	**179,447**	-
Stock based compensation	**55,778**	9,041	**600,187**	135,602
Travel and accommodation	**19,694**	20,015	**57,319**	48,799
Total expenses	**361,389**	217,480	**1,449,350**	932,043
Loss before undernoted items	**(354,820)**	(217,480)	**(1,438,315)**	(932,043)
Other income (expense)				
Interest expense	**-**	-	**(2,700)**	-
Write down of mineral property interests (Note 9)	**-**	(130,912)	**(2,050)**	(136,058)
Recovery of loan	**-**	-	**98,420**	-
Loss on sale of securities	**-**	(63,862)	**(115,847)**	(77,373)
Foreign exchange	**-**	(3)	**(2,543)**	(984)
Loss for the period	**(354,820)**	(412,257)	**(1,463,035)**	(1,146,458)
Other comprehensive income				
Fair value gains/(losses) on available-for-sale investments (Note 5)	**(24,420)**	132,172	**72,427**	(258,974)
Total other comprehensive income	**(24,420)**	132,172	**72,427**	(258,974)
Total comprehensive loss for the period	**(379,240)**	(280,085)	**(1,390,608)**	(1,405,432)
Loss per common share, basic and diluted (Note 15)	**(0.02)**	(0.02)	**(0.06)**	(0.12)

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

Expressed in Canadian Dollars

	Number of shares	Share capital $	Share purchase warrants $	Contributed surplus $	Accumulated other comprehensive loss $	Deficit $	Total $
Balance at January 1, 2010	**10,500,194**	**12,096,545**	**1,687,299**	**1,617,893**	**68,171**	**(11,918,547)**	**3,551,361**
Loss for the period	-	-	-	-	-	(1,146,458)	(1,146,458)
Stock options issued	-	-	-	135,602	-	-	135,602
Options exercised	194,000	213,400	-	-	-	-	213,400
Exercised options reversal	-	123,422	-	(123,422)	-	-	-
Private placement – flow-through	1,512,500	1,330,000	-	-	-	-	1,330,000
Private placement – warrants	-	(215,400)	215,400	-	-	-	-
Mineral property interest issuances	4,025,000	2,254,000	-	-	-	-	2,254,000
Share issuance costs	-	(146,401)	-	-	-	-	(146,401)
Change in fair value of investments	-	-	-	-	(258,974)	-	(258,974)
Balance at September 30, 2010	**16,231,694**	**15,655,566**	**1,902,699**	**1,630,073**	**(190,803)**	**(13,065,005)**	**5,932,530**
Loss for the period	-	-	-	-	-	(423,267)	(423,267)
Mineral property interest issuances	-	160,000	-	-	-	-	160,000
Share issuance costs reversal	-	3,886	-	-	-	-	3,886
Write down of investments	-	-	-	-	(147,424)	-	(147,424)
Interest reclassified on realization	-	-	-	-	173	-	173
Change in fair value of loan & interest	-	-	-	-	4,697	-	4,697
Loss on sale of investments	-	-	-	-	(72,833)	-	(72,833)
Change in fair value of investments	-	-	-	-	408,041	-	408,041
Balance at December 31, 2010	**16,231,694**	**15,819,452**	**1,902,699**	**1,630,073**	**1,851**	**(13,488,272)**	**5,865,803**
Loss for the period	-	-	-	-	-	(1,463,035)	(1,463,035)
Private placement	6,289,000	5,031,200	-	-	-	-	5,031,200
Flow-through share issuance	1,052,632	1,000,000	-	-	-	-	1,000,000
Flow-through liability allocation	-	(84,211)	-	-	-	-	(84,211)
Stock options issued	-	-	-	648,219	-	-	648,219
Warrants issued	-	(1,263,415)	1,263,415	-	-	-	-
Mineral property interest issuances	87,500	70,625	-	-	-	-	70,625
Share issuance costs	-	(286,158)	-	-	-	-	(286,158)
Change in fair value of investments	-	-	-	-	72,427	-	72,427
Balance at September 30, 2011	**23,660,826**	**20,287,493**	**3,166,114**	**2,278,292**	**74,278**	**(14,951,307)**	**10,854,870**

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

Expressed in Canadian Dollars

	Nine Months Ended	
	September 30, 2011 $	September 30, 2010 $
Cash flows from operating activities		
Loss for the period	**(1,463,035)**	(1,146,458)
Adjustments to reconcile loss to net cash used in operating activities:		
Foreign exchange loss	**2,543**	984
Stock based compensation	**600,187**	135,602
Loss on sale of available-for-sale investments	**115,847**	77,373
Writedown of mineral property interests	**2,050**	136,058
Amortization	**7,246**	-
Net change in non-cash working capital balances	**(170,763)**	(109,226)
Total cash outflows from operating activities	**(905,925)**	(905,667)
Cash flows from investing activities		
Acquisition of exploration and evaluation assets	**(2,090,479)**	(565,627)
Acquisition of property, plant and equipment	**(22,768)**	-
Purchase of reclamation bond	**-**	(32,000)
Proceeds from sale of available-for-sale investments	**105,275**	28,048
Deposit on investment	**(150,000)**	-
Acquisition of available-for-sale investments for cash	**(128,815)**	-
Total cash outflows from investing activities	**(2,286,787)**	(569,579)
Cash flows from financing activities		
Proceeds from common share issuance	**5,031,200**	250,000
Proceeds from flow-through share issuance	**1,000,000**	1,080,000
Proceeds from the exercise of options	**-**	213,400
Payments of share issuance costs	**(286,158)**	(146,401)
Total cash inflows from financing activities	**5,745,042**	1,396,999
Total increase (decrease) in cash and cash equivalents during the period	**2,552,330**	(78,247)
Cash and cash equivalents at beginning of period	**367,713**	569,470
Cash and cash equivalents at end of period	**2,920,043**	491,223

Supplemental cash flow information (Note 20)

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

1. NATURE OF OPERATIONS

Lions Gate Metals (the "Company") was incorporated under the Canada Business Corporations Act on March 28, 1980, and has continued as a company under the Business Corporations Act of British Columbia. The common shares of the Company are listed for trading on the TSX Venture Exchange ("TSXV") under the symbol "LGM", as a Tier 1 mining issuer. The Company is in the process of exploring its mineral property interests and has not yet determined whether these property interests contain reserves that are economically recoverable.

The Company has not generated revenue from operations. The Company incurred a net loss of $1,463,035 during the nine months ended September 30, 2011 and, as of that date the Company's deficit was $14,951,307. However, the Company has sufficient cash resources to meet its obligations for at least twelve months from the end of the reporting period. Accordingly, the Company's condensed consolidated interim financial statements are presented on a going concern basis, which assume that the Company will continue to realize its assets and discharge its liabilities in the normal course of business.

To date, the Company has not earned significant revenues and is considered to be in the exploration stage. The recoverability of the costs incurred for mineral property interests and their related deferred exploration expenditures is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties, and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures. The Company will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

The address of the Company's corporate office and principal place of business is #880 – 609 Granville Street, Vancouver, British Columbia, Canada.

2. BASIS OF PREPARATION

a) **Statement of Compliance**

The consolidated financial statements of the Company for the year ending December 31, 2011 will be prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), having previously prepared its financial statements in accordance with pre-changeover Canadian Generally Accepted Accounting Principles ("pre-changeover Canadian GAAP"). These condensed consolidated interim financial statements for the nine month period ended September 30, 2011 have been prepared in accordance with IAS 34 Interim Financial Reporting. Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), have been omitted or condensed. As these condensed consolidated interim financial statements are part of the Company's first IFRS annual reporting period, IFRS 1 First-time Adoption of International Financial Reporting Standards has been applied.

These condensed consolidated interim financial statements should be read in conjunction with the Company's 2010 annual financial statements and the Company's first IFRS financial statements for the quarter ended March 31, 2011, which disclose the Company's IFRS accounting policies.

The September 30, 2011 condensed consolidated interim financial statements were authorized for issue by the Board of Directors on November 25, 2011.

b) **Basis of Measurement**

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

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

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

The Company has adopted IFRS with a date of transition of January 1, 2010, the details of which are described in the interim condensed consolidated financial statements for the three months ended March 31, 2011. Under IFRS 1 'First-time Adoption of International Financial Reporting Standards', the IFRS are applied retrospectively at the transition date with all adjustments to assets and liabilities as stated under Canadian GAAP taken to retained earnings unless certain exemptions are applied.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These condensed interim financial statements follow the same accounting policies and methods of their application as the Company's first condensed consolidated interim financial statements prepared in accordance with IAS 34 and IFRS 1 and as such should be read in conjunction with the Company's condensed consolidated interim financial statements for the three months ended March 31, 2011.

IFRS Standards, Amendments and Interpretations Not Yet Effective

IFRS 7 (Amendment)	*Financial Instruments: Disclosure*
IFRS 9	*Financial Instruments*
IFRS 10	*Consolidated Financial Statements*
IFRS 11	*Joint Arrangements*
IFRS 12	*Disclosure of Interests in Other Entities*
IFRS 13	*Fair Value Measurement*
IAS 1 (Amendment)	*Presentation of Financial Statements*
IAS 12 (Amendment)	*Income Taxes*
IAS 27 (Amendment)	*Separate Financial Statements*
IAS 28 (Amendment)	*Investments in Associates and Joint Ventures*

The Company anticipates that the application of these standards and amendments will not have a material impact on the results of operations and the financial position of the Company.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

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

i) Exploration and Evaluation Expenditure

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

ii) Title to Mineral Property Interests

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

iii) Income Taxes

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

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

iv) Share-based Payment Transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 12.

Expressed in Canadian Dollars

5. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments consists of an investment in common shares of public and private companies. The fair value of the listed available-for-sale public company investments has been determined directly by reference to published price quotations in an active market. Private company investments are carried at historical cost until significant events indicate that revaluation is necessary.

	September 30, 2011			December 31, 2010		
Available-for-sale investments	# of shares	Original Cost $	Fair Value $	# of shares	Original Cost $	Fair Value $
Copper One Inc.	20,000	14,584	6,000	20,000	14,584	9,400
Crescent Resources Corp.	88,000	62,368	6,160	400,000	283,489	136,000
Atlantis Gold Mines Corp.*	400,000	100,000	100,000	-	-	-
Catalyst Copper Corp.	167,000	28,815	13,361	-	-	-
		205,767	125,521		298,073	145,400

* Denotes private company.

6. LOAN RECEIVABLE

In November, 2008, the Company loaned $400,000 U.S. (the "Principal Sum") to a third party borrower. As security, the borrower provided a promissory note which acknowledged itself indebted to the Company and promised to pay on or before May 15, 2009 the Principal Sum, together with interest thereon at the rate of fifteen percent, payable at maturity. On May 20, 2009, the Company received $100,000 U.S. and agreed to extend the payment terms to July 15, 2009. The third party borrower did not make payment on or before July 15, 2009 and the $300,000 U.S. plus $60,000 U.S. in interest remained outstanding. The Company communicated with the third party weekly, and during the year ended December 31, 2009, recorded an impairment charge to reduce the carrying value of the loan down to $1.

During the year ended December 31, 2010, the repayment terms included in the promissory note were amended. The balance of the principal sum and accrued interest was agreed to be repaid to the Company in six equal installments of $60,000 U.S. commencing March 5, 2010, and concluding with a final payment on August 27, 2010. The Company received no repayments during the year ended December 31, 2010.

On February 24, 2011, the Company received $100,000 U.S. from the borrower and recorded this as a recovery in its consolidated statement of operations. If necessary, the Company may commence legal action to recover any balance owing in respect of the loan.

Expressed in Canadian Dollars

7. RECLAMATION DEPOSITS

The Company is required to make reclamation deposits in respect of its expected rehabilitation obligations. The reclamation bonds represent collateral for possible reclamation activities necessary on mineral properties in connection with the permits required for exploration activities by the Company. The reclamation deposits are held in GICs.

8. PROPERTY, PLANT AND EQUIPMENT

	Computer Equipment
Cost	$
At December 31, 2010	-
Additions	22,766
Disposals	-
At September 30, 2011	22,766
Accumulated Amortization	
At December 31, 2010	-
Amortization charge	7,246
Disposals	-
At September 30, 2011	7,246
Net book value	
At September 30, 2011	15,520

Expressed in Canadian Dollars

9. EXPLORATION AND EVALUATION ASSETS

Mineral Property Interests (Omineca Mining Division of BC)	Balance December 31, 2010	2011 Costs Incurred	Write-Down for Valuation	Balance September 30, 2011
Acquisition Costs	$	$	$	$
Poplar mineral property - 100% interest	787,205	29,625	-	816,830
Kelly Creek mineral property - 100% interest	1	-	-	1
Hudson Bay Mountain mineral property - 100% interest	1,160,245	11,292	-	1,171,537
Copperline mineral property - 60% interest	1,630,760	-	-	1,630,760
ROK – Coyote mineral property - 75% interest	-	234,000	-	234,000
	3,578,211	**274,917**	**-**	**3,853,128**
Deferred Exploration Expenditures				
Poplar				
Airborne survey	334,129	-	-	334,129
Assays/Metallurgy	32,891	9,389	-	42,280
Camp costs	228,999	408,306	-	637,305
Consulting	416,184	211,875	-	628,059
Drilling	297,579	870,148	-	1,167,727
Environmental	94,545	21,057	-	115,602
Field expenditures and personnel	291,257	274,522	-	565,779
Geophysical/I.P. magnetic survey	99,435	196,284	-	295,719
Maps and reports	813	1,418	-	2,231
Miscellaneous	58,113	7,200	-	65,313
Telecommunications	5,460	4,249	-	9,709
Community Relations/Traditional use study	-	59,045	-	59,045
Travel and accommodation	70,382	14,741	-	85,123
Mining exploration tax credits claimed	(286,369)	-	-	(286,369)
	1,643,418	2,078,234	-	3,721,652
Hudson Bay Mountain				
Consulting	10,000	23,411	-	33,411
Camp costs	-	25,828	-	25,828
Field expenditures and personnel	-	57,326	-	57,326
Geological	-	7,076	-	7,076
ROK - Coyote				
Consulting & Community Relations	-	53,494	(2,050)	51,444
Camp costs	-	16,297	-	16,297
Field expenditures and personnel	-	95,188	-	95,188
Geophysical	-	14,364	-	14,364
	1,653,418	2,371,218	(2,050)	4,022,586
Total	**5,231,629**	**2,646,135**	**(2,050)**	**7,875,714**

Expressed in Canadian Dollars

Mineral Property Interests (Omineca Mining Division of BC)	**Balance January 1, 2010**	**2010 Costs Incurred**	**Write-Down for Valuation**	**Balance December 31, 2010**
Acquisition Costs	**$**	**$**	**$**	**$**
Poplar mineral property - 100% interest	661,214	125,991	-	787,205
Kelly Creek mineral property - 100% interest	1	16,000	(16,000)	1
Hudson Bay Mountain mineral property - 100% interest	125,000	1,086,959	(51,714)	1,160,245
Copperline mineral property - 60% interest	-	1,630,760	-	1,630,760
Total	**786,215**	**2,859,710**	**(67,714)**	**3,578,211**
Deferred Exploration Expenditures				
Poplar				
Airborne survey	322,406	11,723	-	334,129
Assays	29,301	3,590	-	32,891
Camp costs	191,826	37,173	-	228,999
Consulting	307,322	108,862	-	416,184
Drilling	297,579	-	-	297,579
Environmental	85,232	9,313	-	94,545
Field expenditures and personnel	291,057	200	-	291,257
Geophysical/I.P. magnetic survey	95,335	4,100	-	99,435
Line cutting	34,201	-	-	34,201
Maps and reports	423	390	-	813
Miscellaneous	20,626	3,286	-	23,912
Telecommunications	2,103	3,357	-	5,460
Travel and accommodation	65,138	5,244	-	70,382
Mining exploration tax credits claimed	-	(286,369)	-	(286,369)
	1,742,549	**(99,131)**	**-**	**1,643,418**
Hudson Bay Mountain				
Consulting	-	12,094	(2,094)	10,000
Field expenditures and personnel	-	945	(945)	-
	1,742,549	(86,092)	(3,039)	1,653,418
Total	**2,528,764**	**2,773,618**	**(70,753)**	**5,231,629**

The impairment assessment of exploration and evaluation assets resulted in write-downs of the Company's deferred exploration expenditures of $2,050 for the nine months ended September 30, 2011 (September 30, 2010 - $3,039).

Expressed in Canadian Dollars

Title to mineral property interests involve certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristics of many mineral property interests. The Company has investigated title to all of its mineral property interests and, to the best of its knowledge, title to all of them are in good standing.

All of the mineral property costs and deferred exploration expenditures incurred with respect to the Poplar, Hudson Bay Mountain, Copperline and ROK-Coyote mineral property interests will continue to be capitalized in accordance with the Company's disclosed basis of accounting. It is management's full intention to keep all of its current mineral property interests in good standing.

Poplar

By an agreement dated April 20, 2004, the Company was granted an option to acquire a 50% interest in certain mineral claims, known as the Poplar mineral property interest ("Poplar 1"), situated in the Omineca Mining Division of B.C. On July 30, 2007, the Company finalized terms with Hathor Exploration Limited ("Hathor") within the Amended and Restated Property Option Agreement to grant the Company an option to acquire the remaining 50% interest in the Poplar mineral property interest. The Company has met all required cash payments and share issuances related to the acquisition of Poplar 1 to date. The Company's sole remaining obligation on Poplar 1 is the commitment to annual payments of $75,000 to Hathor for the duration of the agreement. The agreement includes an underlying 2% net smelter return royalty ("NSR") on the property to benefit a previous owner.

On April 29, 2009 the Company entered into an option agreement with an unrelated third party to earn the exclusive right and option to acquire 100% legal and beneficial interest in mineral claims south of Poplar Lake ("Poplar 2") in exchange for the issuance of 100,000 shares in tranches over a period of four years. Should the claims be found to contain economically recoverable metal values, the Company may offer a total maximum payable of $1,000,000 in the form of a 1% NSR or a one-time only buy-out by the Company of $1,000,000 less any NSR amounts previously paid.

On May 25, 2009 the Company entered into an option agreement with an unrelated third party to earn the exclusive right and option to acquire 100% legal and beneficial interest on additional mineral claims south of Poplar Lake ("Poplar 3") in exchange for the issuance of 30,000 shares in tranches over a period of four years. Should the claims be found to contain economically recoverable metal values, the Company may offer a total maximum payable of $100,000 in the form of a 1% NSR or a one-time only buy-out by the Company of $100,000 less any NSR amounts previously paid.

The acquisition cost schedule to date is as follows:

Year	Cash Payment $	Shares #	Shares $	Property	Tenure, Minister of Finance & Other Fees	Charged to Income	Balance $
2004	37,777	50,000	17,500	Poplar 1	5,923	-	76,200
2005	30,000	464,286	163,500	Poplar 1	6,654	(200,923)	75,431
2006	115,000	100,000	24,000	Poplar 1	-	(24,000)	190,431
2007	115,000	190,000	102,600	Poplar 1	4,077	-	412,108
2008	75,000	-	-	Poplar 1	14,871	-	501,979
2009	75,000	-	-	Poplar 1	-	-	576,979
2009	-	10,000	9,500	Poplar 2	-	-	586,479
2009	-	2,500	2,000	Poplar 3	-	-	588,479
2009	-	-	-	Poplar 1-3	72,735	-	661,214
2010	75,000	-	-	Poplar 1	-	-	736,214
2010	-	20,000	11,200	Poplar 2	-	-	747,414
2010	-	5,000	2,800	Poplar 3	-	-	750,214
2010	-	-	-	Poplar 1-3	36,991	-	787,205
2011	-	30,000	24,000	Poplar 2	-	-	811,205
2011	-	7,500	5,625	Poplar 3	-	-	816,830

Expressed in Canadian Dollars

The future cost and expenditure commitments on Poplar for the next five years are comprised of:

Date	Cash Payment $	Number of Shares	Property
November 26, 2011	75,000	-	Poplar 1
April 29, 2012	-	40,000	Poplar 2
May 25, 2012	-	15,000	Poplar 3
November 26, 2012	75,000	-	Poplar 1
November 26, 2013	75,000	-	Poplar 1
November 26, 2014	75,000	-	Poplar 1
November 26, 2015	75,000	-	Poplar 1

During the year ended December 31, 2005, the Company paid $11,000 for a reclamation bond pursuant to regulatory requirements against reclamation obligations relating to exploration work on the Poplar mineral property interest. To date, the Company has purchased an additional $33,098, increasing the investment in reclamation bonds to a total of $44,098.

During the year ended December 31, 2008, the Company staked 44,963 additional hectares in the area adjacent to the Poplar mineral property. These mineral claim holdings are 100% owned by the Company and all mineral claims are current and in good standing.

On August 20, 2009 the Company announced that The Office of the Wet'suwet'en (the "OW"), representing the interests of five Clans and thirteen Houses, and the senior executive of the Company have concluded a Memorandum of Understanding ("MoU"). The MoU recognized that both parties to the MoU are committed to a respectful, consultative relationship with regards to the Company's mineral exploration activities on Wet'suwet'en territories. The MOU was renewed and formalized in a Communications and Engagement Agreement on December 15, 2010 and is expected to continue over the foreseeable future as the Company and the OW work towards a continued transparent and mutually respectful ongoing relationship. On signing the MoU, the Company paid the Office of the Wet'suwet'en $10,000 and is obligated to make annual $10,000 payments until such time as the MoU is terminated by either party.

The Company's 2010 spring exploration program on its Poplar property was abandoned due to unresolved internal issues of political representation and jurisdiction between the Wet'suwet'en Heredity Chiefs and a particular House group with the Wet'suwet'en Nation.

Issues were raised on April 6, 2010 by a number of individuals from one of the clans (the "Unis'tot'en") who attended the site of the Company's planned exploration activities and exploration was suspended. Further discussion with the Unis'tot'en have occurred, and the Company subsequently paid $10,000 to the Unis'tot'en and has funded a traditional use study of the Poplar area of geographical interest.

The Company continues to pursue meaningful engagement with the Unis'tot'en, the OW, and other First Nations interests identified by the Province of BC and seeks a respectful relationship to ensure that the mutual interests of the Unis'tot'en, the OW and those other First Nations and the Company are respected.

In January 2011, the Company commenced a drilling program of approximately 5,500 metres, which was completed on April 13, 2011. Several First Nations personnel were employed on this program. Further exploration and a 10,000 meter drilling program commenced in late August 2011. Twenty-eight drill holes totaling 10,786 meters were completed on November 14th, and all samples have been submitted for analyses.

Kelly Creek

By an agreement dated July 26, 2004, the Company was granted an option to acquire an undivided 100% interest in what are now 6 mineral claims, known as the Kelly Creek mineral property interest, situated in the Omineca Mining Division of B.C. Terms of the agreement were the payment of $20,000 and the issuance of 80,000 common shares of the Company to be issued in various stages, with the final 40,000 common shares being issued in July, 2007. The optionor retains a 2% NSR, in respect of these mineral claims, with the Company being granted the right to purchase 1% of this royalty for consideration of $1,000,000.

Expressed in Canadian Dollars

The Kelly Creek mineral property interest is 100% owned by the Company and all related mineral claims are current and in good standing. Management has elected at this time to carry this interest at a nominal value.

Hudson Bay Mountain

In May 2005, the Company acquired a 100% interest in certain mineral claims known as the Hudson Bay Mountain mineral property interest located near Smithers, British Columbia. The initial acquisition agreement required the issuance of 460,000 common shares (valued at $690,000) and six annual payments of $25,000 beginning upon acquisition.

On July 29, 2010, the Company announced that it had entered into an agreement to acquire additional claims, known as the Mason claims, surrounding its existing mineral property interest on Hudson Bay Mountain. The Mason claims are located on Hudson Bay Mountain, a short distance west of Smithers, B.C. The addition of these claims increases the Company's claims on Hudson Bay Mountain to 82 tenures totaling over 26,000 hectares. Pursuant to a sale and purchase agreement entered into between the Company and the vendor of the Mason claims, the Company acquired a 100% interest in the property interest by (i) issuing to the vendor 1,300,000 common shares of the Company, and valued the shares at $780,000; (ii) paying a total of $250,000 cash ($150,000 at the closing of the acquisition and $100,000 on September 13, 2010); and (iii) granting the vendor a 2% net smelter returns royalty on the Mason claims. As part of this second agreement, the vendor agreed to waive the final $25,000 payment obligation from the initial agreement. The vendor will retain a 2% NSR in respect of the initial claims.

The acquisition cost schedule is as follows:

Date	Cash Payment $	Share Issuance $	Tenure, Minister of Finance & Other Fees	Charge to Operations $	Balance $
May 11, 2005	-	690,000	-	(690,000)	-
May 13, 2005	25,000 (paid)	-	-	-	25,000
April 26, 2006	25,000 (paid)	-	-	-	50,000
April 26, 2007	25,000 (paid)	-	-	-	75,000
April 26, 2008	25,000 (paid)	-	-	-	100,000
April 26, 2009	25,000 (paid)	-	-	-	125,000
April 26, 2010	Waived (see July 29 agreement)		-	-	125,000
July 29, 2010	-	780,000	-	-	905,000
July 29, 2010	150,000 (paid)	-	-	-	1,055,000
September 13, 2010	100,000 (paid)	-	-	-	1,155,000
December 31, 2010	5,245 (paid)	-	-	-	1,160,245
September 30, 2011	-	-	11,292	-	1,171,537

The Hudson Bay Mountain mineral property interest is 100% owned by the Company and all mineral claims are current and in good standing.

Copperline

On July 17, 2010 the Company entered into an agreement to acquire a 60% interest in the Copperline mineral property interest in British Columbia. The Copperline property surrounds Skutsil Knob at the south end of the Driftwood Range, 25 km northwest of Takla Lake, and about 120 km northeast of Smithers, B.C. Pursuant to the sale and purchase agreement, the Company has acquired a 60% undivided beneficial and recorded interest in the Copperline mineral property interest in consideration for the issuance to the vendor of a total of 2,700,000 common shares (issued) in the share capital of the Company, and valued the shares at $1,620,000. The Company has also incurred an additional $10,760 in tenure fees to ensure that all mineral claims are current and remain in good standing.

Expressed in Canadian Dollars

The remaining 40% interest in the mineral property interest is held by Max Minerals Ltd. (TSXV: MJM) and following the acquisition of the 60% interest, the Company has assumed the vendors' rights and obligations pursuant to an existing joint venture with Max Minerals Ltd.

A portion of the claims comprising the Copperline property interest is subject to a 1.5% net smelter returns royalty held by Cominco Ltd. Kleinebar Resources Ltd. ("Kleinebar") also holds a 0.5% net smelter returns royalty on the part of the property interest subject to the Cominco royalty, and a 1.25% net smelter returns royalty on the balance of the property interest. The Kleinebar royalty can be purchased at any time for $500,000.

The acquisition cost schedule is as follows:

Date	Cash Payment $	Share Issuance $	Tenure, Minister of Finance & Other Fees	Charge to Operations $	Balance $
July 17, 2010	-	1,620,000	-	-	1,620,000
December 31, 2010	-	-	10,760	-	1,630,760

ROK-Coyote

On October 29, 2010, the Company entered into a Letter Agreement ("LA") with Firesteel Resources Inc. ("Firesteel") for an option to acquire a 75% interest in the ROK-Coyote mineral property interest (the "Property"). The Property is situated in the Stikine Arch region of north-western B.C. and is comprised of 19 contiguous claims covering 6,891 hectares.

On January 5, 2011, the Company formalized the LA by entering into an official Property Option Agreement with Firesteel. Pursuant to the terms of the Property Option Agreement, the Company is to be granted an option (the "Option") to acquire a seventy-five percent (75%) interest in the Property in consideration for the issuance of an aggregate of $496,000 in cash, an aggregate exploration expenditures commitment of $2,329,000 and the issuance of 650,000 common shares over a period of four years (the "Option Period"). During the Option Period, the Company will be the operator on the Property.

A $22,000 cash finder's fee was paid upon TSXV acceptance of the formal Property Option Agreement.

The acquisition cost schedule to date is as follows:

Date	Cash Payment $	Number of Shares	Balance $
October 29, 2010	50,000 (paid)	-	50,000
December 1, 2010	22,000 (paid)	-	72,000
January 5, 2011	121,000 (paid)	50,000 (issued - $41,000)	234,000

The future cost and expenditure commitments are comprised of:

Date	Cash Payment $	Number of Shares	Expenditure Commitments $
January 5, 2012	50,000	50,000	179,000
January 5, 2013	75,000	100,000	450,000
January 5, 2014	100,000	200,000	700,000
January 5, 2015	100,000	250,000	1,000,000
Total	325,000	600,000	2,329,000

Expressed in Canadian Dollars

Any common shares issued pursuant to the Option shall be subject to a pooling arrangement providing for the release of 25% of such shares on acceptance and 25% every three months thereafter. The Company shall also have a first right to repurchase or arrange for the purchase of any of its shares to be issued to Firesteel.

Firesteel retains the right to acquire a five percent (5%) interest in the Property for $200,000 three years after the Option is accepted for filing by the TSXV and prior to a production decision being made by the Company concerning the Property. In the event Firesteel elects to exercise this right, the Company's rights pursuant to the Option would be reduced to a 70% interest in the Property.

Firesteel will also be granted a 2% net smelter return royalty ("Royalty") on the Property, subject to the Company's right to purchase ½ of such royalty (1%) for $1,000,000 at any time within 240 days of commencement of commercial production. The Property consists of two blocks earned or under option by Firesteel from previous claim holders, each with 2% royalty obligations; one block in an area of common interest with a 0.5% royalty obligation; and a fourth block with no previous royalty obligation.

10. OTHER LIABILITIES

Other liabilities include the liability portion of the flow-through shares issued. The following is a continuity schedule of the liability portion of the flow-through shares issuances.

Flow-through Shares

	Issued on June 18, 2010 $	Issued on March 10, 2011 $	Total $
Balance at December 31, 2010	-	-	-
Liability incurred on flow-through shares issued	-	84,211	84,211
Balance at September 30, 2011	**-**	**84,211**	**84,211**

The Company will from time to time issue flow-through common shares to finance a portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. The current flow-through liability relates to the March 10, 2011 flow-through share issuance, described below.

On June 18, 2010, the Company completed a brokered private placement, consisting of the issue and sale of 1,200,000 flow-through units at a price of $0.90 per flow-through unit and 312,500 common share units at a price of $0.80 per unit, for aggregate gross proceeds of $1,830,000. Each flow-through unit consisted of one flow-through common share and one-half of one transferable share purchase warrant, with each whole warrant entitling the holder to acquire one non-flow-through common share of the Company for $1.00 at any time within two years after the date the FT Units are issued. As the market value was equal to the price of the flow-through units, no liability was incurred on issuance of the flow-through shares.

As at March 2011, the Company had fulfilled its expenditure commitment to incur exploration expenditures in relation to flow-through share financing in 2010.

On March 10, 2011, the Company completed a two-tranche brokered private placement, consisting of the issue and sale of 1,052,632 flow-through shares at a price of $0.95 per flow-through share and 6,289,000 common share units at a price of $0.80 per unit, for aggregate gross proceeds of $6,031,200. Each common share unit consisted of one common share and one-half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder to purchase one additional common share of the Company at a price of $1.20 per share for a period of two years after the closing of the offering. The flow-through liability was calculated using the residual method.

Expressed in Canadian Dollars

To date, the Company's obligations through its flow-through share program are as follows:

	$
Balance at December 31, 2010	**987,204**
Proceeds from March 10, 2011 issuance	1,000,000
Qualifying expenditures	(1,987,204)
Balance at September 30, 2011	**-**

Given the fact that the Company no longer possesses any flow-through share commitments, management intends to renounce the requisite amount of qualifying expenditures to satisfy the flow-through obligation in Q4 2011.

11. SHARE CAPITAL AND RESERVES

a) **Common Shares**

The Company is authorized to issue an unlimited number of common shares.

The holders of common shares are entitled to receive dividends and are entitled to one vote per share at meetings of the Company.

The following is a summary of changes in common share capital from December 31, 2010 to September 30, 2011:

	Number of Shares	Issue Price $	Amount $
Balance at December 31, 2010	**16,231,694**		**15,819,452**
Shares issued via private placement	6,289,000	0.80	5,031,200
Flow-through share issuance	1,052,632	0.95	1,000,000
Flow-through liability allocation	-	-	(84,211)
Fair value of share purchase warrants	-	-	(1,263,415)
Shares issued pursuant to mineral property interest agreements (January 7, 2011)	50,000	0.82	41,000
Shares issued pursuant to mineral property interest agreements (April 29, 2011)	30,000	0.80	24,000
Shares issued pursuant to mineral property interest agreements (May 25, 2011)	7,500	0.75	5,625
Less share issuance costs	-	-	(286,158)
Balance at September 30, 2011	**23,660,826**		**20,287,493**

b) **Contributed Surplus**

The following is a summary of changes in contributed surplus from December 31, 2010 to September 30, 2011:

	September 30, 2011 $	December 31, 2010 $
Opening Balance	1,630,073	1,617,893
Share-Based Payments (Note 12)	648,219	12,180
Contributed Surplus	**2,278,292**	**1,630,073**

Expressed in Canadian Dollars

c) **Share Purchase Warrants**

The following is a summary of changes in warrants from December 31, 2010 to September 30, 2011:

	Number of Warrants	Amount $
Balance December 31, 2010	**6,349,951**	**1,902,699**
Issue of warrants	**3,419,818**	**1,263,415**
Balance as at September 30, 2011	**9,769,769**	**3,166,114**

As at September 30, 2011, the Company had outstanding warrants as follows:

Number of warrants	Exercise price $	Expiry
4,393,702	0.72	06/25/2012
1,200,000	0.72	05/23/2013
599,999	1.00	06/30/2012
156,250	1.00	07/13/2015
2,207,000	1.20	03/04/2013
937,500	1.20	03/10/2013
275,318	0.82	09/04/2012

On March 10, 2011, the Company completed a two-tranche brokered private placement, consisting of the issue and sale of 1,052,632 flow-through shares at a price of $0.95 per flow-through share and 6,289,000 common share units at a price of $0.80 per unit, for aggregate gross proceeds of $6,031,200. Each common share unit consisted of one common share and one-half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder to purchase one additional common share of the Company at a price of $1.20 per share for a period of two years after the closing of the offering. The Company paid commission of $230,228 and issued 275,318 broker compensation warrants exercisable at $0.82 per share expiring September 4, 2012 valued at $117,623.

d) **Nature and Purpose of Equity and Reserves**

The reserves recorded in equity on the Company's balance sheet include 'Share Purchase Warrants', 'Contributed Surplus', 'Accumulated Other Comprehensive Loss/Income' and 'Accumulated Deficit'.

'Contributed Surplus' is used to recognize the value of stock option grants and share warrants net of amounts transferred on exercising of options.

'Accumulated Other Comprehensive Loss/Income' includes an available-for-sale reserve. This reserve is used to recognize fair value changes on available-for-sale investments net of amounts realized and recorded in current operations.

'Accumulated Deficit' is used to record the Company's accumulated results from operations net of any capital distributions.

Expressed in Canadian Dollars

12. SHARE-BASED PAYMENTS

a) **Option Plan Details**

The Company has an incentive Stock Option Plan ("the Plan") under which non-transferable options to purchase common shares of the Company may be granted to directors, officers, employees or service providers of the Company. A maximum of 10% of the issued and outstanding common shares of the Company may be reserved for issuance pursuant to the exercise of stock options. The terms of the Plan provide that the Directors have the right to grant options to acquire common shares of the Company at not less than the closing market price of the shares on the day preceding the grant, less any discount permitted by the TSXV at terms of up to five years. The majority of stock options vest immediately on the date of grant unless otherwise required by the TSXV, however, a four month hold period applies to all shares issued under each stock option, commencing on the date of grant.

Other terms and conditions are as follows: no more than 5% of the issued shares may be granted to any one individual in any 12 month period; no more than 2% of the issued shares may be granted to a consultant, or an employee performing investor relations activities, in any 12 month period; disinterested shareholder approval must be obtained for (i) any reduction in the exercise price of an outstanding option, if the holder is an insider, (ii) any grant of stock options to insiders, within a 12 month period, exceeding 5% of the Company's issued shares; and stock options will be reclassified in the event of any consolidation, subdivision, conversion or exchange of the Company's common shares. No amounts are paid or payable by the recipient on receipt of the option, and the options granted are not dependent on any performance-based criteria.

The following is a summary of changes in options from December 31, 2010 to September 30, 2011:

				During the Period					
Grant Date	Expiry Date	Exercise Price ($)	Opening Balance	Granted	Exercised	Expired/ Forfeited	Closing Balance	Vested and Exercisable	Unvested
06/27/2006	06/26/2011	1.10	111,000	-	-	(111,000)	-	-	-
09/16/2006	09/15/2011	1.10	39,000	-	-	(39,000)	-	-	-
06/23/2008	06/22/2013	1.12	350,000	-	-	(125,000)	225,000	225,000	-
07/23/2008	07/22/2013	1.40	10,000	-	-	-	10,000	10,000	-
04/01/2009	03/31/2014	0.72	125,000	-	-	(50,000)	75,000	75,000	-
09/18/2009	09/17/2014	1.07	75,000	-	-	(50,000)	25,000	25,000	-
01/16/2010	01/15/2015	1.10	150,000	-	-	-	150,000	150,000	-
01/01/2011	12/31/2015	0.80	-	125,000		(125,000)	-	-	-
01/04/2011	01/03/2016	0.80	-	804,000	-	(10,000)	794,000	794,000	-
04/12/2011	04/11/2016	0.90	-	135,000	-	(10,000)	125,000	125,000	-
04/28/2011	04/27/2016	0.80	-	150,000	-	-	150,000	50,000	100,000
04/28/2011	04/27/2016	0.80	-	100,000	-	-	100,000	100,000	-
06/08/2011	06/07/2016	0.80	-	100,000	-	-	100,000	25,000	75,000
07/06/2011	07/05/2016	0.80	-	100,000	-	-	100,000	100,000	-
			860,000	1,514,000	-	(520,000)	1,854,000	1,679,000	175,000
Weighted Average Exercise Price			$ 1.05	$ 0.87	$ -	$ 0.98	$ 0.92	$ 0.94	$ 0.80

Expressed in Canadian Dollars

b) **Fair Value of Options Issued During the Period**

The weighted average fair value at grant date of options granted during the three-month period ended September 30, 2011 was $0.28 per option (three months ended September 30, 2010: $0.18).

Options Issued to Employees

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

Options Issued to Non-Employees

Options issued to non-employees, are measured based on the fair value of the goods or services received, at the date of receiving those goods or services. If the fair value of the goods or services received cannot be estimated reliably, the options are measured by determining the fair value of the options granted, using a valuation model.

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

Grant Date	Expiry Date	Share Price at Grant Date	Exercise Price	Risk-Free Interest Rate	Expected Life	Volatility Factor	Dividend Yield
01/01/2011	12/31/2015	$0.80	$0.80	1.640%	3 years	95.52%	-%
01/04/2011	01/03/2016	$0.80	$0.80	1.640%	3 years	95.22%	-%
04/12/2011	04/11/2016	$0.85	$0.90	1.740%	3 years	93.59%	-%
04/28/2011	04/27/2016	$0.80	$0.80	1.700%	3 years	89.87%	-%
06/08/2011	06/07/2016	$0.70	$0.80	1.640%	3 years	83.81%	-%
07/06/2011	07/05/2012	$0.51	$0.80	1.820%	3 years	104.11%	-%

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

No options were exercised during the nine month period ended September 30, 2011. The weighted average share price at the date of exercise of options during the year-ended December 31, 2010 was $1.08.

c) **Benefit Expense Arising from Share-based Payment Transactions**

Total expenses arising from share-based payment transactions recognized as part of employee benefit expense during the three months ended September 30, 2011 were $55,778 (three months ended September 30, 2010: $9,041). For the nine month period ended September 30, 2011, $600,187 was recognized as part of employee benefit expense (nine months ended September 30, 2010: $135,602).

d) **Amounts Capitalized Arising from Share-based Payment Transactions**

Total expenses arising from share-based payment transactions that were capitalized during the nine month period ended September 30, 2011 as part of exploration and evaluation activities were $48,033 (nine months ended September 30, 2010: $Nil). These expenses were capitalized to the Poplar consulting account.

e) **Weighted Average Remaining Life**

The weighted average remaining life of the outstanding options at September 30, 2011 is 3.89 years (September 30, 2010: 2.73 years).

Expressed in Canadian Dollars

13. RELATED PARTY TRANSACTIONS

During the quarter ended September 30, 2011, the Company entered into related-party transactions with the following individuals:

Arni Johannson	CEO & Chairman
Michael Sweatman	CFO
Blair McIntyre	President
Andrew Gourlay	VP of Exploration

In addition, the Company entered into related-party transactions with the following corporations:

Canadian Nexus Ventures Ltd. (“CNV”)	Corporation controlled by CEO
MDS Management Ltd. (“MDS”)	CFO exercises significant influence over corporation
Galena Capital Corp.	Corporation with common directors and officers

All related party transactions were within the normal course of business and have been recorded at amounts agreed to by the transacting parties. The following is a summary of the Company’s related party transactions during the period that are not discussed elsewhere in these consolidated financial statements:

a) **Consulting Fees**

For the three months ended September 30, 2011, the Company paid or accrued consulting fees totaling $38,556 plus HST (three months ended September 30, 2010: $48,750) to directors, officers, and companies subject to their influence. The consulting fees consisted of $18,563 to the VP of Exploration, $13,000 to the President, and $6,993 to MDS. Consulting fees incurred related to the Company’s mineral properties are capitalized.

For the nine months ended September 30, 2011, the Company paid or accrued consulting fees totaling $173,344 plus HST (nine months ended September 30, 2010: $243,852) to directors, officers, and companies subject to their influence.

b) **Administrative Expenses**

The Company paid or accrued administrative expenses totaling $54,498 (three months ended September 30, 2010: $36,455) which are disclosed as office, rent and telephone, accounting and audit, and legal fees in the Company’s consolidated statement of operations, to related companies. These costs were reimbursements for various administrative and overhead expenses which consisted of the following: $13,059 for office rent (September 30, 2010 - $11,100), $Nil related to shared office consultants (September 30, 2010 - $9,790), $1,732 related to telephone expenses (September 30, 2010 - $2,177) and the balance of $39,707 (September 30, 2010 - $13,388) related to general office and administration expenses. $53,943 of the administrative expenses were reimbursed to CNV, while the remaining $555 were reimbursed to MDS.

For the nine month period ended September 30, 2011, the Company paid or accrued administrative expenses totaling $109,131 (nine months ended September 30, 2010: $112,646).

c) **Key Management Compensation**

Key management personnel compensation comprised:

Expressed in Canadian Dollars

	Three months ended September 30		Nine months ended September 30	
	2011	2010	2011	2010
	$	$	$	$
Short term employee benefits and director fees	97,313	19,994	318,188	180,244
Share-based payments	28,441	-	357,324	126,561
	125,754	**19,994**	**675,512**	**306,805**

d) **Substantial Shareholder**

John Icke, a director of the Company, is also the President and CEO of Resinco Capital Partners ("Resinco"). Resinco is a greater than 10% shareholder of the Company. For the three and nine months ended September 30, 2011, Resinco was reimbursed $17,164 for joint expenses incurred in relation to the Company's marketing and promotional activities (three and nine months ended September 30, 2010 - $5,201).

14. SEGMENTED REPORTING

The Company is organized into business units based on mineral properties and has three reportable operating segments, being that of acquisition and exploration and evaluation activities for the following properties:

	Poplar Property	Hudson Bay Property	Copperline Property	All Other Segments	Total
	$	$	$	$	$
Balance at December 31, 2010	**2,430,623**	**1,170,245**	**1,630,760**	**1**	**5,231,629**
Exploration costs	2,078,234	113,642	-	179,342	2,371,218
Acquisitions	29,625	11,292	-	234,000	274,917
Write-offs	-	-	-	(2,050)	(2,050)
Balance at September 30, 2011	**4,538,482**	**1,295,179**	**1,630,760**	**411,293**	**7,875,714**

As at September 30, 2011, accounts payable and accrued liabilities of $405,396 (December 31, 2010 - $12,243) are owed on the Poplar property, while $nil (December 31, 2010 - $nil) are owed on the Hudson Bay Property, the Copperline Property, and all other segments. All expenses related to the projects are capitalized, as detailed above.

Expressed in Canadian Dollars

15. LOSS PER SHARE

	For three months ended September 30		For nine months ended September 30	
Weighted Average Number of Common Shares:	**2011**	**2010**	**2011**	**2010**
Basic	23,660,826	13,505,471	21,927,917	11,633,057
Dilutive Effect of Stock Options and Warrants	-	-	-	-
Diluted	23,660,826	13,505,471	21,927,917	11,633,057
Loss per share:	**2011**	**2010**	**2011**	**2010**
Comprehensive loss for period	$ (379,240)	$ (280,085)	$ (1,390,608)	$ (1,405,432)
Basic and Diluted Weighted Average Number of Common Shares	23,660,826	13,505,471	21,927,917	11,633,057
Loss Per Share	**$ (0.02)**	**$ (0.02)**	**$ (0.06)**	**$ (0.12)**

16. EVENTS AFTER THE REPORTING DATE

Normal Course Issuer Bid

On November 1, 2011 the Company commenced a normal course issuer bid (the "Bid") for up to 600,000 common shares (the "Shares") in the capital of the Company, representing approximately 2.54% of the Company's issued and outstanding Shares. The Bid will continue until the earlier of November 1, 2012 and the date by which the Company has either acquired 600,000 Shares or has paid $150,000 in aggregate consideration for the purchase of Shares under the Bid. All shares purchased by the Company under the Bid will be returned to treasury for cancellation. As at November 25, 2011, 79,500 common shares have been purchased by the Company under the Bid for an aggregate cost of $30,608 (or an average of $0.39 per share).

Claims Staked

On November 17, 2011, the Company staked an additional 22 claims at Poplar.

17. FINANCIAL INSTRUMENTS

International Financial Reporting Standard 7, Financial Instruments: Disclosures, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial instruments include: cash and cash equivalents, amounts receivable, available-for-sale investments, loans receivable, reclamation deposits, accounts payable and accrued liabilities and due to related parties. The carrying value of cash and cash equivalents, amounts receivable, reclamation deposits, accounts payable and accrued liabilities approximates their fair values.

Categories of Financial Instruments

	Category	September 30, 2011 $	December 31, 2010 $
Cash and cash equivalents	Loans and receivables	2,920,043	367,713
Amounts receivable	Loans and receivables	283,687	121,800
Investments	Available-for-sale	125,521	145,400
Loans receivable	Available-for-sale	1	1
Reclamation deposits	Loans and receivables	44,098	44,002
Accounts payable and accrued liabilities	Other financial liabilities	446,185	198,393
Due to related parties	Other financial liabilities	-	7,560

Included in amounts receivable is a $150,000 payment made to Galena Capital Corp., a company with common Directors and Officers, for the purchase of 1,666,666 units in a private placement that opened on September 7, 2011. Each unit consisted of one common share of Galena and one-half of a share purchase warrant. As at September 30, 2011, the private placement had not yet closed and no shares or warrants had been received by the Company. As a result, the payment has been classified as a deposit. The Galena private placement officially closed on November 21, 2011.

Risks Arising from Financial Instruments

The Company's financial instruments are exposed to certain financial risks, including credit risk, foreign exchange risk, liquidity risk and interest rate risk.

(a) Credit risk

Credit risk arises from cash and cash equivalents held with banks and financial institutions, as well as credit exposure on outstanding receivables. The maximum exposure to credit risk is equal to the carrying value of the financial assets.

The Company's excess cash and cash equivalents are held through large Canadian financial institutions and are invested in either short-term GICs or savings accounts. Management believes the risk of loss is remote.

(b) Foreign exchange risk

The selling prices of commodities from the Company's mineral properties are expected to be denominated in US dollars. Changes in the exchange rate could therefore impact the Company and the valuation of long-term assets to the extent that valuation is affected by rate changes.

(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 has implemented a budgeting process which is reviewed regularly to help determine the funding requirements of the Company's exploration and overhead requirements. The Company's objective is to ensure that there are sufficient committed financial resources to meet its short-term business requirements for the foreseeable future. The Company believes that the current cash reserves will be sufficient to meet its obligations as they become due.

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a significant loss as a result of a decline in the fair market value of cash equivalents is limited due to the relatively short maturity of the investments.

Expressed in Canadian Dollars

18. COMMITMENTS AND CONTINGENCIES

The following table reflects the Company's known aggregate financial commitments as at September 30, 2011:

	< Year 1	1 - 2 Years	2 - 3 Years	3 - 4 Years	4 - 5 Years	Total
Exploration & Evaluation Assets	$314,000	$610,000	$885,000	$1,185,000	$85,000	$3,079,000

The Company's minimum mineral property interest payment requirements on the Poplar property over the next five years and thereafter is $75,000 per year. In addition, as part of the terms of the Memorandum of Understanding ("MoU") that the Company holds with The Office of the Wet'suwet'en (the "OW"), the Company is obligated to make annual payments of $10,000 to the OW until such time as the MoU is terminated by either party. The Company has also committed to a further $325,000 of cash payments and $2,329,000 of expenditures on the ROK-Coyote property.

Further details regarding these commitments are discussed under the Poplar subheading in Note 9 "Exploration and Evaluation Assets".

19. CAPITAL MANAGEMENT

The Company manages its cash and cash equivalents, available-for-sale investments, common shares, stock options and share purchase warrants as capital. As the Company is in the exploration and evaluation stage, its principal source of funds for its operations is from the issuance of common shares. The issuance of common shares requires approval of the Board of Directors. It is the Company's objective to safeguard its ability to continue as a going concern, so that it can continue to explore and develop its properties for the benefit of its stakeholders. The Company uses stock options primarily to retain and provide future incentives to key employees and members of the management team. The granting of stock options is primarily determined by the Board of Directors.

Expressed in Canadian Dollars

20. SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental Disclosure of Non-Cash Financing and Investing Activities:

	For Nine Months Ended September 30, 2011	For Nine Months Ended September 30, 2010
	$	$
Accrued but unpaid exploration and evaluation expenditures	436,998	-
Issuance of common shares to acquire mineral properties	70,625	-
Capitalized stock-based compensation	48,033	-

Other Items:

	For Nine Months Ended September 30, 2011	For Nine Months Ended September 30, 2010
	$	$
Income taxes paid	-	-
Interest paid	(2,700)	-

21. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

IFRS 1 requires an entity to reconcile comparable figures for prior periods. The changeover of the statements of equity and total comprehensive income is shown on the following pages. There were no changes to the statement of cash flows as a result of the changeover.

Expressed in Canadian Dollars

RECONCILIATION OF CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS AT SEPTEMBER 30, 2010

	Canadian GAAP	Effect of transition to IFRS	IFRS
Share Capital	**$**	**$**	**$**
Balance, beginning of period	12,096,545	-	12,096,545
Private Placement – Flow-through	1,080,000	-	1,080,000
Private Placement – Flow-through –Warrants	(140,400)	-	(140,400)
Private Placement	250,000	-	250,000
Private Placement - Warrants	(75,000)	-	(75,000)
Exercise of options	213,400	-	213,400
Reversal of contributed surplus on option exercise	123,422	-	123,422
Shares issued for mineral properties	2,254,000	-	2,254,000
Share issue costs	(146,401)	-	(146,401)
Balance, end of period	15,655,566		15,655,566
Warrants			
Balance, beginning of period	1,687,299	-	1,687,299
Fair value of warrants	215,400	-	215,400
Balance, end of period	1,902,699	-	1,902,699
Contributed Surplus			
Balance, beginning of period	1,617,893	-	1,617,893
Fair value of options granted	135,602	-	135,602
Reversal of contributed surplus on option exercise	(123,422)	-	(123,422)
Balance, end of period	**1,630,073**	**-**	**1,630,073**
Accumulated Other Comprehensive Income (Loss)			
Balance, beginning of period	68,171	-	68,171
Change in fair value of marketable securities	(258,974)	-	(258,974)
Balance, end of period	**(190,803)**	**-**	**(190,803)**
Deficit			
Balance, beginning of period	(11,918,547)	-	(11,918,547)
Net Loss	(1,146,458)	-	(1,146,458)
Balance, end of period	**(13,065,005)**	**-**	**(13,065,005)**
Total Shareholders' Equity	**5,932,530**	**-**	**5,932,530**

Expressed in Canadian Dollars

RECONCILIATION OF THE CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS/INCOME FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2010

	Canadian GAAP $	Effect of transition to IFRS $	IFRS $
Bank charges and interest	580	-	580
Consulting and management fees	118,264	-	118,264
Filing and transfer agent fees	19,782	-	19,782
Insurance	4,863	-	4,863
Legal	13,988	-	13,988
Meals and entertainment	6,154	-	6,154
Office, rent and telephone	24,793	-	24,793
Stock based compensation	9,041	-	9,041
Travel and accommodation	20,015	-	20,015
	217,480	-	217,480
Net loss before undernoted items	(217,480)	-	(217,480)
Other Income (expense)			
Foreign exchange	(3)	-	(3)
Loss on sale of marketable securities	(63,862)	-	(63,862)
Write-down of mineral property interests	(130,912)	-	(130,912)
Loss for the period	**(412,257)**	**-**	**(412,257)**
Other comprehensive income, net of tax			
Fair value gains / (losses) on available-for-sale investments	132,172	-	132,172
Total other comprehensive income, net of tax	**(280,085)**	**-**	**(280,085)**
Total comprehensive income (loss) for the period attributable to owners of the parent	**(280,085)**	**-**	**(280,085)**
Loss per common share, basic and diluted	**(0.02)**	**-**	**(0.02)**

Expressed in Canadian Dollars

RECONCILIATION OF THE CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS/INCOME FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010

	Canadian GAAP $	Effect of transition to IFRS $	IFRS $
Accounting and audit	9,070	-	9,070
Advertising and promotion	16,669	-	16,669
Bank charges and interest	1,690	-	1,690
Conferences and trade shows	2,390	-	2,390
Consulting and management fees	373,600	-	373,600
Director fees	25,250	-	25,250
Filing and transfer agent fees	43,084	-	43,084
Insurance	16,516	-	16,516
Legal	151,741	-	151,741
Meals and entertainment	22,638	-	22,638
Office, rent and telephone	84,994	-	84,994
Stock based compensation	135,602	-	135,602
Travel and accommodation	48,799	-	48,799
	932,043	-	932,043
Net loss before undernoted items	(932,043)	-	(932,043)
Other Income (expense)			
Foreign exchange	(984)	-	(984)
Loss on sale of marketable securities	(77,373)	-	(77,373)
Write-down of mineral property interests	(136,058)	-	(136,058)
Loss for the period	**(1,146,458)**	**-**	**(1,146,458)**
Other comprehensive income, net of tax			
Fair value gains / (losses) on available-for-sale investments	(258,974)	-	(258,974)
Total other comprehensive income, net of tax	**(258,974)**	**-**	**(258,974)**
Total comprehensive income (loss) for the period attributable to owners of the parent	**(1,405,432)**	**-**	**(1,405,432)**
Loss per common share, basic and diluted	**(0.12)**	**-**	**(0.12)**