Acme Resources Inc.

Condensed Interim Financial Statements

Six Months Ended December 31, 2011

Expressed in Canadian Dollars

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements have been prepared by and are the responsibility of the management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Acme Resources Inc.
Statements of comprehensive loss
(Expressed in Canadian dollars – unaudited)

	Notes	December 31, 2011	June 30, 2011
ASSETS			
Current assets			
Cash and cash equivalents	4	$ 226,610	$ 300,681
Short-term investments	5	2,747	3,925
Amounts receivable	6	4,992	877
Prepaid expenses and deposits		5,327	13,145
		239,676	**318,628**
Non-current assets			
Property, plant and equipment	7	16,141	17,997
Investment in Golden Harp	8	1,120,907	1,300,000
Mineral Properties	9	1,168,754	1,149,498
		2,305,802	**2,467,495**
TOTAL ASSETS		**$ 2,545,478**	**$ 2,786,123**
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	10	$ 18,657	$ 21,859
TOTAL LIABILIITES		**18,657**	**21,859**
SHAREHOLDERS' EQUITY			
Share capital	11	17,134,569	17,134,569
Reserves	12	834,334	976,150
Deficit		(15,442,082)	(15,346,455)
TOTAL EQUITY		**2,526,821**	**2,764,264**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 2,545,478**	**$ 2,786,123**

GOING CONCERN CONTINGENCY (Note 1)

COMMITMENTS (Note 16)

Approved on Behalf of the Board:

/s/ "Seamus Young"
Seamus Young, Director

/s/ "Shaun Maskerine"
Shaun Maskerine, Director

Acme Resources Inc.
Statements of comprehensive loss
(Expressed in Canadian dollars – unaudited)

		Three month periods ended		Six month periods ended	
	Notes	December 31, 2011	November 30, 2010	December 31, 2011	November 30, 2010
Expenses					
Amortization		$ 928	$ 1,204	$ 1,856	$ 2,408
Management fees		1,250	1,025	2,000	1,775
Office and miscellaneous		10,960	13,924	21,518	23,984
Professional fees		7,882	7,843	11,710	24,064
Salaries and wages		5,354	6,681	10,708	13,369
Travel		212	1,260	525	1,260
Transfer agent and filing fees		8,168	5,396	8,855	6,934
		(34,754)	**(37,333)**	**(57,172)**	**(73,794)**
Other items					
Loss from equity investment		(21,225)	(94,534)	(38,455)	(118,992)
Net loss from continuing operations		**$ (55,979)**	**$ (131,867)**	**$(95,627)**	**$ (192,786)**
Loss from discontinued operations – loss on disposal of assets held for sale		-	(10,500)	-	(10,500)
Net loss for the period		**$ (55,979)**	**$ (142,367)**	**$(95,627)**	**$ (203,286)**
Other comprehensive loss (income)					
Unrealized (loss)/gain on short-term investments		$ -	$ -	$ (1,178)	$ 1,570
Proportionate share of Golden Harp's unrealized loss on short-term investments		(55,380)	59,185	(138,349)	55,539
Proportionate share of Golden Harp's reclassification adjustment for gains included in net loss upon sale of short-term investments		-	(8,021)	(2,289)	(8,021)
Total other comprehensive loss		**(55,380)**	**51,164**	**(141,816)**	**49,088**
Total comprehensive loss for the period		**$ (111,359)**	**$ (91,203)**	**$ (237,443)**	**$ (154,198)**
Loss per share – basic and diluted	11				
Continued operations		**$ (0.005)**	**$ (0.012)**	**$ (0.009)**	**$ (0.018)**
Discontinued operations		**$ -**	**$ (0.001)**	**$ -**	**$ (0.001)**

Acme Resources Inc.
Statements of changes in shareholders' equity
(Expressed in Canadian dollars – unaudited)

		Share capital		Reserves			
	Notes	Number of shares	Amount	Stock option reserve	Investment revaluation reserve	Deficit	Total
Balance at June 1, 2010	17	**10,969,299**	**$ 17,134,569**	**$ 860,264**	**$ 7,798**	**$ (11,317,306)**	**$ 6,685,325**
Comprehensive loss:							
Loss for the period		-	-	-	-	(203,286)	(203,286)
Unrealized gain on marketable securities		-	-	-	1,570	-	1,570
Proportionate share of Golden Harp's Unrealized gain on available for sale marketable securities		-	-	-	55,539	-	55,539
Proportionate share of Golden Harp's reclassification adjustment for gains included in Golden Harp's available for sale marketable securities		-	-	-	(8,021)	-	(8,021)
Total comprehensive loss for the period		**-**	**-**	**-**	**-**	**-**	**(154,198)**
Other transfers:							
Proportionate share of fair value of stock options granted by Golden Harp		-	-	80,670	-	-	80,670
Total other transfers		-	-	80,670	-	-	80,670
Balance at November 30, 2010		**10,969,299**	**$ 17,134,569**	**$ 940,934**	**$ 56,886**	**$ (11,520,592)**	**$ 6,611,797**
Balance at July 1, 2011	17	**10,969,299**	**$ 17,134,569**	**$ 954,400**	**$ 21,750**	**$ (15,346,455)**	**$ 2,764,264**
Comprehensive loss:							
Loss for the period		-	-	-	-	(95,627)	(95,627)
Unrealized gain on marketable securities		-	-	-	(1,178)	-	(1,178)
Proportionate share of Golden Harp's Unrealized loss on available for sale marketable securities, net of future income tax		-	-	-	(138,349)	-	(138,349)
Proportionate share of Golden Harp's reclassification adjustment for gains included in net loss upon sale of marketable securities		-	-	-	(2,289)	-	(2,289)
Total comprehensive loss for the period		-	-	-	-	-	**(237,443)**
Balance at December 31, 2011		**10,969,299**	**$ 17,134,569**	**$ 954,400**	**$ (120,066)**	**$ (15,442,082)**	**$ 2,526,821**

Acme Resources Inc.
Statements of cash flows
(Expressed in Canadian dollars – unaudited)

	Six month periods ended	
	December 31, 2011	**November 30, 2010**
Operating activities		
Loss before income taxes	$ (95,627)	$ (203,286)
Adjustments for non-cash items:		
Amortization	1,856	2,408
Loss from equity investment	38,455	118,992
Write down of asset held for sale	-	10,500
	(55,316)	(71,386)
Changes in non-cash working capital items:		
Accounts receivable	(4,115)	3,303
Prepaid expenses and deposits	7,818	(2,907)
Trade payables and accrued liabilities	(3,202)	(51,890)
Net cash flows used in operating activities	**(54,815)**	**(122,880)**
Investing activities		
Expenditures on exploration and evaluation assets	(19,256)	(3,717)
Net cash flows used in investing activities	**(19,256)**	**(3,717)**
Increase (decrease) in cash and cash equivalents	(74,071)	(126,597)
Cash and cash equivalents, beginning	300,681	336,303
Cash and cash equivalents, ending	**$ 226,610**	**$ 209,706**

1. Nature and continuance of operations

Acme Resources Inc. (the "Company") was incorporated on July 10, 1978, under the laws of the province of British Columbia, Canada, and its principal activity is the acquisition and exploration of mineral properties in Canada. The Company's shares are traded on the TSX Venture Exchange ("TSX-V") under the symbol "ARI.V".

The head office, principal address and records office of the Company are located at 1050 West Pender Street, Suite 910, Vancouver, British Columbia, Canada, V6E 3S1. The Company's registered address is Robson Court, 840 Howe Street, Suite 1000, Vancouver, British Columbia, Canada, V6Z 2M1.

These unaudited condensed interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at December 31, 2011 the Company had not advanced its property to commercial production and is not able to finance day to day activities through operations. The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management intends to finance operating costs over the next twelve months with loans from directors and companies controlled by directors and or private placement of common shares.

2. Significant accounting policies and basis of preparation

The financial statements were authorized for issue on February 21, 2011 by the directors of the Company.

Statement of compliance and conversion to International Financial Reporting Standards

The condensed interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). Therefore, these financial statements comply with International Accounting Standard ("IAS") 34 "Interim Financial Reporting".

This interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended 30 June 2011. The disclosures concerning the transition from Canadian Generally Accepted Accounting Principles ("Canadian GAAP") to IFRS are provided in Note 17.

Basis of preparation

The condensed financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The condensed financial statements are presented in Canadian dollars unless otherwise noted.

These financial statements include an equity interest in Golden Harp Resources Inc. ("Golden Harp"), a company listed on the TSX Venture Exchange. The Company's ownership interest in Golden Harp was 40.51% at December 31, 2011 (June 30, 2011 - 40.51%). The Company's ownership interest is accounted for using the equity method.

2. Significant accounting policies and basis of preparation (cont'd)

Significant accounting judgments, estimates and assumptions

The preparation of the Company's condensed financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the condensed financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation and judgment relate to the determination of the useful lives of property, plant and equipment, the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments and stock-based compensation and other equity-based payments, the recognition and valuation of provisions for restoration and environmental liabilities, and the recoverability and measurement of deferred tax assets and liabilities. Actual results may differ from those estimates and judgments.

Exploration and evaluation expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Farms outs

The Company does not record any expenditure made by the farmee on its account. It also does not recognize any gain or loss on its exploration and evaluation farm out arrangements but reallocates any costs previously capitalized in relation to the whole interest as relating to the partial interest retained and any consideration received directly from the farmee is credited against costs previously capitalized.

Share-based payments

The Company operates an employee stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using a Black–Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

2. Significant accounting policies and basis of preparation (cont'd)

Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a Group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether impairment has arisen.

The Company does not have any derivative financial assets and liabilities.

Impairment of assets

The carrying amount of the Company's assets (which include property, plant and equipment and exploration and evaluation assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of income and comprehensive income.

2. Significant accounting policies and basis of preparation (cont'd)

Impairment of assets *(cont'd)*

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Income taxes

<u>Current income tax:</u>

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

<u>Deferred income tax:</u>

Deferred income tax is provided using the balance sheet method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

<u>Flow-through shares:</u>

Any premium received by the Company on the issuance of flow-through shares is initially recorded as a liability ("flow-through tax liability") and included in trade payables and accrued liabilities. Upon renouncement by the Company of the tax benefits associated with the related expenditures, a deferred tax liability is recognized and the flow-through tax liability will be reversed. To the extent that suitable deferred tax assets are available, the Company will reduce the deferred tax liability and record a deferred tax recovery.

2. Significant accounting policies and basis of preparation (cont'd)

Investments

Investments in which the Company has a significant influence are accounted for by the equity method, whereby the Company records its proportionate share of the investee's income or loss. When the Company's equity investee issues its own shares to outside interests, a dilution gain or loss arises as a result of the difference between the Company's proportionate share of the proceeds and the carrying value of the underlying equity.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of income and comprehensive income during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

Depreciation and amortization are calculated on a declining balance method to write off the cost of the assets to their residual values over their estimated useful lives, except for Airborne Field equipment which is calculated on the straight line over four years. The depreciation and amortization rates applicable to each category of property, plant and equipment are as follows:

Class of property, plant and equipment	**Depreciation rate**
Computer equipment	30% Declining balance
Computer software	50% Declining balance
Office and field equipment	20% Declining balance
Vehicles	30% Declining balance
Field equipment – Airborne	4 years Straight line

Restoration and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other mining assets.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred.

(Expressed in Canadian dollars - unaudited)

2. Significant accounting policies and basis of preparation (cont'd)

Restoration and environmental obligations (cont'd)

The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

3. Accounting standards issued by not yet effective

New standard IFRS 9 "Financial Instruments"

This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". This new standard is effective for annual periods beginning on or after January 1, 2013.

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the consolidated financial statements.

4. Cash and cash equivalents

The components of cash and cash equivalents are as follows:

	December 31, 2011	June 30, 2011
Cash at bank	$ 226,610	$ 300,681
	$ 226,610	$ 300,681

5. Short-term investments

Short-term investments consist of shares of unrelated listed companies.

6. Accounts receivable

	December 31, 2011	June 30, 2011
Value-added tax receivables	$ 4,992	$ 877
Other receivables	-	-
	$ 4,992	$ 877

7. Property, plant and equipment

	Computer equipment	Computer software	Field equipment	Office equipment	Total
Cost:					
At June 30, 2011	$ 18,236	$ 2,327	$ 41,972	$ 13,964	$ 76,499
At December 31, 2011	18,236	2,327	41,972	13,964	76,499
Depreciation:					
At June 30, 2011	17,178	2,302	28,014	11,008	58,502
Charge for the period	159	6	1,396	295	1,856
At December 31, 2011	17,337	2,308	29,410	11,303	60,358
Net book value:					
At June 30, 2011	1,058	25	13,958	2,956	17,997
At December 31, 2011	**$ 899**	**$ 19**	**$ 12,562**	**$ 2,661**	**$ 16,141**

(Expressed in Canadian dollars - unaudited)

8. Investment in Golden Harp

The Company recorded its investment in Golden Harp on a fully-consolidated basis until February 29, 2008. Thereafter, the Company no longer had a controlling interest in Golden Harp which was then accounted for under the equity method. As of December 31, 2011 and June 30, 2011, the Company owned 10,000,000 shares of Golden Harp. The Company's proportionate interest in Golden Harp declined from 65.32% to 40.53% during fiscal 2008 as a result of issuances of common shares by Golden Harp and from the exercise of stock options and warrants. The Company's proportionate interest in Golden Harp declined further, from 40.53% to 40.51% during fiscal 2010 as a result of issuances of common shares by Golden Harp due to the exercise of warrants. The Company, through its shareholding in Golden Harp, exercises significant influence over that company. As a result, the investment in Golden Harp is accounted for using the equity method.

Details of the investment in Golden Harp are as follows:

	December 31, 2011	June 30, 2011
Opening balance	1,300,000	1,500,000
Proportionate share of net loss	(38,455)	(203,265)
Proportionate share of unrealized (loss)gain on available for sale marketable securities, net of future income tax	(138,349)	16,307
Proportionate share of reclassification adjustment for gains included in net loss upon sale of marketable securities	(2,289)	-
Write-down of investment	-	(13,042)
Closing balance	1,120,907	1,300,000

As at December 31, 2011, the Company's investment in Golden Harp had a quoted market value of $600,000 ($1,300,000 at June 30, 2011). The Company's management believes there is no indication the decline in quoted market value is other than temporary as of December 31, 2011.

(Expressed in Canadian dollars - unaudited)

9. Exploration and evaluation assets

Canada	Total for period ended December 31, 2011	Current expenditures	Total for thirteen months ended June 30, 2011
Nor Property, Yukon			
Property acquisition costs	**$ 422,080**	**$ -**	**$ 422,080**
Exploration and evaluation costs			
Accommodation and meals	$ 342,890	$ 2,060	$ 340,830
Assay and soil sampling	68,787	-	68,787
Diamond drilling	850,848	-	850,848
Drafting	15,234	-	15,234
Fuel	379,258	1,236	378,022
Geologist	526,111	-	526,111
Geophysics	281,283	-	281,283
Helicopter	1,457,496	8,680	1,448,816
Housing	28,900	-	28,900
Licenses	33,299	-	33,299
Line cutting	109,794	-	109,794
Supervision	94,305	3,000	91,305
Supplies & Misc.	147,813	15	147,798
Support wages	337,260	3,000	334,260
Surveys	86,568	-	86,568
Travel and Transport	97,782	1,265	96,517
METC	(595,129)	-	(595,129)
Impairment	(3,566,420)	-	(3,566,420)
	$ 696,079	**$ 19,256**	**$ 676,823**
Total Nor Property, Yukon	**1,118,159**	**19,256**	**1,098,903**
Bear River, B.C.			
Property acquisition costs	**$ 10,389**	**$ -**	**$ 10,389**
Exploration and evaluation costs			
Assays	326	-	326
License and recording fees	15,126	-	15,126
Supervision	13,750	-	13,750
Supplies & misc.	224	-	224
	$ 29,426	**$ -**	**$ 29,426**
Total Bear River, B.C.	**39,815**	**-**	**39,815**
Carswell, Saskatchewan			
Property acquisition costs	**$ -**	**$ -**	**$ -**
Exploration and evaluation costs			
Supervision	10,750	-	10,750
Supplies & misc.	30	-	30
	$ 10,780	**$ -**	**$ 10,780**
Total Carswell, Saskatchewan	**10,780**	**-**	**10,780**
Total	**$ 1,168,754**	**$ 19,256**	**$ 1,149,498**

9. Exploration and evaluation assets (cont'd)

The following is a description of the Company's exploration and evaluation assets and the related spending commitments:

(a) Nor Property, Yukon Territory

The Nor Property consists of mineral claims in the Dawson Mining District, Yukon Territory.

Certain claims are subject to a 2% Net Smelter Royalty ("NSR"). The Company has the right to purchase 50% of the NSR royalty retained by the Optionor for a purchase price of $2,000,000 and the right of first refusal on the remaining 50%.

During fiscal 2011, the Company wrote down the carrying value of the Nor Property by $3,566,420 as management has no immediate exploration planned on this property.

(b) Bear River Property, British Columbia

The Bear River Property consists of mineral claims in the Skeena Mining Division, British Columbia. One of these claims is subject to a 3.5% NSR.

(c) Carswell Property, Saskatchewan

During October 2004, the Company staked a mineral claim in the Athabasca Basin, Saskatchewan.

Pursuant to an Option Agreement dated March 2, 2005, the Company granted an option to a third party to earn a 50% interest in the Carswell Property. To earn this interest the optionee paid $25,000 cash, issued 200,000 of its shares and incurred $100,000 in exploration expenditures. During fiscal 2009 the third party company met the terms of the option agreement and has a 50% interest in the property.

Pursuant to a Joint Venture Agreement dated July 24, 2008, the Company granted the third party a further 30% interest in the claim, resulting in the third party having a 80% undivided interest in the property, subject to the delivery by the third party of a bankable feasibility study. The Company will retain a carried interest until the feasibility study is delivered, at which time the Company will have the choice to take on a 20% participating interest in a new company to operate the production facility or take on a 2% gross overriding royalty for all uranium mineral products and a 2% net smelter returns royalty for all other metals.

The third party will return all the Company's interest in any of the claims upon a decision by the third party to terminate work thereon.

(Expressed in Canadian dollars - unaudited)

10. Trade payables and accrued liabilities

	December 31, 2011	June 30, 2011
Trade payables	$ 11,032	$ 3,859
Accrued liabilities	7,625	18,000
	$ 18,657	$ 21,859

11. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At December 31, 2011 there were 10,969,299 issued and fully paid common shares (June 30, 2011 – 10,969,299).

Share Issuances:

For the period ended December 31, 2011, the Company did not issue any shares.

During the fiscal year ended June 30, 2011 no shares were issued.

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the six month period ended December 31, 2011 was based on the loss attributable to common shareholders of $95,627 (2010 - $203,286) and the weighted average number of common shares outstanding of 10,969,299 (2010 – 10,969,299).

Diluted loss per share did not include the effect of 670,000 stock options as the effect would be anti-dilutive.

Stock options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the Company’s issued and outstanding common shares. The maximum discount allowed varies with share price, with a maximum of 25% and a minimum price of $0.10. Options may be exercised no later than 90 days following cessation of the optionee’s position with the Company or 30 days following cessation of an optionee conducting investor relations activities’ position.

Pursuant to the stock option plan, options granted in respect of investor relations activities are subject to vesting in stages over one year from the grant date with a maximum of one-quarter of the options vesting in any three month period. Vesting restrictions may also be applied to other options grants, at the discretion of the Board of Directors.

(Expressed in Canadian dollars - unaudited)

11. Share capital *(cont'd)*

Stock options *(cont'd)*

The changes in options during the six month period ended December 31, 2011 and the thirteen month period ended June 30, 2011 are as follows:

	December 31, 2011			June 30, 2011		
	Number of options		Weighted average exercise price	Number of options		Weighted average exercise price
Options outstanding, beginning of period	670,000	$	0.24	290,000	$	0.22
Options granted	-		-	400,000		0.25
Options expired	-		-	(20,000)		0.22
Options outstanding, end of period	670,000	$	0.24	670,000	$	0.24
Options exercisable, end of period	670,000	$	0.24	670,000	$	0.24

Details of options outstanding as at December 31, 2011 are as follows:

Weighted average exercise price	Weighted average contractual life	Number of options outstanding
$0.22	1.23 years	270,000
$0.25	2.35 years	400,000
$0.24	3.58 years	670,000

The weighted average grant date fair value of options granted during the six month period ended December 31, 2011 was $N/A (2011 - $94,136). The fair value was determined using the Black-Scholes option pricing model using the following weighted average assumptions:

	Six month period ended December 31, 2011	Thirteen month period ended June 30, 2011
Expected life of options	-	5 years
Annualized volatility	-	146%
Risk-free interest rate	-	1.98%
Dividend rate	-	0%

(Expressed in Canadian dollars - unaudited)

11. Share capital *(cont'd)*

Share purchase warrants

The following table summarizes the continuity of the Company's share purchase warrants:

	Number of shares
Outstanding, May 31, 2010	6,486,667
Issued	-
Outstanding, June 30, 2011	6,486,667
Issued	-
Outstanding, December 31, 2011	6,486,667

At December 31, 2011 the following share purchase warrants were outstanding:

Number of Warrants	Exercise price $	Expiry date
220,000	1.50	August 6, 2014
266,667	1.50	September 16, 2014
3,000,000	0.17	March 16, 2015
3,000,000	0.16	May 12, 2015
6,486,667		

12. Reserves

Stock option reserve

The stock option reserve records items recognized as stock-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital. If the options expire unexercised, the amount recorded is transferred to deficit.

Investment revaluation reserve

The investment revaluation reserve records unrealized gains and losses arising on available-for-sale financial assets, except for impairment losses.

(Expressed in Canadian dollars - unaudited)

13. Related party transactions

The Company incurred the following transactions with a company that are controlled by directors of the Company.

	Six month periods ended	
	December 31, 2011	November 30, 2010
Rent	$ 8,170	$ -
	$ 8,170	$ -

Key management personnel compensation

	Six month periods ended	
	December 31, 2011	November 30, 2011
Management fees	$ 2,000	$ 1,775
Included in loss from equity investment are consulting fee payments made to a director – proportional share	16,205	16,205
Included in loss from equity investment are management fee payments made to an officer – proportional share	820	506
	$ 19,025	$ 18,486

14. Financial risk management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with major banks in Canada and Mexico. As most of the Company's cash is held by two banks there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The Company's secondary exposure to risk is on its other receivables. This risk is minimal as receivables consist primarily of refundable government goods and services taxes.

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 a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

(Expressed in Canadian dollars - unaudited)

14. Financial risk management (cont'd)

Liquidity risk (cont'd)

The following is an analysis of the contractual maturities of the Company's non-derivative financial liabilities as at December 31, 2011:

	Within one year	Between one and five years	More than five years
Trade payables	$ 18,657	$ -	$ -
	$ 18,657	$ -	$ -

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its cash equivalents as these instruments have original maturities of three months or less and are therefore exposed to interest rate fluctuations on renewal. A 1% change in market interest rates would have an impact on the Company's net loss of $2,300.

Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital, net of accumulated deficit.

There were no changes in the Company's approach to capital management during the year.

The Company is not subject to any externally imposed capital requirements.

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

	December 31, 2011	June 30, 2011
Cash and cash equivalents	$ 226,610	$ 300,681
Loans and receivables:		
Other receivables	4,992	877
Available-for-sale financial instruments:		
Short-term investments	2,747	3,925
	$ 234,349	$ 305,483

Financial liabilities included in the statement of financial position are as follows:

	December 31, 2011	June 30, 2010
Non-derivative financial liabilities:		
Trade payables	$ 18,657	$ 21,859
	$ 18,657	$ 21,859

(Expressed in Canadian dollars - unaudited)

14. Financial risk management (cont'd)

Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The following is an analysis of the Company's financial assets measured at fair value as at December 31, 2011 and June 30, 2011:

	As at December 31, 2011		
	Level 1	**Level 2**	**Level 3**
Cash and cash equivalents	$ 226,610	$ -	$ -
Short-term investments	2,747	-	-
	$ 229,357	$ -	$ -

	As at June 30, 2011		
	Level 1	**Level 2**	**Level 3**
Cash and cash equivalents	$ 300,681	$ -	$ -
Short-term investments	3,925	-	-
	$ 304,606	$ -	$ -

15. Segmented information

Operating segments

The Company operates in a single reportable operating segment – the acquisition, exploration and development of mineral properties.

Geographic segments

At December 31, 2011 and June 30, 2011 all of the Company's assets are located in Canada.

16. Commitment

The Company is committed to aggregate premise lease payments of $95,221 as follows:

- $9,088 for fiscal 2012;
- $20,617 for fiscal 2013;
- $20,689 for fiscal 2014;
- $21,480 for fiscal 2015;
- $21,551 for fiscal 2016 and
- $1,796 for fiscal 2017.

17. Transition to IFRS

As result of the Accounting Standards Board of Canada's decision to adopt IFRS for publicly accountable entities for financial reporting periods beginning on or after January 1, 2011, the Company has adopted IFRS in these financial statements, making them the first interim financial statements of the Company under IFRS. The Company previously applied the available standards under previous Canadian GAAP that were issued by the Accounting Standards Board of Canada.

As required by IFRS 1 "First-time Adoption of International Financial Reporting Standards", January 1, 2010 has been considered to be the date of transition to IFRS by the Company. Therefore, the comparative figures that were previously reported under previous Canadian GAAP have been restated in accordance with IFRS.

Exemptions applied

The Company has applied the following optional transition exemptions to full retrospective application of IFRS:

- IFRS 2 "Share-based Payment" has not been applied to equity instruments that were granted on or before November 7, 2002, or equity instruments that were granted subsequent to November 7, 2002 and vested before the later of the date of transition to IFRS and January 1, 2005. The Company has elected not to apply IFRS 2 to awards that vested prior to July 1, 2010, which has been accounted for in accordance with Canadian GAAP.

Additionally, in accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under previous GAAP, unless there is objective evidence that those estimates were in error. The Company's IFRS estimates as of July 1, 2010 are consistent with its GAAP estimates for the same date.

Reconciliation of Canadian GAAP to IFRS

The adoption of IFRS had no impact on the equity as at June 1, 2010, August 31, 2010, November 30, 2010 and June 30, 2011 and the comprehensive loss for the six months ended November 30, 2010 and the thirteen months ended June 30, 2011 that were previously reported in accordance with Canadian GAAP.

Under Canadian GAAP, amounts recorded in relation to the fair value of stock options granted and warrants issued were recorded to contributed surplus. Under IFRS, these amounts have been reclassified as reserves.

Effect of transition to IFRS

The transition to IFRS did not have any impact on:

- The shareholders' equity previously reported under Canadian GAAP as at July 1, 2010, August 31, 2010, November 30, 2010 and June 30, 2011;
- The comprehensive loss previously reported under Canadian GAAP for the six month period ended November 30, 2010, and the thirteen months ended June 30, 2011.