RANDSBURG INTERNATIONAL GOLD CORP.

CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)

JANUARY 31, 2012

Independent Auditors' Report

To the Shareholders of
Randsburg International Gold Corp.

We have audited the accompanying consolidated financial statements of Randsburg International Gold Corp., which comprise the consolidated statements of financial position as at January 31, 2012, January 31, 2011 and February 1, 2010 and the consolidated statements of comprehensive loss, cash flows and changes in shareholders' equity for the years ended January 31, 2012 and January 31, 2011, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

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

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

McCarney Greenwood LLP
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Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Randsburg International Gold Corp. as at January 31, 2012, January 31, 2011 and February 1, 2010 and its financial performance and its cash flows for the years ended January 31, 2012 and January 31, 2011 in accordance with International Financial Reporting Standards.

Emphasis of matter

Without qualifying our opinion, we draw attention to note 1 in the consolidated financial statements which describes that the Company will require additional financing in order to fund its planned activities. This condition, along with other matters set out in note 1, indicates the existence of material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

"McCarney Greenwood LLP"

Toronto, Canada
May 29, 2012

McCarney Greenwood LLP
Chartered Accountants
Licensed Public Accountants

Randsburg International Gold Corp.

Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)	As at January 31, 2012	As at January 31, 2011 (Note 15)	As at February 1, 2010 (Note 15)
ASSETS			
Current			
Cash and cash equivalents	$ 16,722	$ 406	$ 72,990
Receivables	29,887	31,996	10,671
Prepaid expenses	2,256	-	-
Marketable securities (Note 5)	-	-	1,425
	48,865	32,402	85,086
Other			
Mineral property interests (Note 6)	182,969	380,000	2,584,789
Equipment (Note 7)	857	1,052	1,596
	$ 232,691	$ 413,454	$ 2,671,471
LIABILITIES AND SHAREHOLDERS' (DEFICIENCY) EQUITY			
Liabilities			
Current			
Accounts payable and accrued liabilities	$ 356,950	$ 412,672	$ 556,750
Liability related to flow-through shares	63,451	256,451	256,451
Due to related parties (Note 10)	305,474	274,418	130,972
	725,875	943,541	944,173
Loan payable (Note 8)	-	183,236	158,981
	725,875	1,126,777	1,103,154
Shareholders' (deficiency) equity			
Share capital (Note 9)	13,628,895	13,536,495	13,536,495
Reserves (Note 9)	3,467,404	3,302,704	3,302,704
Deficit	(17,589,483)	(17,552,522)	(15,270,882)
	(493,184)	(713,323)	1,568,317
	$ 232,691	$ 413,454	$ 2,671,471

* **Nature and continuation of operations and going concern** (Note 1)
* **Commitments & contingencies** (Note 12)
* **Subsequent events** (Note 14)

Approved on behalf of the Board on May 29, 2012

" Michael Opara" Director

"Matthew Chodorowicz" Director

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

Randsburg International Gold Corp.
Consolidated Statements of Comprehensive Loss

YEAR ENDED JANUARY 31

(Expressed in Canadian Dollars)

	2012	2011 (Note 15)
OPERATING EXPENSES		
Amortization	$ 195	$ 544
Consulting	29,664	24,194
Financing charges	1,450	-
Interest and bank charges (Note 10)	23,088	25,417
Interest on loan payable (Note 8)	16,764	24,254
Listing and transfer agent fees	27,104	17,256
Management fees (Note 10)	144,000	156,000
Office and miscellaneous	12,423	19,440
Professional fees	63,500	122,300
Share-based payments (Note 9)	35,650	-
General exploration expenditures	26,384	-
	380,222	389,405
Loss before other items	(380,222)	(389,405)
OTHER ITEMS		
Gain on sale of marketable securities (Note 5)	-	4,155
Option payment	114,742	-
Cost recoveries	228,519	254,094
Write off of mineral property interests (Note 6)	-	(2,150,484)
Net loss and comprehensive loss for the year	$ (36,961)	$ (2,281,640)
Basic and diluted loss per common share	$ 0.00	$ (0.10)
Weighted average number of common shares outstanding	26,947,639	23,873,940

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

Randsburg International Gold Corp.

Consolidated Statements of Changes in Shareholders' Equity

(expressed in Canadian Dollars)

	Number of Shares	Common Shares	Reserves for Share-based Payments	Reserves for warrants	Deficit	Total Equity/ (Deficiency)
Balance, February 1, 2010	23,873,940	$ 13,536,495	$ 3,247,212	$ 55,492	$ (15,270,882)	$1,568,317
Net loss for the Year	-	-	-		(2,281,640)	(2,281,640)
Balance, January 31, 2011	23,873,940	13,536,495	3,247,212	55,492	(17,552,522)	(713,323)
Expiry of warrants	-	-	55,492	(55,492)	-	-
Private placement (note 9)	4,400,000	220,000	-	-	-	220,000
Share – based compensation (note 9)	-	-	35,650	-	-	35,650
Fair value assigned to warrants	-	(127,600)	-	127,600	-	-
Fair value assigned to brokers warrants	-	-	-	1,450	-	1,450
Net loss for the Year	-	-	-	-	(36,961)	(36,961)
Balance, January 31, 2012	28,273,940	13,628,895	3,338,354	129,050	(17,589,483)	$ (493,184)

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

Randsburg International Gold Corp.

Consolidated Statements of Cash Flows

YEAR ENDED JANUARY 31

(expressed in Canadian Dollars)

	2012	2011 (Note 15)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	$ (36,961)	$ (2,281,640)
Items not involving cash:		
Share-based compensation	35,650	-
Financing charges	1,450	-
Amortization	195	544
Gain on sale of marketable securities	-	(4,155)
Write off of mineral property interests	-	2,150,484
Accretion on loan payable	-	24,255
Cost recoveries	(228,519)	(254,094)
Changes in non-cash working capital items:		
Decrease (increase) in receivables	2,109	(21,325)
(Decrease) increase in accounts payable and accrued liabilities	(20,203)	110,016
Increase in prepaid expenses	(2,256)	-
Increase in due to related parties	31,056	143,446
Net cash used in operating activities	(217,479)	(132,469)
CASH FLOWS FROM INVESTING ACTIVITIES		
Mineral property interests	(2,969)	(45,695)
Option payment	200,000	100,000
Proceeds on sale of marketable securities	-	5,580
Net cash provided by investing activities	197,031	59,885
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan payable	(183,236)	
Proceeds from the issuance of share capital	220,000	-
Net cash provided by financing activities	36,764	-
Changes in cash and cash equivalents for the year	16,316	(72,584)
Cash and cash equivalents, beginning of year	406	72,990
Cash and cash equivalents, end of year	$ 16,722	$ 406

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

1. Nature and continuation of operations and going concern

Randsburg International Gold Corp. (the "Company") was incorporated under the laws of British Columbia.

The consolidated financial statements of Randsburg International Gold Corp. for the years ended January 31, 2012 and 2011 were reviewed by and authorized for issue by the Board of Directors on May 29, 2012.

The Company's principal business activity is the acquisition and exploration of mineral property interests in Canada, the United States and South America. The Company is considered to be in the exploration stage and substantially all of the Company's efforts are devoted to financing and developing these property interests. The Company has not determined whether its properties contain ore reserves which are economically recoverable. The recovery of the amounts shown for mining properties is dependent upon the existence of economically ore reserves, the ability of the Company to obtain necessary financing to complete the exploration and development of its properties, and upon future profitable production or proceeds from the disposal of its properties.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize on its assets and settle its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements.

The Company has incurred operating losses over the last several years, earns no operating revenues and has a working capital deficiency of $677,010 as at January 31, 2012 (2011 - $911,139). While the Company has been successful in obtaining its required financing in the past, through additional equity and non-arms length loans, there is no assurance that such financing will be available or be available on favorable terms. The Company's ability to continue as a going concern is uncertain and is dependent upon the generation of profits from mineral properties, obtaining additional financing or maintaining continued support from its shareholders and creditors. In the event that additional financial support is not received or operating profits are not generated, the carrying values of the Company's assets may be adversely affected.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration in which it has an interest, in accordance with industry standards for the current stage of exploration. These procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, non-compliance with regulatory requirements or aboriginal land claims.

2. Basis of preparation and adoption of IFRS

IFRS has replaced Canadian generally accepted accounting principles ("Canadian GAAP") for publicly accountable enterprises, including the Company, effective for fiscal years beginning on or after January 1, 2011. These are the Company's first audited annual consolidated financial statements for the year ended January 31, 2012 to be presented in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"). IFRS 1 First-Time Adoption of IFRS ("IFRS 1") has been applied and the impact of the transition from Canadian GAAP to IFRS is explained in note 15.

The accounting policies set out below have been applied consistently to all periods presented, including the opening statement of financial position at February 1, 2010 (note 15) for purposes of transition to IFRS.

The IASB issued a number of new and revised International Accounting Standards, International Financial Reporting Standards, amendments and related interpretations which are effective for the Company's financial reporting periods beginning on or after January 1, 2011. For the purpose of preparing and presenting the financial information for the relevant periods, the Company has consistently adopted all these new standards for the relevant reporting periods.

2. Basis of preparation and adoption of IFRS (continued)

At the date of authorization of these financial statements the IASB and IFRIC have issued the following new and revised Standards and Interpretations which are not yet in effective for the relevant reporting periods.

- IFRS 9*'Financial Instruments: Classification and Measurement'* – effective for annual periods beginning on or after January 1, 2015, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments.

- IFRS 10 *'Consolidated Financial Statements'* – effective for annual periods beginning on or after January 1, 2013 with early adoption permitted, establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

- IFRS 11 *'Joint Arrangements"* effective for annual periods beginning on or after January 1, 2013 with early adoption permitted, provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form.

- IFRS 12 *'Disclosure of Interests in Other Entities'* - effective for annual periods beginning on or after January 1, 2013 with early adoption permitted, require the disclosure of information that enables the user of financial statements to evaluate the nature of, and risks associated with its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

- IFRS 13 *' Fair Value Measurement '* - effective for annual periods beginning on or after January 1, 2013 with early adoption permitted, provides guidance on the measurement of fair value and related disclosures through a fair value hierarchy.

- IAS 1 – Presentation of financial statements ("IAS 1") was amended by the IASB in June 2011 in order to align the presentation of items in other comprehensive income with US GAAP standards. Items in other comprehensive income will be required to be presented in two categories: items that might be reclassified into profit or loss and those that will not be reclassified. The flexibility to present a statement of comprehensive income as one statement or two separate statements of profit and loss and other comprehensive income remains unchanged. The amendments to IAS 1 are effective for annual periods beginning on or after July 1, 2012.

- In October 2011, the IASB issued International Financial Reporting Interpretation Committee (IFRIC) 20 Stripping Costs in the production Phase of a Surface Mine. This interpretation requires the capitalization and depreciation of stripping costs in the production phase if an entity can demonstrate that it is probable future economic benefits will be realized, the costs can be reliably measured and the entity can identify the component of the ore body for which access has been improved. Retrospective application of this interpretation is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted. The Company is currently assessing the impact of this interpretation.

The Company has not early adopted these standards, amendments and interpretations however, the Company is currently assessing what impact the application of these standards or amendments will have on the financial statements of the Company.

3. Summary of significant accounting policies

3.1 Principles of consolidation

These consolidated financial statements include the accounts of the Company and its 85% interests in Diadem Mineraco Ltda. ("Diadem") and Blue Falcon Extracao Mineral Ltda. ("Blue Falcon"), located in Brazil. All inter-company balances and transactions have been eliminated upon consolidation.

3.2 Share based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of the grant, using the Black-Scholes pricing model, and is recognized over vesting period. Consideration paid for the shares on the exercise of the stock options is credited to capital stock.

In situations where equity instruments are issued to non-employees and some or all of the goods and services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods and services received.

3.3 Marketable securities

Marketable securities are valued at fair value using the last bid price.

3.4 Mineral property interests

The Company records its mining assets, including wholly-owned mining properties, undivided interests in mining properties and deferred exploration costs, at cost less certain recoveries.

Exploration costs are capitalized on the basis of specific mining property or areas of geological interest until the mining assets to which they relate are placed into production, sold or are allowed to lapse.

General exploration costs not related to specific mining assets are expensed in the statement of comprehensive loss as incurred.

The recoverability of the amounts recorded under mining properties and deferred exploration costs is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the financing needed to complete development, and future profitable production or proceeds from disposal of these assets. The amounts shown for mining properties and deferred exploration costs are not necessarily indicative of present or future values.

Equipment

Equipment is recorded at cost. Amortization based on the estimated useful life of the assets, is provided as follows:

Geological & satellite communication equipment	20% declining balance

3.4 Mineral property interests (continued)

Impairment of assets

Mining properties and exploration costs are tested for impairment when events or changes in circumstances indicate that the carrying may be impaired. If management has not enough information to estimate future cash flows to evaluate recoverability of capitalized amounts, the management compares the fair value and the carrying value. Management also considers whether results for exploration work justify further investments, the confirmation of the interest of the Company in the mining claims, the ability of the Company to obtain the necessary financing to complete the future development or if the disposal of the properties for proceeds is in excess of their carrying value.

3.5 Income taxes

Income tax on profits or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates, enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of the asset and liabilities, using the tax rates enacted or substantially enacted at the date of the statement of financial position.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a future tax asset will be recovered, it provides a valuation allowance against that excess.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

3.6 Basic and diluted loss per share

The Company presents basic loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated using the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding used for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive stock options and warrants are used to repurchase common shares at the average market price during the period. The effect of potential issuances of shares under stock options and warrants would be anti-dilutive, and accordingly basic and diluted loss per share are the same.

3.7 Cash and cash equivalents

Cash and cash equivalents comprise cash and term deposits with original maturity dates of less than three months.

3.8 Provisions, Contingent liabilities and contingent assets

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

Decommissioning, restoration and similar liabilities (“Asset retirement obligation” or “ARO”)

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations including those associated with the reclamation of mineral properties and equipment, when those obligations result from the acquisition, construction, development or normal operation of the asset. Initially, a liability for an asset retirement obligation is recognized at its fair value in the period in which it is incurred. Upon initial recognition of the liability, the corresponding asset retirement obligation is added to the carrying amount of the related asset and the cost is amortized as an expense over the economic life of the asset using either the unit-of-production or the straight-line method as appropriate. Following the initial recognition of the asset retirement obligation, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

3.9 Equity

Share capital represents the amount received on the issuance of shares, less issue costs.

Reserve for share based payments includes charges related to share-based payments until the exercise of options issued as compensation and it also includes warrants granted until the exercise of these warrants.

Deficit includes all current and prior period losses, except for other comprehensive losses that are included in accumulated other comprehensive income or loss.

3.10 Flow-through shares

Canadian Income Tax legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. The Company accounts for flow-through shares whereby the premium paid for the flow-through shares in excess of the market value of the shares without the flow-through feature at the time of issue is credited to other liabilities and as a reduction of deferred tax expense when the obligation is fulfilled, at the time the eligible expenditures are incurred and there is intension to renounce.

3.11 Functional currency and foreign operations

IFRS requires that the functional currency of each entity in the consolidated Group be determined separately in accordance with the indicators as per IAS 21 – *Foreign exchange* and should be measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The group's functional currency is the Brazilian real ("Real") for operations in Brazil and the Canadian dollar ("CDN") for operations in Canada. The consolidated financial statements are presented in Canadian dollars which is the group's presentation currency.

Under IFRS, the results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognized in other comprehensive loss and the cumulative effect as a separate component of equity.

3.12 Financial instruments

Financial assets:

All financial assets are recognized and derecognized on the trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the time frame established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Measurement in subsequent periods depends on the classification of the financial instrument.

Financial assets are classified into the following categories: financial assets 'at fair value through profit or loss' ("FVTPL"), 'held-to-maturity investments', 'available-for-sale' and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

3.12 Financial instruments (continued)

i) Financial assets at fair value through profit or loss (FVTPL)
Financial assets are classified as FVTPL when acquired principally for the purpose of trading, if so designated by management (fair value option), or if they are derivative assets that are not part of an effective and designated hedging relationship. Financial assets classified as FVTPL are measured at fair value, with changes recognized in the consolidated statements of loss.

The Company's financial assets classified as FVTPL include cash and cash equivalents and its marketable securities. The Company does not currently hold any derivative instruments or apply hedge accounting.

ii) Available-for-sale financial assets
Financial assets are classified as available-for-sale when so designated by management. Financial assets classified as available-for-sale are measured at fair value, with changes recognized in the other comprehensive income.

iii) Loans and receivables
Loans and receivables are non-derivative financial assets that have fixed or determinable payments and are not quoted in an active market. Subsequent to initial recognition, loans and receivables are carried at amortized cost using the effective interest method. Receivables are classified as loans and receivables.

Financial liabilities:

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Other financial liabilities:

Other financial liabilities are financial liabilities that are not classified as FVTPL and are initially measured at fair value, net of transaction costs. Subsequent to initial recognition, other financial liabilities that are not subject to hedge accounting, are measured at amortized cost using the effective interest method.

Amounts payable and other liabilities, Liability related to flow-through shares, due to related parties, and loan payable are classified as other financial liabilities. The Company does not currently apply hedge accounting.

The effective interest method is a method of calculating the amortized cost of an instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument to the net carrying amount on initial recognition.

De-recognition of financial liabilities:

The Company derecognizes financial liabilities when the obligations are discharged, cancelled or expire.

The Company's financial instruments consist of the following:

3.12 Financial instruments (continued)

Financial assets:	**Classification:**
Cash and cash equivalents	FVTPL
Marketable securities	FVTPL
Receivables	Loans and receivables

Financial liabilities: Classification:	
Accounts payable and other liabilities	Other financial liabilities
Liability related to flow-through shares	Other financial liabilities
Due to related parties	Other financial liabilities
Loan payable	Other financial liabilities

Impairment of financial assets:
Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been negatively impacted. Evidence of impairment could include: significant financial difficulty of the issuer or counterparty; or default or delinquency in interest or principal payments; or the likelihood that the borrower will enter bankruptcy or financial reorganization.

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When an accounts or loan receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial instruments recorded at fair value:
Financial instruments recorded at fair value on the consolidated statements of financial position are classified using 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 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 - valuation techniques based on 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 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs). As of January 31, 2012 and January 31, 2011, the only financial assets or liability measured at fair value is the Company's cash and cash equivalents. As of February 1, 2010, the financial assets or liability measured at fair value were the Company's cash and cash equivalents and it marketable securities.

Cash and cash equivalents are considered Level 1 for purposes of the fair value hierarchy.

3.13 Accounting estimates and critical judgments

The preparation of financial statements requires management to make estimates, assumptions and judgements about future events. These estimates and judgements are constantly challenged. They are based on past experience and other factors, particularly, forecasts of future events that are reasonable in the circumstances. The actual results are likely to differ from the estimates, assumptions and judgments made by management, and may not equal estimated results.

The following paragraphs describes the most critical management estimates and assumptions in the recognition of assets, liabilities and expenses and the most critical management judgement's in applying accounting policies:

Impairment of assets
An impairment loss is recognized when the carrying amount of an asset is not recoverable and exceeds its fair value. Management reviews on a regular basis the impairment assessment of its Mineral property interests without a recovery test. (Note- 3.4)

Share based payments
The estimation of share-based payment costs require the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Company has made estimates as to the volatility of its own share price, the probable life of options, the time of exercise of those options and expected extinguishments. The valuation model used by the Company is Black-Scholes.

Income taxes and deferred taxes
The Company is subject to taxes from different tax jurisdictions. It maintains allowances for uncertain tax positions that, in its opinion, appropriately reflect the risks related to the tax positions related to the tax positions subject to discussions, audits, differences of opinion and appeals with the tax authorities or that are otherwise uncertain. These allowances are determined using best estimates of the amounts payable based on a qualitative assessment of all relevant information. These allowances are reassessed at the end of each financial reporting period to determine if the amount is sufficient. However, audits by the tax authorities could subsequently result in an additional liability.

4. Capital Management

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objective including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return through enhancing the share value.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as share capital and cash.

The Company is in the exploration stage; as such the Company has relied on the equity markets to fund its activities. The Company will continue to assess new sources of financing available and to manage its expenditures to reflect current financial resources in the interest of sustaining long term viability.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company is not subject to any external capital requirements.

5. MARKETABLE SECURITIES

Marketable securities are comprised of the following, at fair value:

	January 31, 2012	January 31, 2011	February 1, 2010
Duncan Park Holdings Corporation ("Duncan Park")	**$ -**	$ -	$ 1,425

During the year ended January 31, 2011, the Company sold the remaining securities for net proceeds of $5,580 resulting in a realized gain of $4,155. During the year ended January 31, 2010 the Company sold securities for net proceeds of $29,740 resulting in a realized loss of $61,400. This reduced the balance in marketable securities to $1,425 as at February 1, 2010. A director of the Company was formerly a director of Duncan Park.

6. MINERAL PROPERTY INTERESTS

January 31, 2012	**Blue Falcon Property**	**McClintock & Livingston Townships**	**Flett & Angus Townships**	**Victory Strike**	**Total**
Acquisition costs					
Balance, beginning and end of year	$ -	$ -	$ 117,000	$ -	$ 117,000
Exploration costs					
Field expenses	-	-	2,969	-	2,969
Additions in year:	-	-	2,969	-	2,969
Balance, beginning of year	30,000	-	233,000	-	263,000
Option payment received	-	-	(200,000)	-	(200,000)
Balance, end of year	30,000	-	35,969	-	65,969
Total costs	$ 30,000	$ -	$ 152,969	$ -	$ 182,969

January 31, 2011	**Blue Falcon Property**	**McClintock & Livingston Townships**	**Flett & Angus Townships**	**Victory Strike**	**Total**
Acquisition costs					
Beginning and end of year	$ -	$ -	$ 117,000	$ -	$ 117,000
Exploration costs					
Field expenses	38,167	-	484	-	38,651
Travel	7,044	-	-	-	7,044
Additions in year	45,211	-	484	-	45,695
Balance, beginning of year	199,072	-	2,268,717	-	2,467.789
Option payment received	-	-	(100,000)	-	(100,000)
Write down in year	(214,283)	-	(1,936,201)	-	(2,150,484)
Balance, end of year	30,000	-	233,000	-	263,000
Total costs	$ 30,000	$ -	$ 350,000	$ -	$ 380,000

6. MINERAL PROPERTY INTERESTS (cont'd…)

Blue Falcon Property

On February 18, 2009, the Company's 85% owned subsidiary company Blue Falcon entered into an agreement to acquire a 50% to 75% interest in certain mining claims located in Goias State, Brazil from a private Brazilian company. In addition the Company would acquire a 50% interest in related plant and equipment.

The Company has declared "force majeure" in respect of its obligations under an option agreement which has expired due to flooding on the claims caused by a hydroelectric project. The Company expects that the delay caused by "force majeure" to be determined by legal clarification of allowable mineral exploration and mining activities on the claims in the circumstances. The Company is required to pay up to US$120,000 in additional fees in order to acquire its interest in the claims. The Company has advised its partner that no further payments will be made until the issue of "force majeure" is resolved to the Company's satisfaction. The Company has written off its interests in these claims in the amount of $214,283. The Company still maintains other claims at a cost of $30,000.

McClintock and Livingstone Townships, Ontario, Canada

The Company holds a 100% interest in certain claims located in McClintock and Livingston Townships in Ontario, Canada, subject to a 3% net smelters returns royalty. The Company wrote down the mineral resource property during the year ended January 31, 2007 by $592,337 to a nominal value of $1. During the year ended January 31, 2010 the Company wrote off the property resulting in a loss of $1.

Flett and Angus Townships, Ontario, Canada

The Company holds a 100% interest in certain claims located in the Flett Township in Ontario, Canada, subject to a 3% NSR and certain claims in the Angus and Flett Townships ("Titan Project") that are subject to a 3% NSR that can be purchased by the Company for $1,500,000. On January 14, 2010 the Company entered into an Option Agreement with Prophecy Resources Corp. ("Prophecy") whereby Prophecy has been granted the option to earn an 80% interest in the Titan Project by paying an aggregate of $500,000 and incurring $200,000 in exploration expenditures by December 31, 2010. The Company has the option of selling its remaining 20% interest in the property to Prophecy until December 31, 2012 for $150,000 or 400,000 common shares of Prophecy. During the year ended January 31, 2011 the Company received $100,000 (2010 - $200,000) in respect of the agreement. Pursuant to the agreement the remaining $200,000 is to be applied against the Company's loan payable to ensure the property is free and clear of all mortgages and encumbrances (Note 8). Due to delays in development, the company wrote off costs of $1,936,201, leaving the property at its realizable value of $350,000 during 2011. During the year ended January 31, 2012 the Company received the balance of the option payments due being $200,000 which was paid directly to discharge the loan payable. In addition the Company received $114,742 from the Prophecy as Prophecy had not spent its required exploration expenditures on the property.

6. MINERAL PROPERTY INTERESTS (cont'd…)

Title to mineral property interests

Although the Company has taken steps to verify the title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

7. EQUIPMENT

	January 31, 2012	January 31, 2011	February 1, 2010
Geological equipment	5,595	5,595	5,595
Accumulated amortization	(4,738)	(4,543)	(3,999)
Total Equipment	$ 857	$ 1,052	$ 1,596

8. LOAN PAYABLE

During the year ended January 31, 2010, the Company entered into a loan with a face value of $205,000, bearing interest at 10% per annum, secured by a collateral mortgage registered on its Titan Project located in the Flett and Angus Townships, Ontario and maturing May 31, 2012. The Company received total proceeds of $205,000 and granted 1,640,000 warrants exercisable for 1 common share of the Company at a price of $0.10 for a period of 2 years as part of the loan subscription. The Company may repay the loan from the 6th month to the 24th month subject to a 3 month interest bonus with no interest bonus payable within the final year of the loan. The Company has allocated $161,187 of the proceeds to the liability and $43,183 to the valuation of the warrants. The fair value of the liability was estimated by discounting the future payments of interest and principal and will be accreted to the $205,000 face value using the estimated effective interest rate of 20%. The estimated fair value of the warrants was calculated using the Black-Scholes option pricing model with an expected volatility of 100%, a risk free interest rate of 1.23%, an expected life of 1.5 years and an expected dividend yield of 0%.

The Company paid finder's fees of 10% totaling $20,500 and granted 82,000 broker warrants with similar terms as the loan unit warrants. An estimated fair value of $5,061 was allocated to the broker warrants using the Black-Scholes option pricing model with an expected volatility of 133%, a risk free interest rate of 1.23%, an expected life of 2 years and an expected dividend yield of 0%.

During the year ended January 31 2010, the Company sold an 80% interest in its Titan Project to Prophecy which is mortgaged as collateral on the above loan. Prophecy agreed to make all interest payments on the loan.

During fiscal 2012, the balance in the loan payable including the accrued interest was applied against the option payment on the Titan Project (note 6).

8. LOAN PAYABLE (cont'd…)

	January 31, 2012	January 31, 2011	February 1, 2010
Loan Payable	$ -	$ 205,000	$205,000
Valuation of warrants	-	(43,183)	(43,183)
Accretion	-	21,419	7,963
Prepaid interest	-	-	(10,799)
	$ -	$ 183,236	$ 158,981

9. SHARE CAPITAL AND RESERVES

	Number of Shares	Share Capital
Authorized		
Unlimited common shares, without par value		
Issued		
Balance, February 1, 2010 and January 31, 2011	23,873,940	$ 13,536,495
Private placements	4,400,000	220,000
Fair value assigned to warrants	-	(127,600)
Balance, January 31, 2012	28,273,940	$ 13,628,895

Private placements

On May 24, 2011, the Company completed a non-brokered private placement of $220,000 consisting of the sale of 4,400,000 units at a price of $0.05 per unit. Each unit consisted of one common share and one non-transferable share purchase warrant entitling the holder to purchase one common share at an exercise price of $0.10 per share for 1 year. The Company granted 50,000 brokers warrants with similar terms to the unit warrants as finders' fees.

The fair value of $1,450 of the brokers warrants issued was determined using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	1.59%
Expected life of warrants	1 years
Expected volatility	203%
Expected dividend yield	0%

9. SHARE CAPITAL AND RESERVES (cont'd…)

Stock options and warrants

The Company has a stock option plan under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock, less an applicable discount, as calculated on the date of grant. The options can be granted for a maximum term of 5 years and vest at the discretion of the board of directors.

	Options		Warrants	
	Number of Options	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance, January 31, 2011	1,500,000	$ 0.11	3,359,900	$ 0.15
Granted	1,150,000	0.10	4,400,000	0.10
Broker warrants			50,000	0.10
Expired	(1,500,000)	(0.11)	(3,359,900)	0.15
Balance, January 31, 2012	1,150,000	0.10	4,450,000	0.10
Exercisable at January 31, 2012	1,150,000	$ 0.10	4,450,000	$ 0.10

9. SHARE CAPITAL AND RESERVES (cont'd…)

Stock options and warrants (cont'd…)

As at January 31, 2012, the following stock options, warrants and agent's warrants were outstanding:

	Number of Shares	Exercise Price	Expiry Date
Options	1,150,000	$0.10	May 20, 2013
Warrants	4,400,000	$0.10	May 20, 2013 (i)
Broker warrants	50,000	$0.10	May 20, 2012(ii)

(i) Subsequent to January 31, 2012, the life of these warrants has been extended from May 20, 2012 to May 20, 2013.
(ii) Subsequent to May 20, 2012, the unexercised broker warrants expired.

Share-based compensation

During fiscal 2011, the Company granted 1,600,000 incentive options to directors, officers, consultants and an employee. Of those options 450,000 were cancelled in fiscal 2011. All remaining 1,150,000 unexercised options along with the 350,000 options carried forward from fiscal 2010 expired in fiscal 2012.

During the year ended January 31, 2012, the Company granted 1,150,000 incentive stock options to directors, officers, consultants and an employee. A value of $35,650 was assigned to these options using the Black-Scholes option pricing model with the assumptions listed below. Total share-based compensation recognized in the statement of operations during fiscal 2012 was $35,650. The total amount of the share-based compensation was also added to the reserves for share-based payments on the statement of financial position.

The following weighted average assumptions were used for the valuation of stock options:

	2012
Risk-free interest rate	1.60%
Expected life of options	2 years
Annualized volatility	205%
Dividend rate	0.00%

Total share-based compensation recognized in the statement of operations during fiscal 2010 was $104,128. The total amount of the stock-based compensation was also added to the reserves for share-based payment on the statement of financial position.

The following weighted average assumptions were used for the valuation of stock options:

	2010
Risk-free interest rate	1.28%
Expected life of options	2 years
Annualized volatility	136%
Dividend rate	0.00%

10. RELATED PARTY TRANSACTIONS

During the year ended January 31, 2012 and 2011 the Company entered into the following transactions with related parties not disclosed elsewhere in the financial statements:

a) Paid or accrued management fees of $144,000 (2011 - $156,000) to two directors of the Company.

b) Accrued interest of $32,702 (2011 - $33,956) to a director and person related to the president of the Company.

	2012	2011
Advances from a director of $30,026 (2011 - $30,026) that bears interest at an annual rate of 12%, is unsecured, and has no fixed terms of repayment. The total includes accrued interest of $22,273 (2011- $16,516).	$ 52,295	$ 46,542
Advances net of repayment from a person related to the President of the Company that bears interest at an annual rate of 18% and have no fixed terms of repayment. The advances are secured by the Company's equity interest in its subsidiary Blue Falcon as well as a General Security Agreement. The total includes accrued interest of $10,429; (2011 - $17,440).	53,452	69,258
Advances due to the President and a Company controlled by the President that are non-interest bearing and have no fixed terms of repayment.	131,649	94,545
Amounts due to a director that are unsecured, non-interest bearing and have no fixed terms of repayment.	68,078	64,073
	$ 305,474	$ 274,418

11. INCOME TAXES

A reconciliation of income taxes at statutory rates with reported taxes is as follows:

	2012	2011
Loss before income taxes	$ (36,961)	$ (2,281,640)
Expected income tax recovery (at statutory rates of 25.92% and 28.33%)	$ (9,579)	$ (646,457)
Write off of properties	-	611,582
Other items	(40,614)	(4,591)
Unrecognized benefit of non-capital losses	50,194	39,466
Net income tax recovery	$ -	$ -

The significant components of the Company's deferred income tax assets are as follows:

	2012	2011
Deferred income tax asset:		
Non-capital loss carryforward	$ 504,770	$ 477,719
Capital assets	60,020	59,972
Mining property interests	1,214,764	1,208,168
	1,779,555	1,745,858
Less: valuation allowance	(1,779,555)	(1,745,858)
Deferred income tax assets	$ -	$ -

The Company has non-capital losses carried forward for income tax purposes of approximately $2,019,000 which can be applied against future years' taxable income. These losses will expire through to 2032. Deferred tax benefits which may arise as a result of these non-capital losses have been offset by a valuation allowance and have not been recognized in these financial statements.

12. COMMITMENTS AND CONTINGENCIES

During 2005, an individual brought a claim against the Company alleging entitlement to incentive stock options. The individual is seeking damages of $500,000. In the opinion of management the claim is without merit and no provision has been made in the accounts of the Company.

In December 2005, a legal action was commenced against the Company by a company that assisted in constructing roads for the Company at its Titan project in Flett and Angus Township, Ontario. The amount of the claim is for $106,782, plus accrued interest. While the Company has accrued for the principal of these invoices in its consolidated financial statements, the Company disputes the total amount that was charged and the quality of the work provided and has filed a defence in this action.

13. SEGMENTED INFORMATION

The Company's one reportable operating segment is the acquisition and exploration of mineral resource properties. Geographic information is as follows:

	2012	2011
Current assets - Canada	$ 48,865	$ 32,402
Capital assets		
Canada	$ 153,826	$ 351,052
Brazil	30,000	30,000
	$ 183,826	$ 381,052
Total	$ 232,691	$ 413,454

14. SUBSEQUENT EVENTS

Subsequent to January 31, 2012, the Company:

On March 29, 2012, the Company signed a Memorandum of Understanding ((MOU) to acquire a 100% interest in the Nathalie Phosphate Project located at Bai-Comeau, Quebec. The MOU gives The Company the right to acquire a 100% interest subject to a 2% NSR in 53 claims. In addition the Company also acquired by staking, an additional 40 contiguous claims. In order to acquire this interest the Company must pay $12,000 (paid) and issue 2,000,000 common shares over four years. In addition the Company must spend $200,000 on exploration expenditures.

On April 2, 2012, the Company signed a Memorandum of Understanding ((MOU) to acquire a 90% interest in the Pokiok Settlement Project located at Fredricton, New Brunswick. The MOU gives the Company the right to acquire a 90% interest subject to a 2% NSR in 30 claims. In order to acquire this interest the Company must pay $500,000 and issue 250,000 common shares over four years. In addition the Company must spend $500,000 on exploration expenditures.

On April 5, 2012, the Company extended the expiry date on 4,400,000 warrants an additional year to May 20, 2013 upon approval of the TSX Venture Exchange. Approval was granted.

On April 5, 2012 the Company agreed to grant a total of 1,600,000 incentive stock options to officers, directors and consultants of the Company. Each stock option entitles the holder thereof to acquire one common share at an exercise price of $0.10 for two years subject to approval by the TSX Venture Exchange.

15. Transition to IFRS

The Company's financial statements for the year ended **January 31, 2012** are the Company's first annual financial statements that comply with IFRS. These consolidated financial statements were prepared as described in note 2, including the applicable IFRS 1. The effect of the transition to IFRS on equity, comprehensive income and cash flows is presented and described in this note, and is explained in greater detail in the notes associated with the tables.

IFRS 1 also requires that comparative financial information be provided. As a result, the first date at which the Company has applied IFRS was **February 1, 2010** (the "transition date"). IFRS 1 requires first-time adopters to retrospectively apply all effective IFRS as of the end of the reporting date, which for the Company will be **January 31, 2012**. However, it also provides for certain optional exemptions and certain mandatory exemptions.

Overview

As stated in Significant Accounting Policies (note 2), these consolidated financial statements are prepared in accordance with IFRS as issued by the IASB.

The policies set out in the Significant Accounting Policies section have been applied in preparing the financial statements for the years ended January 31, 2012 and 2011 and in the preparation of an opening IFRS statement of financial position at February 1, 2010 (the Company's Transition Date).

(ii) First-time adoption of IFRS

The adoption of IFRS requires the application of IFRS 1, which provides guidance for an entity's initial adoption of IFRS. IFRS 1 generally requires retrospective application of IFRS as effective at the end of its first annual IFRS reporting period. However, IFRS 1 also provides certain optional exemptions and mandatory exceptions to this retrospective treatment.

The Company has elected to apply the following optional exemptions in its preparation of an opening IFRS statement of financial position as at February 1, 2010, the Company's Transition Date.

• To apply IFRS 2 Share based Payments only to equity instruments that were issued after November 7, 2002 and had not vested by the Transition Date.
• To apply IFRS 3 Business Combinations prospectively from the Transition Date, therefore not restating business combinations that took place prior to the Transition Date.

IFRS 1 does not permit changes to estimates that have been made previously. Accordingly, estimates used in the preparation of the Company's opening IFRS statement of financial position as at the Transition Date are consistent with those that were made under Canadian GAAP.

The Company's Transition Date IFRS consolidated statement of financial position is included as comparative information in the consolidated statements of financial position in these financial statements.

(iii) Changes to accounting policies

The Company has changed certain accounting policies to be consistent with IFRS as effective on January 31, 2012, the Company's first annual IFRS reporting date. However, these changes to its accounting policies have not resulted in any significant change to the recognition and measurement of assets, liabilities, equity, revenue and expenses within its consolidated financial statements.

The following summarizes the significant changes to the Company's accounting policies on adoption of IFRS.

15. Transition to IFRS (continued)

Impairment of (non-financial) assets
IFRS requires a write down of assets if the recoverable amount, being the higher of (i) fair value less cost to sell and (ii) the value in use of a group of assets is less than its carrying value. Value in use is determined using discounted estimated future cash flows. Previous Canadian GAAP requires a write down to estimated fair value only if the undiscounted estimated future cash flows of a group of assets are less than its carrying value.

Share based payment
As stated in the section entitled "IFRS optional exemptions applied at the time of the Transition', the Company has elected to apply IFRS 2 to equity instruments that were granted before the date of transition but that were not entirely vested at the time; however there is no adjustment required.

Recognition of expense
Canadian GAAP **–** For grants of share-based payments with granting vesting, the total fair value of the award is recognized on a straight-line basis over the employment period necessary for the award.

IFRS **–** Each tranche in an award with graded vesting is considered a separate grant with a different vesting date and fair value. Each grant is accounted for on that basis. As a result, there is no adjustment required to expense for any share-based-payment to reflect the difference in recognition.

Forfeitures
Canadian GAAP **–** Forfeitures of awards are recognized as they occur.

IFRS **–** An estimate is required of the number of awards expected to vest, which is revised if subsequent information indicates that actual forfeitures are likely to differ from estimates.

On the transition date, there has been no increased or decrease in its deficit by corresponding to the increase of the share - based payment expenses which were recorded before the transition date resulting in no increase or decrease of the reserves for share-based payments by the equivalent amount. Thus, the effect on equity is nil.

15. Transition to IFRS (continued)

Reconciliation of Canadian GAAP to IFRS

IFRS requires an entity to reconcile equity, comprehensive income and cash flows for prior periods. The Company's first time adoption of IFRS did not have an impact on the total operating, financing or investing cash flows. The following presents the reconciliation from Canadian GAAP to IFRS for the respective periods noted for equity, the statement of net loss and comprehensive loss:

Reconciliation of Equity

For the periods ended:	**January 31, 2011**	**February 1, 2010**
Equity under Canadian GAAP	$ (713,323)	$ 1,568,317
Impact of the transition to IFRS:		
1. Share-based payment	-	-
2. Flow-through shares	-	-
Total (Deficiency) Equity under IFRS	$ (713,323)	$ 1,568,317

Reconciliation of the statement of net loss and comprehensive loss

For the periods ended:	**January 31, 2011**
The statement of loss and comprehensive loss under Canadian GAAP	$ (2,281,640)
Impact of the transition to IFRS:	
1. Share-based payment	-
2. Flow-through shares	-
The statement of net loss and comprehensive loss under IFRS	$ (2,281,640)

15. Transition to IFRS (continued)

Reconciliation of the financial statements previously presented under Canadian GAAP to the financial statements prepared under IFRS.

The following are reconciliations of the financial statements presented under Canadian GAAP to the financial Statements under IFRS.

Reconciliation of the statement of financial position as at February 1, 2010

Canadian GAAP accounts	Canadian GAAP balance	IFRS Adjustments	IFRS Balance	IFRS accounts
	$	$	$	
ASSETS				**Assets**
Current assets				**Current assets**
Cash and cash equivalents	72,990	-	72,990	Cash and cash equivalents
Receivables	10,671	-	10,671	Receivables
Marketable securities	1,425	-	1,425	Marketable securities
	85,086	-	85,086	
Mineral property interests	2,584,789	-	2,584,789	Mining property interests
Equipment	1,596	-	1,596	Equipment
	2,586,385	-	2,586,385	
	2,671,471	-	2,671,471	**TOTAL ASSETS**
Liabilities				**LIABILITIES**
Current liabilities				**Current liabilities**
Accounts payable and accrued liabilities	556,750	-	556,750	Accounts payable and accrued liabilities
Liability related to flow-through shares	256,451	-	256,451	Liability related flow-through shares
Due to related parties	130,972	-	130,972	Due to related parties
	944,173	-	944,173	
Loan payable	158,981	-	158,981	Loan payable
	1,103,154	-	1,103,154	**Total Liabilities**
Shareholders' equity				**EQUITY**
Capital stock	13,536,495	-	13,536,495	Share capital
Contributed surplus	3,302,704	-	3,302,704	Reserves
Deficit	(15,270,882)	-	(15,270,882)	Deficit
	1,568,317	-	1,568,317	**TOTAL EQUITY**
	2,671,471	-	2,671,471	**TOTAL LIABILITIES AND EQUITY**

15. Transition to IFRS (continued)

Reconciliation of the statement of net loss and comprehensive loss for the year ended January 31, 2011

Canadian GAAP accounts	Canadian GAAP balance	IFRS adjustments	IFRS Balance	IFRS accounts
	$	$	$	
Administrative Expenses				**Administrative expenses**
Amortization	544	-	544	Amortization
Consulting	24,194	-	24,194	Consulting
Interest and bank charges	25,417	-	25,417	Interest and bank charges
Interest on loan payable	24,254	-	24,254	Interest on loan payable
Listing and transfer agents fees	17,256	-	17,256	Listing and transfer agent's fees
Management fees	156,000	-	156,000	Management fees
Office and miscellaneous	19,440		19,440	Office and miscellaneous
Professional fees	122,300	-	122,300	Professional fees
	(389,405)	-	(389,405)	**OPERATING LOSS**
Other income (expenses)				**Other income**
Gain on sale of marketable securities	4,155	-	4,155	Gain on sale of marketable securities
Cost recoveries	254,094	-	254,094	Cost recoveries
Write off of mineral property Interests	(2,150,484)	-	(2,150,484)	Write off of mineral property Interests
Net loss and comprehensive loss	(2,281,640)	-	(2,281,640)	**NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD**
Basic and diluted loss per share	(0.100)	-	(0.100)	**BASIC (LOSS) PER SHARE**
Weighted average number of shares outstanding	23,873,940	-	23,873,940	**WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING**

15. Transition to IFRS (continued)

Reconciliation of the statement of financial position as at January 31, 2011

Canadian GAAP accounts	Canadian GAAP balance	IFRS adjustments	IFRS Balance	IFRS accounts
	$	$	$	
ASSETS				**ASSETS**
Current assets				**Current assets**
Cash and cash equivalents	406	-	406	Cash and cash equivalents
Receivables	31,996	-	31,996	Receivables
	32,402	-	32,402	
Mineral property interests	380,000	-	380,000	Mining property interests
Equipment	1,052	-	1,052	Equipment
	381,052	-	381,052	
	413,454	-	413,454	**TOTAL ASSETS**
LIABILITIES				**LIABILITIES**
Current liabilities				**Current liabilities**
Accounts payable and accrued Liabilities	412,672	-	412,672	Accounts payable and accrued liabilities
Liability related to flow-through shares	256,451	-	256,451	Liability related to flow-through shares
Due to related parties	274,418	-	274,418	Due to related parties
	943,541	-	943,451	
Loan payable	183,236	-	183,236	Loan payable
	1,126,777	-	1,126,777	**TOTAL LIABILITIES**
Shareholders' equity				**EQUITY**
Capital stock	13,536,495	-	13,536,495	Share capital
Contributed surplus	3,302,704	-	3,302,704	Reserves
Deficit	(17,552,522)	-	(17,552,522)	Deficit
	(713,323)	-	(713,323)	**TOTAL EQUITY**
	413,454	-	413,454	**TOTAL LIABILITIES AND EQUITY**

15. Transition to IFRS (continued)

Reconciliation of the statement of cash flow for the year ended January 31, 2011.

Canadian GAAP accounts	Canadian GAAP balance	IFRS adjustments	IFRS Balance	IFRS accounts
	$	$	$	
Cash flows from operating activities				**Cash flows from operating activities**
Loss for the year	(2,281,640)	-	(2,281,640)	Loss for the year
Items not involving cash:				
Amortization	544	-	544	Amortization
Gain on sale of marketable securities	(4,155)	-	(4,155)	Gain on sale of marketable securities
Write off of mineral property	2,150,484	-	2,150,484	Write off of mineral property interests
Accretion on loan payable	24,255	-	24,255	Accretion on loan payable
Cost recoveries	(254,094)	-	(254,094)	Cost recoveries
Changes in non-cash working Capital items:				Changes in non-cash working capital items
Decrease (increase) in receivables	(21,325)	-	(21,325)	Decrease (increase) in receivables
Increase in due to related parties	143,446	-	143,446	Increase in due to related parties
(Decrease) increase in accounts payable and accrued liabilities	110,016	-	110,016	(Decrease) increase in accounts payable and accrued liabilities
Net cash used in operating activities	(132,469)	-	(132,469)	Net cash used in operating activities
Cash flows from investing activities				Cash flows from investing activities
Mineral property interests	(45,695)	-	(45,695)	Mineral property interests
Option payment	100,000	-	100,000	Option payment
Proceeds on sale of marketable activities	5,580	-	5,580	Proceeds on sale of marketable activities
Net cash provided by investing activities	59,885	-	59,885	Net cash provided by investing activities
Changes in cash and cash equivalents for the year	(72,584)	-	(72,584)	**Changes in cash and cash equivalents for the year**
Cash and cash equivalents, Beginning of year	72,990	-	72,990	**Cash and cash equivalents, Beginning of year**
Cash and cash equivalents, End of year	406	-	406	**Cash and cash equivalents, End of year**

16. Comparative figures

Certain comparative figures have been reclassified to conform to the current years' presentation. These reclassifications did not affect prior years' net losses.