Consolidated Financial Statements of

GOLDREA RESOURCES CORP.

Years ended July 31, 2011 and 2010

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Goldrea Resources Corp.

We have audited the accompanying consolidated financial statements of Goldrea Resources Corp., which comprise the consolidated balance sheets as at July 31, 2011 and 2010, the consolidated statements of operations and deficit, comprehensive loss and cash flows for the years then ended, and notes, comprising 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 Canadian generally accepted accounting principles, 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 audit 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 our 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, we consider 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.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Goldrea Resources Inc. as at July 31, 2011 and 2010, and its consolidated results of operations and its consolidated cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 1 in the consolidated financial statements which describes that as of July 31, 2011, Goldrea Resources Corp.'s current liabilities exceed its total current assets by $927,033. This condition along with other matters as set forth in note 1, indicate the existence of a material uncertainty that may cast significant doubt about Goldrea's ability to continue as a going concern.

KPMG LLP (signed)

Chartered Accountants

November 28, 2011
Vancouver, Canada

GOLDREA RESOURCES CORP.

Consolidated Balance Sheets

July 31, 2011 and 2010

	2011	2010
Assets		
Current assets:		
Cash and cash equivalents (note 3)	$ 121,125	$ 204,510
Marketable securities (note 5)	180,608	86,175
Amounts receivable	44,766	10,360
Inventory (note 6)	838,160	248,757
Prepaid expenses and advances	11,022	16,187
	1,195,681	565,989
Due from related parties (note 7)	35,241	174,699
Reclamation deposits	53,739	53,613
Capital assets (note 8)	820,507	888,596
Mineral properties (note 9 and Schedule)	10,429,214	11,826,925
Other assets	-	7,535
	$ 12,534,382	$ 13,517,357
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities (note 7)	$ 478,392	$ 496,784
Other short-term liabilities	10,825	10,825
Due to related parties (note 7)	1,633,497	1,161,297
	2,122,714	1,668,906
Future income taxes (note 13(b))	1,164,861	1,402,036
Non-controlling interest (note 2(a))	702,702	1,389,605
Shareholders' equity:		
Share capital (note 10)	28,319,338	27,548,006
Contributed surplus (note 10)	1,856,664	1,710,631
Accumulated other comprehensive income (notes 5 and 13)	130,178	35,527
Deficit	(21,762,075)	(20,237,354)
	8,544,105	9,056,810
Nature of operations and going concern (note 1)		
Commitments (note 9)		
	$ 12,534,382	$ 13,517,357

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board:

"Larry Reaugh"
Larry Reaugh, Director

"Edward Lee"
Edward Lee, Director

GOLDREA RESOURCES CORP.

Consolidated Statements of Operations and Deficit

Years ended July 31, 2011 and 2010

	2011	2010
Revenue	$ -	$ 276,617
Mining contractor costs	-	(321,104)
Other mining and processing costs	-	(251,489)
Write-down of inventory (note 6)	-	(90,084)
Gross margin (loss)	-	(386,060)
Expenses:		
Advertising and promotion	75,977	87,345
Amortization	5,226	7,053
Consulting	196,898	289,149
Office and administration	431,876	464,411
Professional fees	106,075	133,470
Rent	16,756	16,670
Shareholder communication	44,234	116,720
Stock-based compensation	140,477	311,665
Travel and accommodation	8,874	11,852
Transfer agent and filing fees	29,596	26,648
	1,055,989	1,464,983
Loss before other items	(1,055,989)	(1,851,043)
Other items:		
Gains on debt settlement	41,765	-
Realized gain on sale of marketable securities	67,805	-
Interest income	791	3,620
Foreign exchange gain	63,315	83,850
Other income	5,000	-
Write-down of mineral properties (note 9)	(903,851)	(563,406)
	(725,175)	(475,936)
Loss before income taxes	(1,781,164)	(2,326,979)
Reduction of future income taxes (note 13)	256,443	5,075
Loss for the year	(1,524,721)	(2,321,904)
Deficit, beginning of year	(20,237,354)	(17,915,450)
Deficit, end of year	$ (21,762,075)	$ (20,237,354)
Loss per share - basic and diluted	$ (0.02)	$ (0.04)
Weighted average number of shares outstanding	66,791,734	59,510,354

See accompanying notes to consolidated financial statements.

GOLDREA RESOURCES CORP.

Consolidated Statements of Comprehensive Loss

Years ended July 31, 2011 and 2010

	2011	2010
Loss for the year	$ (1,524,721)	$ (2,321,904)
Other comprehensive loss:		
Net change in available-for-sale marketable securities, net of tax (note 5)	94,651	14,407
Comprehensive loss for the year	$ (1,430,070)	$ (2,307,497)

See accompanying notes to consolidated financial statements.

GOLDREA RESOURCES CORP.

Consolidated Statements of Cash Flows

Years ended July 31, 2011 and 2010

	2011	2010
Cash provided by (used in):		
Operating activities:		
Loss for the year	$ (1,524,721)	$ (2,321,904)
Items not involving cash:		
Amortization	5,226	7,053
Future income tax recovery	(256,443)	(5,075)
Stock-based compensation	140,477	311,665
Gain on sale of marketable securities	(67,805)	-
Unrealized foreign exchange gain	(63,315)	(80,229)
Write-down of inventory	-	90,084
Write-down of mineral properties	892,106	563,406
	(874,475)	(1,435,000)
Changes in non-cash working capital:		
Amounts receivable	(34,406)	22,043
Income taxes recoverable	-	132,415
Inventory	(589,403)	(90,666)
Other assets	7,535	(1,370)
Prepaid expenses and advances	5,165	25,835
Accounts payable and accrued liabilities	(18,392)	308,294
Due to related parties	472,200	307,444
Repayment of amounts to related parties	139,458	19,293
	(892,318)	(711,712)
Financing activities:		
Shares issued	814,715	-
Exercise of stock options	(37,826)	-
	776,889	-
Investing activities:		
Mineral property and other deferred expenditures	(49,485)	(664,284)
Proceeds on sale of marketable securities	81,655	-
Reclamation bond	(126)	(307)
Purchase of capital assets	-	(1,808)
	32,044	(666,399)
Decrease in cash and cash equivalents	(83,385)	(1,378,111)
Cash and cash equivalents, beginning of year	204,510	1,582,621
Cash and cash equivalents, end of year	$ 121,125	$ 204,510
Supplementary information:		
Interest income received	$ 793	$ 3,621
Non-cash investing and financing activities:		
Mineral properties acquisition by issuance of common shares (note 10(f))	22,000	-
Amortization recorded in mineral properties	60,923	61,652

See accompanying notes to consolidated financial statements.

1. Going concern:

Goldrea Resources Corp. (the Company) is incorporated under the British Columbia Business Corporations Act. The Company is involved in the acquisition, exploration and development of mineral properties located in North America and China and is currently in the exploratory and development stages of its mineral properties. The underlying value of these mineral properties and their related deferred costs is dependent upon confirmation of the Company's interest in the underlying claims and the existence of economically recoverable mineral reserves.

These financial statements have been prepared assuming the Company will continue on a going concern basis. The Company has incurred losses since inception. As at July 31, 2011, the Company has a deficiency in working capital of $927,033. The Company currently has a payable of $1,633,497 to a related company and these financial statements are prepared on the basis that the related company will not demand repayment prior to Goldrea obtaining sufficient cash to repay this debt. In June 2011, the Company decided not to maintain its interests in Rushan Ludi Goldrea Gold Mining Inc. (LGG) due to insufficient funds available to make the required capital contributions. The termination of LGG resulted in a write-down of $1,557,143 of mineral property costs, which include non-controlling interest of $686,903, a future income tax recovery of $242,812 and a charge to the statement of operations of $865,076. According to the joint venture agreement, the Company was released from its further capital contribution obligation to LGG.

The ability of the Company to continue as a going concern depends upon its ability to develop profitable operations and to raise adequate financing to pursue its business objectives. There can be no assurance that the Company will be able to continue to raise funds, in which case, the Company may be unable to meet its obligations. These conditions raise substantial doubt about the Company's ability to continue as a going concern.

These financial statements 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 its assets and liquidate its liabilities, contingent obligations and commitments in other than the normal course of business and at amounts different from those in these financial statements.

2. Significant accounting policies:

(a) Principles of consolidation:

These consolidated financial statements include the accounts of the Company, its wholly owned subsidiary, Goldrea USA Inc. and its 90% owned subsidiary, Rushan Goldrea Gold Inc. (RGG), incorporated in the People's Republic of China. The Company initially contributed $2,000,000 and earned a 74% interest in RGG, and the Chinese partner contributed mineral exploration permits to earn its 26%, which provided a valuation of the exploration permits of $702,702. This is recorded as non-controlling interest in the consolidated balance sheet. As at July 31, 2011, the Company had contributed a total of 33,000,000 Chinese Renminbi (Rmb) (CAD$5,012,700), while the Chinese partner chose not to match its portion of additional contribution.

As a result, the Company earned 90% interest in RGG while the Chinese partner's interest decreased to 10% (note 9(c)(*i*)).

2. Significant accounting policies (continued):

(a) Principles of consolidation (continued):

Also included in the consolidated financial statements for the year ended July 31, 2010 is LGG, incorporated in the People's Republic of China. The Company entered into an agreement which gave the Company a 64% interest with a requirement to contribute Rmb 14,000,000 (CAD$1,822,800) over two years, of which Rmb 6,774,456 (CAD$1,221,160) had been paid as of July 31, 2010. The Company had control of LGG; therefore it was consolidated in the financial statements. The Chinese partner's 36% interest of $686,903 was recorded as non-controlling interest in the consolidated balance sheet (note 9(c)(*ii*)). During the year ended July 31, 2011, the Company decided not to maintain its interests in LGG in June 2011, therefore, capitalized mineral costs in relation to LGG were written down to nil. LGG is no longer consolidated by Goldrea as at July 31, 2011.

All inter-company balances and transactions have been eliminated upon consolidation.

(b) Marketable securities:

Marketable securities include publicly traded common shares received as proceeds of mineral property option transactions and "share-for-debt" settlements of prior related party intercompany balances. Marketable securities have been classified as available-for-sale and are carried at fair value based on quoted market prices.

(c) Inventory:

Supplies inventory includes the cost of consumables used in mine development. It is valued at the lower of cost and net realizable value, with replacement costs being the typical measure of net realizable value.

Stockpiled ore is coarse ore that has been extracted from the RGG mine and is available for further processing. Stockpiled ore is valued at the lower of average production cost and net realizable value.

(d) Capital assets:

Capital assets consist of office furniture and equipment, computer equipment and vehicles, which are recorded at cost, and amortized on the declining balance basis at rates of 20% and 30% per annum, respectively. Capital assets in the subsidiaries in China are amortized on the straight-line basis with 10% scrap value, and translated into Canadian dollars using historical exchange rates when assets were acquired. When completed, assets under construction are transferred into their respective capital asset classes and amortized.

(e) Mineral properties and deferred costs:

The cost of mineral properties and related exploration expenditures are deferred until the properties are placed into production, sold or abandoned. These costs will be amortized over the estimated useful life of the properties following the commencement of production or written off if the properties are sold, allowed to lapse, or abandoned.

2. Significant accounting policies (continued):

(e) Mineral properties and deferred costs (continued):

Cost includes the cash consideration and the fair market value of shares as they are issued, if any, on the acquisition of mineral properties. Properties acquired under option agreements whereby payments are made at the sole discretion of the Company are recorded in the accounts at such time as the payments are made. The proceeds from options granted are applied to the cost of the related property, and any excess is included in income for the current period.

Certain of the Company's exploration and development activities related to mineral properties are conducted jointly with others. The accounts reflect only the Company's proportionate interest in such activities.

The recorded cost of mineral claims and deferred exploration and development costs represent costs incurred and are not intended to reflect present or future values. The ultimate recovery of such capitalized costs is dependent upon the discovery and development of economic ore reserves or the sale of mineral rights.

(f) Asset impairment:

On an annual basis or when impairment indicators arise, the Company evaluates the future recoverability of its mineral properties and long-lived asset costs. Impairment losses or write downs are recorded in the event the net book value of such assets exceeds the estimated indicated future cash flows attributable to such assets.

(g) Asset retirement obligations:

In accordance with CICA Handbook Section 3110, *Asset Retirement Obligations*, the Company is required to account for the estimated fair value of legal obligations to reclaim and remediate resource properties in the period incurred, at the net present value of the cash flows required to settle the future obligations. The corresponding amount is capitalized to the related asset and accounted for in accordance with the Company's related accounting policies for resource properties. The liabilities are subject to accretion over time as an operating expense for increases in the fair value of the liabilities. Changes in estimates are accounted for prospectively from the period the estimate is revised.

The operations of the Company may in the future be affected from time to time in varying degrees by changes in environmental regulations, including those for future removal and site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company vary greatly and are not predictable.

The Company is in the early stages of exploring and developing its resource properties. The Company has no current legal obligation for reclamation and remediation costs.

(h) Share capital:

The Company records proceeds from share issuances net of issue costs. Shares issued for consideration other than cash are valued at the quoted market price on the date the agreement to issue the shares was reached and announced for business combinations, and at the date of issuance for other non-monetary transactions.

2. Significant accounting policies (continued):

(i) Revenue recognition:

Sales are recognized when the rights and obligations of ownership pass to the customer and the price is reasonably determinable.

(j) Stock-based compensation:

The Company records all stock-based payments to employees, officers, directors and consultants using the fair value method on a prospective basis. Under the fair value method, stock-based payments for employees are measured at the fair value of the date of grant and stock-based payments to non-employees are measured at the fair value of the consideration received or the fair value of the equity instruments issued, whichever is more reliably measurable. Accordingly, the fair value of stock options is charged to operations, with an offsetting credit to contributed surplus. The fair value of stock options, which vest immediately, is recorded at the date of grant; the fair value of options which vest in the future is recognized on a straight-line basis over the vesting period. Any consideration received on exercise of stock options, together with the related portion of contributed surplus, is credited to share capital.

(k) Flow-through shares:

Resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. Share capital is reduced and the future income tax liability is increased by the estimated cost of the renounced tax deductions. Drawdowns of future income tax liabilities resulting from the timing differences on exploration expenditures renounced to investors result in a reduction in valuation allowance which is credited to operations.

(l) Income taxes:

Income taxes are calculated using the liability method of accounting. Temporary differences arising from the difference between the tax basis of an asset or liability and its carrying amount on the balance sheet are used to calculate future income tax liabilities or assets. The future income tax liabilities or assets are measured using substantially enacted tax rates and laws expected to apply in the periods that the temporary differences are expected to reverse. Valuation allowances are provided where (net) future income tax assets are not more likely than not to be realized.

(m) Loss per share:

Basic loss per share is calculated using the weighted average number of shares issued and outstanding during the year. Diluted loss per share is calculated using the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that proceeds to be received on exercise of diluted share options and warrants are used to repurchase common shares at the average market price during the period. 7,281,248 shares were added to the weighted average number of common shares outstanding during the year ended July 31, 2011. No dilutive effect was added by employee stock options and warrants as they were all anti-dilutive.

2. Significant accounting policies (continued):

(n) Foreign currency translation:

Transactions and account balances originally stated in currencies other than the Canadian dollar, including the accounts of the Company's integrated foreign subsidiaries, have been translated into Canadian dollars using the temporal method of foreign currency translation as follows:

(*i*) Revenue and expense items at the rate of exchange in effect on the dates they occur.

(*ii*) Non-monetary assets and liabilities at historical exchange rates, unless such items are carried at market value, in which case they are translated at the exchange rate in effect on the balance sheet date.

(*iii*) Monetary assets and liabilities at the exchange rate in effect at the balance sheet date.

Exchange gains and losses are recorded in the statement of operations in the period in which they occur.

(o) Measurement uncertainty:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the current fair value of marketable securities, the continuing viability of mineral property interests, valuation of inventory and the determination of reclamation obligations and valuation allowance for future income tax assets. Actual results could differ from these estimates.

(p) Financial instruments - recognition and measurement:

The Company's financial instruments are comprised of cash and cash equivalents, marketable securities, amounts receivable, due from (to) related parties, reclamation deposits, accounts payable and accrued liabilities, and long-term liabilities. Financial instruments are measured and classified as follows:

(*i*) Held-for-trading financial assets and liabilities are measured at fair value with subsequent changes in fair value recognized in the statements of operations. Cash and cash equivalents and reclamation deposits are classified as held-for-trading;

(*ii*) Available-for-sale financial assets are initially measured at fair value, plus any transaction costs, with subsequent changes in fair value recognized in other comprehensive income until the instrument is derecognized or impaired, at which time the amounts would be recorded in the statement of operations. Marketable securities are classified as available-for-sale;

(*iii*) Held-to-maturity investments, loans and receivables, and other financial liabilities are initially measured at fair value plus transaction costs and subsequently measured at amortized cost using the effective interest method, less any impairment. Amounts receivable and due from (to) related parties are classified as loans and receivables. Accounts payable and accrued liabilities and long-term liabilities are classified as other financial liabilities. The Company does not hold any held-to-maturity investments;

2. Significant accounting policies (continued):

(p) Financial instruments - recognition and measurement (continued):

(*iv*) Derivatives embedded in other financial instruments or non-financial contracts (the "host instrument") are treated as separate derivatives with fair value changes recognized in the statement of operations when their economic characteristics and risks are not clearly and closely related to those of the host instrument, and the combined instrument or contract is not held for trading. No reportable embedded derivatives were identified in a review of the Company's contracts.

The fair value of cash and cash equivalents, amounts receivable, due from (to) related parties accounts payable and accrued liabilities and long-term liabilities approximate their carrying value due to the short-term nature of these instruments. Cash and cash equivalents and marketable securities are based on Level I hierarchy inputs. The fair value of the Company's reclamation deposits approximate its carrying value as the amount is held in low risk, short-term bank guaranteed investment certificates and is based on Level I hierarchy inputs.

(q) Comparative figures:

Certain figures presented for comparative purposes have been reclassified to conform to the presentation adopted for the current year.

3. Foreign currency:

The Company's cash consists of CAD$81,611 and US$14,662 (CAD$13,985 equivalent) held in bank accounts in Canada, US$16,980 (CAD$16,196 equivalent) held in Goldrea USA Inc. and Rmb 62,973 (CAD$9,333 equivalent) held in China.

The Chinese Renminbi (Rmb) is not a freely convertible currency. Future exchange rates of Rmb could vary significantly from the current or historical exchange rates as a result of controls that could be imposed by the People's Republic of China (PRC) government. The exchange rates of Rmb are affected by changes in PRC government policies. The exchange rates of Rmb are also affected by economic developments and political changes domestically and internationally, and supply and demand for the Renminbi. The Company does not expect these restrictions to affect the free flow of cash in the normal course of business, however, there are restrictions on the removal of capital from the country. The quotation of exchange rates does not imply convertibility of Rmb into Canadian dollars or other currencies.

4. Future accounting standards:

International Financial Reporting Standards (IFRS):

In 2006, the Canadian Accounting Standards Board (AcSB) published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly accountable companies to use IFRS, replacing Canadian GAAP. This date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company will therefore adopt IFRS for its July 2012 year-end. The transition date of August 1, 2010 will require the restatement for comparative purposes of amounts reported by the Company for the year ended July 31, 2011. The Company is currently assessing the financial reporting impact of the transition to IFRS and the changeover date.

5. Marketable securities:

The following tables show the fair value impact of marketable securities, classified as available for sale investment, on the Company:

2011	Fair value	Cost	Accumulated unrealized gains (losses)
Molycor Gold Corp.			
- 50,000 common shares	$ 3,500	$ 5,000	$ (1,500)
La Ronge Gold Corp. (2)			
- 3,333 common shares (1)(2)	734	-	734
American Manganese Inc			
- 267,234 common shares	176,374	26,724	149,650
Tax effect of accumulated unrealized gains	-	-	(18,706)
	$ 180,608	$ 31,724	$ 130,178

(1) Chalice Diamond's shares were consolidated at 10 to 1 on October 28, 2010.
(2) Chalice Diamond changed name into La Ronge Gold and its shares converted 1:1 on July 7, 2011.

2010	Fair value	Cost	Accumulated unrealized gains (losses)
Molycor Gold Corp.			
- 50,000 common shares	$ 2,500	$ 5,000	$ (2,500)
Chalice Diamond Corp.			
- 33,333 common shares	500	-	500
Rocher Deboule Minerals Corp.			
- 405,734 common shares	83,175	40,573	42,602
Tax effect of accumulated unrealized gains	-	-	(5,075)
	$ 86,175	$ 45,573	$ 35,527

5. Marketable securities (continued):

Accumulated other comprehensive income at July 31, 2008	$ 82,980
Unrealized losses on available-for-sale marketable securities	(61,860)
Accumulated other comprehensive income at July 31, 2009	21,120
Unrealized gain on available-for-sale marketable securities	19,482
Less: future income tax on unrealized gain	(5,075)
Accumulated other comprehensive income at July 31, 2010	35,527
Unrealized gain on available-for-sale marketable securities	108,282
Less: future income tax on unrealized gain	(13,631)
Accumulated other comprehensive income at July 31, 2011	$ 130,178

6. Inventory:

	2011	2010
Stockpiled ore	$ 838,160	$ 248,757

At July 31, 2010, the Company has applied an inventory write-down of $90,084 to its stockpiled ore to reflect net realizable value. Based on July 31, 2011 gold price, there was no further inventory write-down for the year ended July 31, 2011.

7. Related party transactions:

Amounts due to and from officers, directors and companies with common directors are interest free, unsecured and have no specified terms of repayment. They have arisen from the provision of services and expense reimbursements or advances.

The Company has directors and officers in common with Molycor Gold Corporation (Molycor), Adanac Molybdenum Corp (formerly Adanac Moly Corp, and Stirrup Creek Gold Ltd.) (Adanac), and American Manganese Inc. (formerly Rocher Deboule Minerals Corp.,) (American Manganese). The Company and Molycor are 50/50 joint venture participants in various properties in British Columbia.

Related party balances are as follows:

	2011	2010
Due from Molycor Gold Corporation	$ 19,233	$ 139,765
Due from American Manganese Inc.	-	22,957
Due from directors and officers of the Company	16,008	11,977
	$ 35,241	$ 174,699

(a) consulting fees of $120,000 (2010 - $124,554) were paid to a company owned by a director and $24,020 (2010 - $102,756) was paid to a director;

7. Related party transactions (continued):

(b) administrative fees of $169,585 (2010 - $195,396) were paid to executive directors and officers of the Company;

(c) office building use and technical support service fees of Rmb 144,000 (CAD$21,686) (2010 - Rmb 144,000 (CAD$22,136)) and ore processing and mining fees of Rmb 3,920,220 (CAD$554,699) were accrued payable to Daye Gold Mine, a 10% owner of RGG. The Company has a payable owing to Daye Gold Mine at July 31, 2011 of $1,633,497 (2010 - $1,161,297).

The above transactions were in the normal course of business and were measured at the exchange amount which is the amount agreed to by the related parties.

8. Capital assets:

2011	Cost	Accumulated amortization	Net book value
Canada:			
Office equipment	$ 31,278	$ 23,129	$ 8,149
Furniture and fixtures	22,108	17,706	4,402
Computer equipment	41,023	32,331	8,692
China (Rushan Goldrea Gold property):			
Furniture and fixtures	3,931	2,283	1,648
Computer equipment	15,889	15,222	667
Vehicle	114,852	85,563	29,289
Machinery	255,324	113,269	142,055
Corehouse	14,544	2,847	11,697
Construction in progress [(a)]	613,908	-	613,908
	$ 1,112,857	$ 292,350	$ 820,507

2010	Cost	Accumulated amortization	Net book value
Canada:			
Office equipment	$ 31,278	$ 20,147	$ 11,131
Furniture and fixtures	22,108	16,703	5,405
Computer equipment	41,023	29,150	11,873
China (Rushan Goldrea Gold property):			
Furniture and fixtures	3,931	1,292	2,639
Computer equipment	15,889	13,146	2,743
Vehicle	114,852	61,643	53,209
Machinery	255,324	80,025	175,299
Corehouse	14,544	2,155	12,389
Construction in progress [(a)]	613,908	-	613,908
	$ 1,112,857	$ 224,261	$ 888,596

[(a)] Construction in progress includes campsite housing, offices, and surface equipment storage buildings. This asset balance will be amortized over the estimated useful life of the mine following the commencement of production or written off if RGG is sold, allowed to lapse or abandoned.

9. Mineral properties:

(a) British Columbia, Canada:

(*i*) Eskay Creek/ BX Property, Liard Mining Division:

During the year ended July 31, 2002, the Company acquired by staking a 100% interest, subject to 2% Net Smelter Return Royalty (NSR), in various gold claims located approximately 48 kilometres southwest of Bob Quinn Lake, British Columbia. In 2003, an unrelated company earned a 10% interest in the property. The Company abandoned the property in December 2010, and wrote off the carrying value of the property in 2011 of $33,611.

(*ii*) Dobbin Property, Nicola and Vernon Mining Divisions:

The Company holds a 50% interest in various mineral claims, some of which are partially owned by Molycor Gold Corporation. During the year ended July 31, 2010, the Company recorded a write-down of $397,068 on property to bring carrying value down to nil.

(*iii*) Crowrea Property, Osoyoos and Similkameen Mining Division:

The Company holds a 50% interest in various mineral claims, some of which are partially owned by Molycor Gold Corporation. The property is a molybdenum prospect and is located near Summerland, B.C.

(*iv*) Tadpole Lake, Nicola Mining Division:

The Company acquired by staking an undivided 50% joint venture interest in certain mineral claims. The property is located at Tadpole Lake, approximately 45 km west of Kelowna, B.C.

(*v*) Flap, Nicola Mining Division:

The Company acquired by staking an undivided 50% joint venture interest in certain mineral claims. The property is located at Tadpole Lake, approximately 45 km west of Kelowna, B.C.

(*vi*) Empress Property, Osoyoos and Similkameen Mining Division:

The Company acquired by staking a 50% interest in the Empress Mineral claim, which is partially owned by Molycor Gold Corporation. It is a molybdenum prospect in the middle of the Crowrea Property near Summerland, B.C.

(*vii*) Yalakom Property, Clinton and Lillooet Mining Division:

The Company acquired by staking a 100% interest in a copper-gold claim in Yalakom/Poison Mountain, B.C. in May 2008. The Company has also obtained exclusive rights to enter into an option to purchase agreement on the 11,000 hectare Yalakom property by paying $6,000 (paid in 2008) and conducting $90,000 in mineral exploration work. $161,000 in exploration was completed in 2008. In March 2009, the Company paid an additional $6,000 to extend the option to the purchase agreement to July 31, 2010. In August, 2010, the Company terminated the purchase agreement, and recorded a property write-down of $166,338 for the year ended July 31, 2010.

9. Mineral properties:

(a) British Columbia, Canada:

(*viii*) Wigwam Property, Vancouver Mining Division:

The Company acquired 100% interests in Wigwam property in June, 2011, subject to 2% NSR, for a price of $20,000 in cash and issuance of 400,000 common shares to the vendor. The property is located at Wigwam Bay, eight kilometres southwest of the head of Seymour Inlet, British Columbia.

(b) Arizona, U.S.A.:

(*i*) Goldchain Property:

During the year ended July 31, 2003, the Company entered into an agreement to purchase the Goldchain group claims located in Mohave County, Arizona. Under the terms of the agreement the Company purchased a 100% interest, subject to 3% NSR, of which, the Company has a option to purchase from the vendor two points of the NSR for the sum of US$2,000,000, in the property for US$5,000 and issuance of 100,000 common shares at a price of $0.31 per share to two individuals.

On December 9, 2010, the Company announced an option agreement whereby Sandfield Resources Ltd. (Sandfield) can earn a 60% interest in the Goldchain and Goldrush Properties by paying $60,000 cash, issue 300,000 shares, and incur $500,000 in exploration expenditures. As at July 31, 2011, Sandfield has not fulfilled the requirements to earn a 60% interest.

(*ii*) Goldrush Property:

During the year ended July 31, 2007, the Company entered into an agreement to purchase a 100% undivided interest in eighteen unpatented Lode Mining claims located in Mohave County, Arizona. Under the terms of the agreement the Company purchased the 100% interest, subject to 3% NSR, of which, the Company has a 10-year option to purchase from the vendor two points of the NSR for the sum of US$2,000,000, in the property for US$8,000 in cash and issuance of 100,000 common shares.

On December 9, 2010, the Company announced an option agreement whereby Sandfield Resources Ltd. (Sandfield) can earn a 60% interest in the Goldchain and Goldrush Properties by paying $60,000 cash, issue 300,000 shares, and incur $500,000 in exploration expenditures. As at July 31, 2011, Sandfield has not fulfilled the requirements to earn a 60% interest.

9. Mineral properties (continued):

(c) People's Republic of China:

(*i*) Rushan Goldrea Gold Property:

As described in note 2(a), the Company entered into a Co-operative Joint Venture Agreement where it has acquired a 74% interest in Rushan Goldrea Gold Inc. (RGG), a sino-foreign Chinese company by contributing capital of $2,000,000 (paid). The joint venture partner contributed mineral rights valued at $702,702 to earn a 26% interest. Future exploration costs above the $2,000,000 will be paid based on the percentage ownership in the Joint Venture. At July 31, 2011, the Company had contributed a total of Rmb33,000,000 (CAD$5,012,700) while the Chinese partner chose not to match its portion of further contributions. As a result, the Company holds a 90% interest in RGG and the Chinese partner's interest decreased to 10% being its original mineral rights contribution.

RGG holds exploration licenses covering 53 square kilometres surrounding the open-pit Shandong Daye Gold Mine in Shandong Province, China. Based on geological results and geologist recommendation and to save on annual maintenance expenses, the Company abandoned five mineral claims by transferring the titles back to Shandong Daye Gold Mine without consideration and wrote off the related mineral exploration costs of Rmb 200,288(CAD$28,497) during the year ended July 31, 2009.

The Company acquired the right to enter into the joint venture agreement from MCS Pioneer Holdings Ltd. for the issuance of 5,000,000 shares and a 5% finder's fee to Essop Holdings Ltd. of 250,000 shares, which were fully issued within three years of receiving regulatory approval.

(*ii*) Rushan Ludi Goldrea Gold Property:

As described in note 2(a), the Company entered into a Co-operative Joint Venture Contract on July 24, 2006 to acquire a 64% interest in Rushan Ludi Goldrea Gold Mining Inc. (LGG), a sino-foreign Chinese company. The Company is required to contribute Rmb 12,000,000 (as at January 31, 2011, CAD$1,820,400; 2010 - CAD$1,872,000) in staged payments over three years, and pay Rmb 2,000,000 (as at January 31, 2011, CAD$303,400; 2010 - CAD$312,000) to the joint venture partner once the exploration licenses have been transferred to the joint venture company.

The contract received regulatory approval August 21, 2008 and the payment structure is as follows:

- Rmb 2,200,000 (CAD$373,000) within 90 days of issuance of LGG's business license (paid);
- Rmb 2,000,000 (CAD$303,400) within one month of the approval and the transfer of Exploration license to from Chinese partner to LGG (outstanding);
- Rmb 9,800,000 by December 31, 2009. (Rmb 4,574,456 / CAD$848,160 was paid by December 31, 2009 and Rmb 5,225,544 / CAD$792,715 was outstanding at December 31, 2009).

In June 2011, the Company decided not to maintain its interest in LGG, resulting in a write down of mineral property costs of $1,557,413 including adjustments to non-controlling interest and future income tax liabilities of $686,903 and $242,812 respectively, and a charge to the statement of operations and deficit of $865,076.

10. Share capital:

(a) Authorized

Authorized share capital comprises an unlimited number of common shares without par value.

(b) Issued:

	Price	Number of common shares	Share capital	Contributed surplus
Balance, July 31, 2009	-	59,510,354	$ 27,548,006	$ 1,398,966
Fair value of vested stock options	-	-	-	311,665
Balance, July 31, 2010	-	59,510,354	27,548,006	1,710,631
Fair value of vested stock options	-	-	-	140,476
Share issued	$ 0.15	1,450,898	217,635	-
Share issued	$ 0.06	7,918,000	475,080	-
Fair value of finders' fee warrants	-	-	-	5,557
Share issued	$ 0.10	1,000,000	100,000	-
Share issued	$ 0.06	400,000	22,000	-
Share issuance costs	-	-	(43,383)	-
Balance, July 31, 2011		70,279,252	$ 28,319,338	$ 1,856,664

(c) Stock options:

	2011		2010	
	Options outstanding	Weighted average exercise price/share	Options outstanding	Weighted average exercise price/share
Balance, beginning of year	8,585,000	$ 0.26	3,700,000	$ 0.45
Granted	-	-	6,030,000	0.14
Forfeited	-	-	(110,000)	0.58
Expired	(1,145,000)	0.60	(1,035,000)	0.20
Balance, end of year	7,440,000	$ 0.21	8,585,000	$ 0.26

The following table summarizes information about stock options outstanding at July 31, 2011:

Number of shares	Exercise price	Number exercisable	Weighted average remaining contractual life (years)	Expiry date
6,030,000	$ 0.14	4,522,500	2.90	February 24, 2015
1,410,000	0.50	1,410,000	0.09	January 12, 2012
7,440,000		5,932,500	2.98	

10. Share capital (continued):

(d) Share purchase warrants:

	2011		2010	
	Warrants outstanding	Weighted average exercise price/share	Warrants outstanding	Weighted average exercise price/share
Balance, beginning of year	-	$ -	-	$ -
Granted	9,046,000	0.11	-	-
Exercised	-	-	-	-
Expired	-	-	-	-
Balance, end of year	9,046,000	$ 0.11	-	$ -

Number of warrants	Exercise price	Weighted average remaining contractual life (years)	Expiry date
7,918,000	$ 0.10	1.99	November 5, 2012
128,000	0.10	0.03	November 5, 2012
1,000,000	0.16	0.18	March 25, 2013
9,046,000		2.20	

(e) Financings:

(*i*) On October 29, 2011 the Company obtained TSX approval for the issuance of 1,450,898 common shares to China Finance for total proceeds of $217,635. The Company also recovered from China Finance $41,765 of expenses incurred in relation to the intended $5.6 million private placement after China Finance withdrew.

(*ii*) On November 5, 2010, the Company closed a private placement raising gross proceeds of $475,080 which consisted of 7,918,000 units at a price of $0.06 per unit. Each unit consisted of one common share and one share purchase warrant that entitles the holder to purchase one common share at a price of $0.10 per share until November 5, 2012.

In relation to the private placement, the Company also paid a total of $27,826 of share issuance costs and issued 128,000 share purchase warrants as finders' fees. These warrants are exercisable at a price of $0.10 per share until November 5, 2012, and they are valued at $5,557 using a Black-Scholes model and recorded as costs of share issuance.

(*iii*) On March 25, 2011, the Company closed a private placement raising gross proceeds of $100,000 which consisted of 1,000,000 units at a price of $0.10 per unit. Each unit consisted of one common share and one share purchase warrant that entitles the holder to purchase one common share at a price of $0.16. $10,000 was paid in connection with this placement and recorded as share issuance costs.

10. Share capital (continued):

(f) Shares issued for mineral properties:

On June 27, 2011, the Company issued 400,000 common shares at fair value of $22,000 for the acquisition of Wigwam property.

11. Stock-based compensation:

The Company has a stock option plan that provides for the issuance of options to its directors, officers, employees and consultants. The options have a maximum term of five years, and vest 25% on the date of grant and 25% every six months thereafter.

The Company has not granted any options during the year ended July 31, 2011 (2010 – 6,030,000). The fair value of each stock option granted to employees is estimated on the date of grant and the fair value of unvested stock options granted to consultants is re-evaluated and adjusted on the reporting date using the Black-Scholes option-pricing model with weighted average assumptions as follows:

	2011	2010
Risk free interest rate	1.8% - 2.3%	2.1% - 2.3%
Expected life (years)	4	5
Expected volatility	90.4% - 94.7%	90.5% - 93.0%
Expected dividends	0%	0%
Weighted average fair value per option grant	$0.0286 - $0.0902	$0.0485 - $0.0902

Compensation costs attributable to share options granted to employees and directors are measured at fair value at the grant date while consultants are measured at fair value at the reporting date and expensed with a corresponding increase to contributed surplus over the vesting period. Upon exercise of the stock options, consideration paid by the option holder together with the amount previously recognized in contributed surplus is recorded as an increase to share capital. During the year ended July 31, 2011, the Company recorded $140,477 (2010 - $311,665) in stock based compensation for options that were granted during fiscal 2010 and vested during the year.

12. Segmented information:

The Company's mineral properties are located in three geographic regions, Canada, USA and China, and its corporate assets are located in Canada. A summary of total assets and net loss by geographic region is as follows:

	2011	2010
Net loss for the year:		
Canada	$ 916,817	$ 1,972,985
China	584,516	323,848
USA	23,388	25,071
	$ 1,524,721	$ 2,321,904

12. Segmented information (continued):

	2011	2010
Mineral properties:		
Canada	$ 525,378	$ 504,305
China	9,583,853	10,992,014
USA	319,983	330,606
	$ 10,429,214	$ 11,826,925
Assets:		
Canada	$ 967,593	$ 1,293,535
China	11,230,610	11,882,857
USA	336,179	340,965
	$ 12,534,382	$ 13,517,357

13. Income taxes:

(a) Income taxes:

The Company is subject to income taxes in Canada and the Peoples Republic of China. The consolidated provision for income taxes varies from the amount that would be computed from applying the combined federal, provincial and Chinese income tax rates to the net loss before income taxes as follows:

	2011	2010
Combined statutory tax rate	27.33%	29.13%
Computed tax recovery	$ (486,851)	$ (677,733)
Share issuance costs	(11,858)	-
Unrecognized items for tax purposes and other	29,826	451,390
Benefit of income tax losses not recognized	468,883	226,343
Recovery on marketable securities gain	(13,631)	(5,075)
Tax recovery on impairment of mineral property	(242,812)	-
Reduction of future income taxes	$ (256,443)	$ (5,075)

13. Income taxes (continued):

(a) Income taxes (continued):

The significant components of the Company's future income tax assets and liabilities are as follows:

	2011	2010
Capital assets	$ 68,537	$ 50,974
Exploration and development	628,843	633,380
Non-capital losses carried forward	2,152,656	1,926,844
Other temporary differences:		
Future income tax assets	91,196	170,697
	2,941,231	2,781,895
Valuation allowance	(2,941,231)	(2,781,895)
Net future income tax assets	-	-
Future income tax liabilities:		
Mineral properties	(1,164,861)	(1,402,036)
Net future income tax liabilities	$ (1,164,861)	$ (1,402,036)

These losses expire as follows:

	Canada	China	Total
2012	$ -	$ 91,000	$ 91,000
2014	462,462	-	462,462
2015	515,601	-	515,601
2026	1,056,189	-	1,056,189
2027	1,751,523	-	1,751,523
2028	684,945	-	684,945
2029	1,377,161	-	1,377,161
2030	1,534,629	-	1,534,629
2031	1,044,384	-	1,044,384
	$ 8,426,894	$ 91,000	$ 8,517,894

Canadian and foreign exploration resource deductions may be used against certain taxable income without expiry provided there has been no change in control of the Company. As at July 31, 2011, the available resource deductions amounted to approximately $2,547,543 in Canada and approximately $6,060,797 in the Peoples Republic of China, which can be carried forward and applied against future taxable income.

(b) Future income taxes:

The Company has incurred certain exploration costs related to the property held by Rushan Goldrea Gold Inc. and for which no tax basis is available. The acquisition of the mineral rights and interest in the RGG property in 2005 and certain exploration expenditures have not been recognized for tax purposes as certain recognition criteria were not met. As a result, the Company has recognized a future income tax liability of $1,164,861 as at July 31, 2011 (2010 - $1,402,036).

14. Financial instruments:

The Company is exposed in varying degrees to a variety of financial risks. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management procedures.

The types of risk exposure and the way such exposure is managed are provided as follows:

(a) Credit risk:

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company is subject to credit risk on the cash balances at the bank, its short-term bank guaranteed investment certificates and amounts receivable. Cash and investments are with Schedule 1 banks or equivalent, with the majority of cash held in Canadian based banking institutions, authorized under the Bank Act to accept deposits, which may be eligible for deposit insurance provided by the Canadian Deposit Insurance Corporation. The credit risk in amounts receivable is considered low by management as they consist primarily of amounts owing from government authorities in relation to refundable HST of $44,766.

(b) 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 in place a planning and budgeting process to assist in determining the funds required to support normal operating requirements on an ongoing basis, including capital development and exploration expenditures. This process resulted in the decision in October 2008 to enter into a service agreement with Daye Gold Mine for the underground operation of Golden Rose Shaft, the agreement was extended in October 2009 and renewed on annual basis. As at July 31, 2011, the Company had a cash and cash equivalent balance of $121,125 (2010 - $204,510) to settle accounts payable and accrued liabilities of $2,112,714 (2010 - $1,668,906), the Company has a working capital deficiency of $927,033 and is relying on the financial support of a related company. Accounts payable and accrued liabilities are due within the current operating period and include $1,633,497 due to a related company. These financial statements assume the related company will not demand repayment of the debt prior to Goldrea generating sufficient cash to repay this amount. See note 1 for additional discussion on going concern.

(c) Market risk:

The Company's primary market risk is in the areas of metal prices and foreign exchange risk on financial instruments in other than Canadian dollars. At July 31, 2011, the Company had no hedging agreements in place with respect to metal prices or exchange rates.

(*i*) Commodity price risk:

The value of the Company's primary mineral property is dependent on the price of gold and the outlook for this mineral. The value of exploration stage gold and molybdenum properties is also dependent on the price of gold and molybdenum and the outlook for the minerals.

14. Financial instruments (continued):

(c) Market risk (continued):

(*i*) Commodity price risk (continued):

Market prices for these metals historically have fluctuated widely and are affected by numerous factors outside of the Company's control including but not limited to, levels of worldwide production, short-term changes in supply and demand, industrial and retail demand, central bank lending, and forward sales by producers and speculators, as well as certain other factors related specifically to gold.

The profitability of the Company's primary property is highly correlated to the market price of gold. If gold prices decline for a prolonged period below the cost of production it may not be economically feasible to continue to over towards production.

The Company has not entered into any hedging or commodity based derivative financial instruments.

(*ii*) Currency risk:

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company has offices in Canada, the United States, and China and holds cash in Canadian, United States and Chinese currencies in line with forecasted expenditures. A significant change in the currency exchange rates between the Canadian dollar relative to US dollar and Chinese Renminbi could have an effect on the Company's results of operations, financial position or cash flows. At July 31, 2011 the Company had no hedging agreements in place with respect to foreign exchange rates.

At July 31, 2011, the Company is exposed to currency risk through the following assets and liabilities denominated in foreign currencies.

	USD	Rmb
Cash and cash equivalent	$ 16,980	62,973
Accounts payable and accrued liabilities	(56)	(12,413,819)
Total	$ 16,924	(12,350,846)
Canadian dollar foreign exchange rate	0.9538	0.1482
Balance sheet exposure in Canadian dollar equivalent	$ 16,142	(1,830,395)

14. Financial instruments (continued):

(c) Market risk (continued):

(*iii*) Sensitivity analysis:

A 10% strengthening (weakening) in the Canadian dollar against the USD and Rmb currencies at July 31, 2011 would have increased (decreased) net loss by the amounts shown below. This analysis assumes that all other variables, in particular, interest rate, remain constant:

July 31, 2011	Change in CAD$
USD	$ 1,614
Rmb	181,865

(*iv*) Equity price risk:

Equity price risk arises from available-for-sale equity securities. The Company's exposure at July 31, 2011 was $180,608. The shares are publicly traded, market-prices are readily available, and their carrying value is equal to the market value at July 31, 2011.

(*v*) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash and cash equivalents contain highly liquid investments that earn interest at market rates and have maturities of 90 days or less. The interest is typical of Canadian banking rates, which are presently low, however this conservative investment strategy mitigates the risk of deterioration to the investment. A change of 100 basis points in the interest rates would not be material to the financial statements.

15. Capital management:

The Company manages and makes adjustments to its capital structure in order to have the funds available to support its exploration and development activities. Capital is defined as shareholder's equity. The adequacy of the capital structure and management approach is assessed on an ongoing basis and is adjusted as necessary after taking into consideration the Company's strategy, the metal markets, the mining industry, economic conditions and associated risks. As part of this strategy, the Company has entered into a service agreement with Daye Gold Mine for the underground mining operation at its Golden Rose Shaft in order to manage cash outflow. Management is also actively looking for partners to jointly develop RGG's current operations.

GOLDREA RESOURCES CORP.

Schedule of Mineral Property Costs

Year ended July 31, 2011, with comparative figures for 2010

	July 31, 2009	Expenditures (recoveries or write-downs)	July 31, 2010	Expenditures (recoveries or write-downs)	July 31, 2011
Canada - British Columbia:					
BX/Eskay Creek:					
Acquisition	$ 19,037	$ 1,527	$ 20,564	$ -	$ 20,564
Assays and analysis	774	-	774	-	774
Option payments received	(26,192)	-	(26,192)	-	(26,192)
Equipment rentals	1,982	-	1,982	-	1,982
Engineering and geological	59,912	-	59,912	-	59,912
Freight and transportation	112	-	112	-	112
Write-down provision	-	-	-	(33,611)	(33,611)
METC refund	(23,541)	-	(23,541)	-	(23,541)
	32,084	1,527	33,611	(33,611)	-
Dobbin:					
Acquisition	7,505	-	7,505	-	7,505
Assays and analysis	45,387	-	45,387	-	45,387
Camp and supplies	19,045	-	19,045	-	19,045
Drilling	305,883	-	305,883	-	305,883
Engineering and geological	115,368	1,053	116,421	-	116,421
Equipment rentals and subcontractor	17,961	-	17,961	-	17,961
Write-down provision	(69,824)	(397,068)	(466,892)	-	(466,892)
METC refund	(45,310)	-	(45,310)	-	(45,310)
	396,015	(396,015)	-	-	-
Crowrea:					
Acquisition	7,621	146	7,767	1,610	9,377
Assays and analysis	8,664	207	8,871	184	9,055
Camp and supplies	665	-	665	-	665
Drilling	119,645	-	119,645	-	119,645
Engineering and geological	70,228	-	70,228	-	70,228
Equipment rentals and subcontractor	6,904	-	6,904	-	6,904
METC refund	(54,144)	(630)	(54,774)	-	(54,774)
	159,583	(277)	159,306	1,794	161,100
Tadpole:					
Assays and analysis	210	-	210	-	210
Camp and supplies	-	-	-	-	-
Drilling	-	-	-	-	-
Engineering and geological	(210)	-	(210)	-	(210)
	-	-	-	-	-
Flap:					
Acquisition	185	8,184	8,369	109	8,478
Assays and analysis	4,961	26,010	30,971	-	30,971
Drilling	-	34,383	34,383	-	34,383
Engineering and geological	948	55,137	56,085	6,010	62,095
METC refund	(4,126)	(328)	(4,454)	-	(4,454)
	1,968	123,386	125,354	6,119	131,473
Empress:					
Acquisition	4,632	-	4,632	-	4,632
Assays and analysis	10,451	-	10,451	-	10,451
Drilling	192,341	-	192,341	-	192,341
Engineering and geological	47,805	5,985	53,790	4,771	58,561
METC refund	(58,764)	(16,416)	(75,180)	-	(75,180)
	196,465	(10,431)	186,034	4,771	190,805

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GOLDREA RESOURCES CORP.

Schedule of Mineral Property Costs, Continued

Year ended July 31, 2011, with comparative figures for 2010

	July 31, 2009	Expenditures (recoveries or writedowns)	July 31, 2010	Expenditures (recoveries or write-downs)	July 31, 2011
Canada - British Columbia (continued):					
Wigwam:					
Acquisition	-	-	-	42,000	42,000
	-	-	-	42,000	42,000
Yalakom:					
Acquisition	30,146	6,000	36,146	-	-
Assays and analysis	2,931	-	2,931	-	-
Engineering and geological	160,866	15,534	176,400	-	-
METC refund	(48,363)	(776)	(49,139)	-	-
Writedown provision	-	(166,338)	(166,338)	-	-
	145,580	(145,580)	-	-	-
USA - Arizona:					
Goldchain:					
Option payments received	-	-	-	(9,787)	(9,787)
Acquisition	50,208	1,690	51,898	2,453	54,351
Assays and analysis	390	21,187	21,577	-	21,577
Drilling	-	42,346	42,346	136	42,482
Engineering and geological	4,895	26,045	30,940	732	31,672
	55,493	91,268	146,761	(6,466)	140,295
Gold Rush:					
Option payments received	-	-	-	(9,787)	(9,787)
Acquisition	58,235	3,419	61,654	4,762	66,416
Assays and analysis	3,634	21,187	24,821	-	24,821
Drilling	-	36,874	36,874	136	37,010
Engineering and geological	32,085	28,411	60,496	732	61,228
	93,954	89,891	183,845	(4,157)	179,688
China - Shandong Province:					
Rushan Goldrea Gold (RGG):					
Acquisition	2,294,156	6,902	2,301,058	5,059	2,306,117
Mineral rights contributed (note 2(a))	702,702	-	702,702	-	702,702
Administration	471,884	105,585	577,469	86,578	664,047
Assays and analysis	107,314	24,443	131,757	(14,805)	116,952
Drilling	2,576,254	33,161	2,609,415	-	2,609,415
Engineering and geological	622,863	26,716	649,579	35,080	684,659
Shaft	1,130,726	1,811	1,132,537	2,352	1,134,889
Travel	88,558	8,090	96,648	1,430	98,078
Future income taxes relating to above	1,208,072	30,798	1,238,870	28,124	1,266,994
	9,202,529	237,506	9,440,035	143,818	9,583,853

GOLDREA RESOURCES CORP.

Schedule of Mineral Property Costs, Continued

Year ended July 31, 2011, with comparative figures for 2010

	July 31, 2009	Expenditures (recoveries or writedowns)	July 31, 2010	Expenditures (recoveries or write-downs)	July 31, 2011
China - Shandong Province: (continued):					
Rushan Ludi Goldrea Gold (LGG):					
Acquisition	58,861	-	58,861	-	58,861
Mineral rights contributed (note 2(a))	686,903	-	686,903	(686,903)	-
Administration	56,374	16,817	73,191	7,552	80,743
Assays and analysis	728	24,174	24,902	-	24,902
Drilling	351,048	88,375	439,423	(14,135)	425,288
Engineering and geological	14,902	10,985	25,887	-	25,887
Future income taxes relating to above	239,230	3,582	242,812	(242,812)	-
Write-down provision	-	-	-	(615,681)	(615,681)
	1,408,046	143,933	1,551,979	(1,551,979)	-
Total mineral property costs	$11,691,717	$ 135,208	$11,826,925	$ (1,397,711)	$ 10,429,214