The following should be read with the Company's audited consolidated financial statements as at and for the fiscal year ended July 31, 2011 and related notes thereto which have been prepared in accordance with Canadian generally accepted accounting principles.

Forward looking statements

Certain statements contained in the report constitute forward-looking statements. When used in this document the words "anticipate", "believe", "estimate", "expect", "plan", "future", "intend", "may", "will", "should", "predict", "potential", "continue", and similar expressions, as they relate to Goldrea Resources Corp. or its management, are intended to identify forward-looking statements. Such statements reflect current views of Goldrea Resources Corp. with respect to future events and are subject to certain known and unknown risks, uncertainties and assumptions. These statements should not be relied upon. Many factors could cause the actual results, performance or achievements to be materially different for many future results that may be expressed or implied by such forward-looking statements. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward looking statements prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated or expected. Goldrea Resources Corp. does not intend, and does not assume any obligation to update these forward looking statements.

Date of report: November 28, 2011

1.1 Overall performance

Description of business

The Company is engaged in the business of exploring, acquiring, and if warranted, developing mineral properties and placing such properties into production. The Company currently holds interests in several resource properties as follows:

1. British Columbia – Wigwam
2. British Columbia – Dobbin I
3. British Columbia – Crowrea/Empress
4. British Columbia – Flap
5. British Columbia – Tadpole (Dobbin II)
6. U.S.A. – Gold Chain Arizona
7. U.S.A. – Gold Rush Arizona
8. China – Shandong Rushan Goldrea Gold (RGG)

Exploration and development requires significant amounts of capital and even if the funds were available, the outcome is dependent on finding sufficient quantities and grades of minerals, permitting the project, dealings with various stakeholder groups, constructing the processing and ancillary facilities and starting commercial production. This process takes time, and many factors including commodity prices, political and economic conditions may change; affecting the viability of the project.

The Company is incorporated in British Columbia with its head office in White Rock, British Columbia, Canada.

Operations, property interests and activity

The Company's interests are mainly in China (Shandong); Canada (British Columbia); and USA (Arizona). Mineral prospects focus on gold, copper, silver, platinum, palladium, molybdenum, and iron as the major metals of interest. During the 2011 fiscal year, the Company experienced extreme difficulties in raising necessary finance to further develop its underground gold property with NI 43-101 indicated resources of approximately 172,000 ounces of gold in RGG and fulfill its capital contribution obligations in Ludi Goldrea Gold Inc. (LGG) to earn its interests. As a result, the Company conducted limited exploration activities in its Canadian properties, the Company also optioned out 60% interests of its Gold Chain and Gold Rush properties to Sandfield Resources Inc.

A summary of the status for each property is as follows:

Rushan Goldrea Gold, Shandong Province, China:

The Company has accumulated required data to prepare a geological report that meets the Chinese government standards required to apply for mining permits for Rushan Goldrea Gold (RGG), and to this end, completed over 50,115 metres (164,400 ft) of diamond drilling. The Company will commission Shandong No. 3 Mineral and Geological Exploration Institute (No. 3 Brigade) to complete the geological report. To overcome financing difficulties, the Company actively pursued Chinese local investors to jointly develop RGG. Two investors have expressed serious interests in acquiring interests into RGG, and will conduct site visits soon.

In 2010 fiscal year, the Company processed its first batch of mineral materials hoisted from the "Golden Rose Shaft" through Daye Gold Mine's ("Daye") mill, and produced 223 ounces of gold with a relative low milling recovery rate at 70%. Two bulk samples of Golden Rose mineralized rock and splits of the process samples have been brought back to North America to be used for metallurgical testing and the check assays. The test work has been completed and indicates that flotation recovery can be improved from 70% to around 90% by adding copper sulphate to the flotation reagents.

The underground operation of Golden Rose Shaft has five levels of lateral developments exploring and developing the mineralized zone. Total lateral development exceeds 7,122 metres, and over 682 metres of raises have been completed as of the report date, and another 39,043 tonnes (27,417 tonnes as at July 31, 2011) have been extracted and stockpiled on surface since last processing. These materials will be processed in Daye's mill when they reach 50,000 tonnes in order to achieve improved milling recovery rate.

In preparing the consolidated financial statements, the Company made an assessment on the impairment of inventory by comparing the carrying amount of $838,160 of inventory, consist of the costs of 27,417 tonnes of mineral materials, with its net realizable value based on expected recovery rate, grade and gold price. The assessment concluded that the net realizable value exceeded the carrying amount due to significant increase in gold price from the prior fiscal year. Therefore, there is no inventory write-down in this year (2010 – $90,084 write-down).

For more information, visit the Company's website at www.goldrea.com or www.sedar.com.

Rushan Ludi Goldrea Gold, Shandong Province, China:

The Company withdrew from pursuing further interests in LGG, and the termination of LGG released the Company from further capital contribution obligations to LGG, and it also resulted in a write-down of approximately $865,076 of the capitalized mineral costs under LGG.

Wigwam Property, Vancouver BC, Canada:

The Company acquired 100% interests in Wigwam Iron property in June, 2011 subject to 2% NSR, for a price of $20,000 in cash and the issuance of 400,000 of the Company's common shares, deemed at $22,000 based on closing price of the issuance date. The property is located at Wigwam Bay, eight kilometres southwest of the head of Seymour Inlet, British Columbia. In September 2011, the Company contracted a geologist to perform a property review and work out a future exploration plan.

The Eskay Creek/BX Property, Bob Quinn Lake, BC, Canada:

The Company abandoned the property in December 2010.

Molycor JV, White Rocks Mountain, BC, Canada:

The Company's focus on Goldrea/Molycor JV will entail work on the following contiguous mineral properties as follows (Crowrea/Empress located 15 kms south of the past producing Brenda Molybdenum/Copper Mine near Penticton, BC; Dobbin, Tadpole Lake, and Flap properties located 27 kms northeast of Kelowna, BC) :

i. The Crowrea/Empress Molybdenum Property:

The Company has not performed exploration work on the property in 2011 fiscal year except paid $1,610 property maintenance fees to keep the property in good standing and plans to conduct further exploration when financing conditions improve.

ii. Dobbin I Platinum/Palladium/Copper property:

The Company has not performed exploration work on the property in 2011 fiscal year, and has temporarily ceased exploration until market conditions improve.

iii. Tadpole Lake Molybdenum (Dobbin II) property:

The Company has not performed exploration work on the property in 2011 fiscal year, the company re-staked the property for $210 in 2010 fiscal year, but temporarily ceased exploration until market conditions improve.

iv. Flap Gold property:

The Company has completed a 2,000 metre reverse circulation drilling program during the 2010 fiscal year. The Company expects larger diameter reverse circulation drill holes may better define the distribution of gold in the system and may partially reduce the nugget effect, allowing the Company to better evaluate the gold bearing stockwork. Based on an analysis of the result, the Company has no plan to do any exploration in the next fiscal year.

Gold Chain and Gold Rush Claims, Mohave County, Arizona, U.S.A.:

In December 2010, the Company entered into an option agreement with Sandfield Resources Inc. where Sandfield will incur $500,000 of exploration expenditures on the Gold Chain and Gold Rush properties in the next three years, as well as pay the Company $60,000 in cash and issue 300,000 of Sandfield's common shares to earn a 60% interest in the properties. The arrangement releases the

Company of cash expenditures to be incurred in the US properties in the short term. The Company has received first payment of $20,000 in December, 2010. According to the option agreement, Sandfield will be responsible to maintain the mineral claims in good standing during the option period, and it has paid the annual BLM fees in August, 2011.

1.2 Selected annual information

	Year ended July 31, 2011	Year ended July 31, 2010	Year ended July 31, 2009
Net loss			
In total	$ 1,524,721	$ 2,321,904	$ 1,865,472
Per-share (basic and diluted)	0.03	0.04	0.03
Working capital	(927,033)	(1,102,917)	961,077
Total assets	12,534,382	13,517,357	14,917,515
Mineral property costs	10,429,214	11,826,925	11,691,717

1.3 Results of operations

During the year ended July 31, 2011, the Company has no revenue. It recorded a net loss of $1,524,721 or $0.03 per share, as compared to $2,321,904, or $0.04 per share in 2010.

In general, management kept operating under strict cost control. Total operating expenses reduced to $1,055,989 in 2011 from $1,464,983 in 2010, or 28% of decrease year over year. The Company managed to reduce expenses in almost all categories except filing fees. Consulting fees decreased to $196,898 (2010 – $289,149); office and administration expenses decreased to $431,876 (2010 – $464,411); travel expenses decreased to $8,874(2010 – $11,852); professional fees decreased to $106,075 (2010 – $133,470); shareholder communication expense decreased to $44,234 (2010 – $116,720; advertising expenses decreased to $75,977 (2010 – $87,345). Filing fees increased slightly to $29,596 (2010 – $26,648), while rental expenses remained almost unchanged at $16,756 (2010 – $16,670). Interest income decreased from $3,620 in 2010 to $791 in 2011.

In 2011, net mineral property expenditures decreased by $1,397,711 due to the termination of LGG that resulted from total write-down of $1,557,143, which includes adjustment to non-controlling interest and future income tax liabilities of $686,903 and $242,812 respectively, and the write-off of capitalized mineral costs of $627,428 in LGG. (see Schedule of Mineral Properties Costs for details).

Fourth quarter

For the quarter ended July 31, 2011, the Company incurred a loss of $142,514 or $0.005 per share as compared to a loss of $1,227,477 or $0.020 per share in the quarter ended July 31, 2010. Last year's high loss was a combined result of property write-downs of $563,406 in 2010 Q4, loss on the sale of gold of $386,060 recorded in Q4, and stock based compensation expense of $153,837 that vested in the quarter. The lower loss also reflected in the Company's difficult financial position.

The Company has no revenue except interest income of $366 in the quarter ended July 31, 2011, as a result of lower cash balances and interest rates.

Operating expenses (excluding stock-based compensation) decreased slightly from $271,619 in Q4 2010 to $269,085 in Q4 2011, due to the fact that the Company has cut almost all un-necessary expenses. Office and administration expenses decreased from $113,970 in Q4 2010 to $96,626 in Q4 2011; consulting expenses decreased from $75,440 in Q4 2010 to $67,075 in Q4 2011; advertising expenses decreased from $21,211 in Q4 2010 to $12,901 in Q4 2011, shareholder communication expenses decreased from $30,231 in Q4 2010 to $17,386 in Q4 2011, professional fees increased from $15,124 in Q4 2010 to $50,201 in Q4 2011, mainly due to an adjustment of $23,074 legal fees in relation to last year's China Finance investment deal. The direct costs incurred to the investment deal were originally net out from China Finance's deposit before Q4, however, an audit adjustment is made in Q4 to increase both gains on debt settlement for those direct expenses that were reimbursed from China Finance and the relevant expenses in their corresponding categories.

1.4 Summary of quarterly results

	Quarter ended Jul. 31, 2011	Quarter ended Apr. 30, 2011	Quarter ended Jan. 31, 2011	Quarter ended Oct. 31, 2010
Net loss	$142,514	$ 829,292**	$312,293	$240,622
Loss per-share (basic and diluted)	0.005	0.015	0.005	0.005
	Quarter ended Jul. 31, 2010	Quarter ended Apr. 30, 2010	Quarter ended Jan. 31, 2010	Quarter ended Oct. 31, 2009
Net loss	$1,227,477*	$414,187	$303,815	$376,425
Loss per-share (basic and diluted)	0.020	0.010	0.005	0.005

*Note: the Company exhibits higher losses in the quarter ended July 31, 2010 due to mineral property impairment of $563,406 and loss from sales of $386,060.
**Note: the Company ceased participation in LGG, this resulted in a write-down of mineral properties of approximately $865,076 in 2011 Q3. (see consolidated financial statements for details).

1.5 Liquidity and solvency

The Company has no revenue in 2011. Cash flow from operations for the year ended July 31, 2011 was a net cash outflow of $892,318, compared to $711,712 in 2010 fiscal year. This is mainly because of the increase of $589,403 of inventory to be processed.

The Company did three private placements in 2011 and raised a total of $792,715 in cash; it also issued 400,000 shares deemed at $22,000 for mineral property acquisition. The Company incurred total costs of $37,828 in relation to these private placements. Financing activities provided net cash flow of $776,889

Cash expenditures for investing activities include sale of $81,655 marketable securities, $49,485 spent on mineral exploration and acquisition and $126 of interest accumulated on mineral reclamation bond, total investing activities generated net cash inflow of $32,044. (See Consolidated Statement of Cash Flows for details).

As at July 31, 2011, the Company had cash of $121,125 (of which, $9,333/Rmb62,974 was held in its Chinese subsidiaries) and current assets of $1,195,681.

The 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 working capital deficiency of $927,033. The ability of the Company to continue as a going concern depends upon its ability to raise adequate financing to pursue its business objectives and develop profitable operations. 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. 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 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. The Company is working with a Chinese fund manager for a private placement to raise up to $ 5 million. (See proposed transactions for details)

1.6 Capital resources

At the end of 2011 fiscal year, the Company has 7,440,000 outstanding options with exercise prices between $0.14 and $0.50 per share; it also has 9,046,000 outstanding share purchase warrants with exercise prices between $0.10 and $0.16 per share. The Company's common share is trading at about $0.04 per share; therefore, it is unlikely that these stock options and warrants will be exercised.

1.7 Off-balance sheet arrangements

As of the report date, the Company has no material off-balance sheet arrangements.

1.8 Transactions with related parties

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), 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 (to) 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

During the year ended July 31, 2011:

(i). 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;

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

(iii). office building use and technical support service fees of Rmb 144,000 (CAD$21,686) (2010 - Rmb 144,000 (CAD$24,768)) 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.

1.9 Proposed transactions

The Company is in negotiation with a Chinese fund manager who is interested in investing up to $5 million Canadian dollars through private placement and take a control position in the Company, details are still under negotiation and the proposal will be presented for shareholders' approval during the upcoming annual general meeting scheduled on January 18, 2012. It is management's opinion that it is beneficial to the shareholders to develop the Company's Gold property with a strong local Chinese financial partner, and will propose shareholder to approve the financing plan.

1.10 Changes in accounting policies including initial adoption

Accounting standards issued for adoption in future periods:

The Company will start to adopt International Financial Reporting Standards from August 1, 2011.

Details have been disclosed in the notes to the consolidated financial statements for the fiscal year ended July 31, 2011.

1.11 Commitments and contingencies

1. As of July 31, 2011, the Company has contributed $5,012,700 to Rushan Goldrea Gold Corp. (RGG), and earned the 90% interest according to the joint venture contract. RGG has over Rmb 16,177,327 (equivalent of $2,411,579) outstanding payable as of July 31, 2011, while its cash balance is only Rmb 12,623 (equivalent of $1,871). Although the Company's liability is limited to its share contribution to RGG, it is management's intention to keep RGG in good standing by settling RGG's outstanding payables to facilitate the Company's efforts to realize RGG's estimated resource value.

2. Rushan Ludi Goldrea Gold Inc. (LGG) obtained its business license on August 21, 2008. The Company has contributed a total of $1,221,160 as of July 31, 2011. The Company terminated its interests in LGG and has released from further capital contribution obligation of Rmb 7,225,544 (equivalent of $1,070,826) as well as a maximum of $95,200 finders' fees payable in relation to the deal. (See consolidated financial statement Note 1 and Note 9(c)(ii) for details).

1.12 Risks and uncertainties

The exploration for and development of mineral deposits are highly speculative activities and are subject to significant risks. The Company's ability to realize on its investments in exploration projects is dependent upon a number of factors; including management's ability to continue to raise the financing necessary to complete the exploration and development of those projects and the existence of economically-recoverable reserves within the projects.

At the present time the Company does not hold any interest in a mining property in commercial production. The Company has incurred net losses since inception, and has limited financial resources and no positive mineral operating cash flow. No assurance can be given that additional funding will be available for further exploration and development of the Company's projects or to fulfill the Company's obligations under any applicable agreements. Other uncertainties include currency and metal price fluctuations, permits and licences, environmental regulatory requirement changes, mineralization estimates, and political risks.

Fluctuating prices

Factors beyond the control of the Company may affect the marketability of gold, molybdenum, or any other metals or minerals discovered. Commodity prices fluctuate widely and are affected by numerous factors beyond the Company's control whose effect cannot accurately be predicted.

Permits and licences

The operations of the Company will require licences and permits from various governmental authorities, which have been applied for and/or will be applied for at the proper time. There can, however, be no assurance that the Company will be able to obtain all necessary licences and permits required to carry out exploration, development and mining operations of its projects.

Environmental regulation

The operations of the Company are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions or various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards, and enforcement, fines and penalties for non-compliance are becoming more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and their directors, officers and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of future operations.

Estimates of mineral resources may not be realized

The mineral resource estimates published from time to time by the Company with respect to its properties are estimates only and no assurance can be given that any particular level of recovery of minerals will in fact be realized or that an identified resource will ever qualify as a commercially mineable (or viable) deposit which can be legally and economically exploited. In addition, the grade of mineralization ultimately mined may differ from that indicated by drilling results and such differences could be material. Production can be affected by such factors as permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations, inaccurate or incorrect geologic, metallurgical or engineering work, and work interruptions, among other things. Short-term factors, such as the need for orderly development of deposits or the processing of new or different grades, may have an adverse effect on mining operations or the results of operations. There can be no assurance that minerals recovered in small-scale laboratory tests will be duplicated in large-scale tests under on-site conditions or in production scale operations. Material changes in resources, grades, stripping ratios or recovery rates may affect the economic viability of projects. The estimated resources described herein should not be interpreted as assurances of mine life or of the profitability of future operations. The Company has engaged expert independent technical consultants to advise it with respect to mineral resources and project engineering, among other things. The Company believes that those experts are competent and that they have carried out their work in accordance with all internationally recognized industry standards. However, if the work conducted by those experts is ultimately found to be incorrect or inadequate in any material respect, the Company may experience delays and increased costs in developing its properties.

Dependence on key personnel

The Company is dependent on the services of its senior management, including Larry Reaugh, its President and Chief Executive Officer, and a small number of other skilled and experienced employees and consultants. The loss of any such individuals could have a material adverse effect on the Company's operations.

The following are the risks related to the Company's financial instruments:

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 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 HST refund of $44,766 and $11,022 in other receivables which are not considered past due.

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. 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 $2,122,714 (2010 - $1,668,906). The Company has eliminated $1,097,560 of capital contributions obligations due to the termination of LGG. Accounts payable and accrued liabilities are due within the current operating period. See note 1 of the consolidated financial statements, Nature of operations, 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 metal. The value of exploration stage gold and molybdenum properties is also dependent on the price of gold and molybdenum and the outlook for these metals.

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 towards production.

The Company has not entered into any hedging or commodity based risk 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.

Based on the net currency rate exposures as of July 31, 2011, and assuming that all the other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against Chinese Rmb would result in an increase/decrease of approximately $181,865 liabilities; a 10% depreciation or appreciation of the Canadian dollar against US dollar would result in an increase/decrease of approximately $1,614 cash balance.

(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 consolidated financial statements.

1.13 Disclosure controls and procedure and internal control over financial reporting

In connection with Exemption Orders issued in November 2007 and revised in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the annual audited consolidated financial statements and respective accompanying Management Discussion and Analysis.

In contrast to the certificates under NI 52-109 (Certification of disclosure in an Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting as defined in NI 52-109.

1.14 International Financial Reporting Standards (IFRS) preparation plan

The Company has assessed the key areas for which accounting policies may be impacted by the transition to IFRS. The Company is in progress to detail evaluation of potential changes required to accounting policies, information systems and business processes, including the application of IFRS 1 First Time Adoption of International Financial Reporting Standards. It is estimated that no significant investment will be required for computer system conversion as the Company is still in an exploration stage.

The following summarizes the key areas that may impact the Company's financial statements under IFRS:

Key Area	Canadian GAAP (as currently applied)	IFRS	Analysis and preliminary conclusions
Property, plant and equipment (PP&E")	PP&E is recorded at historical cost. Depreciation is based on their useful lives after due estimation of their residual values.	PP&E can be recorded using the cost (on transition to IFRS, the then fair value can be deemed to be the cost) or revaluation models. Depreciation must be based on the useful lives of each significant component within PP&E.	The Company has a small amount of office equipment and computers, will use fair value at IFRS conversion as opening balance, and depreciate them based on their remainding useful lives, the impact is immaterial.
Mineral properties	Exploration, evaluation and development costs are capitalized when incurred. They are amortized on the basis of production or written off when the prospect is no longer deemed prospective or is abandoned.	IFRS has limited guidance with respect to these costs and currently allows exploration and evaluation costs to be either capitalized or expensed.	The existing accounting policy is likely to be maintained.
Asset retirement obligations ("ARO")	Canadian GAAP limits the definition of ARO to legal obligations. ARO is calculated using a current credit-adjusted, risk-free	IFRS defines ARO as legal or constructive obligations. ARO is calculated using a current pre-tax discount rate (which reflects current	The broadening of this definition is unlikely to cause a significant change in the Company's current estimates. The Company is in the final stages of quantifying the

	rate for upward adjustments, and the original credit-adjusted, risk-free rate for downward revisions. The original liability is not adjusted for changes in current discount rates.	market assessment of the time value of money and the risk specific to the liability) and is revised every reporting period to reflect changes in assumptions or discount rates. IFRS requires that, on transition, the net book value of the asset related to ARO be adjusted on the basis of the ARO balance existing at inception.	impact of this change on the ARO provision. The Company expects to rely on the IFRS 1 exemption which allows a company to use current estimates of future reclamation costs and current amortization rates to determine the net book value on transition to IFRS.
Impairment of long lived assets	Impairment tests of its long- term assets are considered annually based on indications of impairment. Impairment tests are generally done on the basis of undiscounted future cash flows. Write-downs to net realizable values under an impairment test are permanent changes in the carrying value of assets.	Impairment tests of “cash generating units” are considered annually in the presence of indications of impairment. Impairment tests are generally carried out using the discounted future cash flows. Write downs to net realizable values under an impairment test can be reversed if the conditions of impairment cease to exist.	Assets will continue to be grouped under the Company’s various mining operations. Impairment tests using discounted values could generate a greater likelihood of write downs in the future. Potential significant volatility in earnings could arise as a result of the difference in the treatment of write-downs.
Stock-based compensation	Stock-based compensation is determined using fair value models (e.g. Black-Scholes) for equity-settled awards and the intrinsic model for cash-settled awards. The Company recognizes stock-based compensation on straight line method and updates the value of the options for forfeitures as they occur.	Stock-based compensation is determined using fair value models for all awards. However, upon settlement, cash-settled awards are adjusted to the value actually realized (intrinsic model). Under IFRS, stock-based compensation is amortized under the graded method only. In addition, the Company is required to update its value of options for each reporting period for expected forfeitures.	The utilization of fair value models for cash-settled awards will change the estimate of the related liability while the awards remain outstanding and create greater volatility in earnings until the awards are settled. The Company uses Stockvantage software to calculate and manage Stock Compensation expenses. The Company will partner with Stockvantage to add IFRS module The Company expects to record an IFRS income statement and balance sheet adjustment at 1 August.
Income taxes	There is no exemption from recognizing a deferred income tax for the initial recognition of an asset or liability in a	A deferred income tax is not recognized if it arises from the initial recognition of an asset or liability in a transaction that is not a	The Company does not expect the difference in recognition of deferred income tax to have any significant change in the future. “Probable” in this context is not

	transaction that is not a business combination. The carrying amount of the asset or liability acquired is adjusted for the amount of the deferred income tax recognized. All deferred income tax assets are recognized to the extent that it is "more likely than not" that the deferred income tax assets will be realized.	business combination, and at the time of the transaction affects neither accounting profit nor taxable profit. A deferred tax asset is recognized if it is "probable" that it will be realized.	defined and does not necessarily mean "more likely than not". The Company is in the early stages of quantifying the impact of this difference.

1.15 **Outstanding share data**

As of the report date, the Company has 70,279,252 common shares outstanding, as well as options to purchase an aggregate of 7,440,000 common shares expiring at various dates between January 12, 2012 and February 24, 2015 exercisable at various prices between $0.14 and $0.50 per share. The Company also has outstanding share purchase warrants of 9,046,000 units expiring at various dates between November 5, 2012 and March 25, 2013 exercisable at various prices between $0.10 and $0.16 per share. On a fully diluted basis, therefore, the Company has 86,765,252 common shares outstanding. (Pease refer to Note 10 of the Consolidated Financial Statements for details)