GULFSIDE MINERALS LTD.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 2011

Gulfside Minerals

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November 29, 2011

To the Shareholders of
Gulfside Minerals Ltd.

The attached unaudited interim financial statements have been prepared by and are the responsibility of the Company's management without review by the auditors of Gulfside Minerals Ltd.

Yours truly,

GULFSIDE MINERALS LTD.

"Robert L. Card"

Robert L. Card
President

GULFSIDE MINERALS LTD.
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Unaudited – Expressed in Canadian Dollars)

	September 30, 2011	December 31, 2010	January 1, 2010
ASSETS			
Current			
Cash	$ 787,000	$ 133,335	$ 214,177
Receivables	25,610	7,068	5,925
	812,610	140,403	220,042
Equipment (Note 5)	1,722	2,022	1,849
Exploration and evaluation advances	87,990	-	22,848
Exploration and evaluation assets (Note 6)	138,997	-	4,722,863
	$ 1,041,319	$ 142,425	$ 4,967,602
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)			
Current			
Accounts payable and accrued liabilities	$ 168,656	$ 282,832	$ 275,190
Note payable (Note 8)	74,595	74,595	77,425
	243,251	357,427	352,615
Shareholders' equity (deficiency)			
Share capital (Note 10)	18,116,015	16,769,445	16,769,445
Share compensation reserve (Note 10)	2,602,443	2,433,478	2,433,478
Deficit	(19,920,390)	(19,417,925)	(14,587,936)
	798,068	(215,002)	4,614,987
	$ 1,041,319	$ 142,425	$ 4,697,602

Nature of operations and going concern (Note 1)
Subsequent events (Note 16)

On behalf of the Board:

"Robert Card" Director   *"John Jenks"* Director

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

GULFSIDE MINERALS LTD.
INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited – Expressed in Canadian Dollars)

	9 – Month ended Sept. 30, 2011	9 – Month ended Sept. 30, 2010	3 – Month ended Sept. 30, 2011	3 – Month ended Sept. 30, 2010
EXPENSES				
Administration fees	$ 33,000	$ 72,000	$ 15,000	$ 27,000
Depreciation	300	279	100	93
Consulting fees	80,025	105,669	37,300	24,000
Insurance	12,000	-	12,000	-
Interest	5,595	6,601	1,865	4,468
Investor relations	22,000	46,000	-	15,000
Office	4,912	9,020	57	1,075
Printing and shareholder communication	14,282	16,288	7,299	220
Professional fees	102,336	73,231	68,857	26,332
Rent	6,867	4,735	3,415	420
Regulatory fees	31,018	10,299	12,789	1,327
Stock-based compensation (Note 10)	168,965	-	-	-
Travel	7,962	16,782	2,625	4,443
Loss before other items	(489,262)	(369,904)	(161,307)	(104,378)
OTHER ITEMS				
Property expenditures	(13,203)	-	(10,637)	-
Litigation costs (Note 11)	-	(5,094)	-	-
	(502,465)	(374,998)	(171,944)	(104,378)
Loss and comprehensive loss for the period	(502,465)	(374,998)	(171,944)	(104,378)
Basic and diluted loss per common share	$ (0.01)	$ (0.01)	$ (0.00)	$ (0.00)
Basic and diluted weighted average number of common shares	44,528,766	39,081,367	47,751,802	39,081,367

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

GULFSIDE MINERALS LTD.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited – Expressed in Canadian Dollars)

	9 – Month ended Sept. 30, 2011	9 – Month ended Sept. 30, 2010	3 – Month ended Sept. 30, 2011	3 – Month ended Sept. 30, 2010
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the year	$ (502,465)	$ (374,998)	$ (171,944)	$ (104,378)
Items not affecting cash:				
Depreciation	300	279	100	93
Stock-based compensation	168,965	-	-	-
Changes in non-cash working capital items:				
Decrease (increase) in receivables	(18,542)	(1,770)	(10,791)	(3,268)
Decrease in prepaid expenses	-	-	-	6,156
Increase (decrease) in accounts payable and accrued liabilities	(114,176)	257,554	(22,149)	111,516
Net cash used in operating activities	(465,918)	(118,935)	(204,784)	10,119
CASH FLOWS FROM FINANCING ACTIVITIES				
Shares issued for cash, net of issuance costs	1,318,070	-	555,750	-
Subscriptions received in advance	-	-	-	-
Note payable	-	6,558	-	4,425
Net cash provided by financing activities	1,318,070	6,558	555,750	4,425
CASH FLOWS FROM INVESTING ACTIVITIES				
Fixed assets	-	(704)	-	-
Exploration and evaluation	(110,497)	(122,334)	(92,032)	(58,616)
Exploration and evaluation advances	(87,990)	22,848	(22,990)	22,226
Net cash used in investing activities	(198,487)	(100,190)	(115,022)	(36,390)
Change in cash during the period	653,665	(212,567)	235,944	(21,846)
Cash , beginning of period	133,335	214,117	551,056	23,396
Cash , end of period	$ 787,000	$ 1,550	$ 787,000	$ 1,550
Cash paid during the period for:				
Income taxes	$ -	$ -	$ -	$ -
Income taxes	-	-	-	-

Supplemental disclosure with respect to cash flows (Note 12)

GULFSIDE MINERALS LTD.
INTERIM CONSOLIDATED STATEMENTS OF EQUITY
(Unaudited – Expressed in Canadian Dollars)
For the nine months ended September 30, 2011 and 2010

	Common Shares				
	Number of Shares	Amount	Share compensation reserves	Accumulated Deficit	Total
		$	$	$	$
Balances as at January 1, 2010	39,081,369	16,769,445	2,433,478	(14,587,936)	4,614,987
Net loss and comprehensive loss	-	-	-	(374,998)	(374,998)
Balances as at September 30, 2010	39,081,369	16,769,445	2,433,478	(14,962,934)	4,239,989
Balances as at December 31, 2010	39,081,369	16,769,445	2,433,478	(19,417,925)	(215,002)
Shares issued for:					
Cash	20,240,000	1,318,070	-	-	1,318,070
For mineral properties	300,000	28,500	-	-	28,500
Grant of stock options	-	-	168,965	-	168,965
Exercise of warrants and stock options	-	-	-	-	-
Net loss and comprehensive loss	-	-	-	(502,465)	(502,465)
Balances as at September 30, 2011	59,621,369	18,116,015	2,602,443	(19,920,390)	798,068

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Gulfside Minerals Ltd. (the "Company") was incorporated on October 14, 1987 under the laws of British Columbia. The Company's registered and records office address is 1500 – 1055 West Georgia Street, Vancouver, BC, V6C 2B3. The Company is listed on the TSX Venture exchange under the symbol GMG. The consolidated interim financial statements ("Interim Financial Statements") are comprised of the Company and its subsidiaries (Note 2). To date, the Company has not earned operating revenue.

The Company is in the process of acquiring its exploration and evaluation assets and has not yet determined whether the properties contain reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets and related deferred exploration costs are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

These Interim Financial Statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and thus be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these Interim Financial Statements.

As at September 30, 2011, the Company has working capital (deficiency) of $569,359 (December 31, 2010 – ($217,024); January 1, 2010 – ($132,573)) and intends to raise funds through share issuances and support from creditors and related parties. If such funds are not available, the Company may cease operations.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance:

These Interim Financial Statements are unaudited and have been prepared in accordance with IAS 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These are the Company's first IFRS Interim Financial Statements for part of the period covered by the Company's first IFRS consolidated annual financial statements for the year ending December 31, 2010. Previously, the Company prepared its consolidated annual and consolidated interim financial statements in accordance with pre-changeover Canadian Generally Accepted Accounting Principles ("Pre-changeover GAAP").

The Interim Financial Statements were authorized by the audit committee and board of directors of the Company on June 20, 2011.

Basis of presentation

The Interim Financial Statements have been prepared on the historical cost basis except for certain non-current assets and financial instruments, which are measured at fair value, as explained in the accounting policies set out in Note 2. In addition, these Interim Financial Statements have been prepared using the accrual basis of accounting, except for cash flow information. The comparative figures presented in these Interim Financial Statements are in accordance with IFRS and have not been audited.

The preparation of interim financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. These Interim Financial Statements do not include all of the information required for full annual financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Basis of presentation (cont'd…)

The preparation of these Interim Financial Statements resulted in changes to the accounting policies as compared with the most recent annual financial statements prepared under Pre-changeover GAAP. The accounting policies set out below have been applied consistently to all periods presented in these Interim Financial Statements. They also have been applied in preparing an opening IFRS balance sheet at January 1, 2010 for the purposes of the transition to IFRS, as required by IFRS 1, First Time Adoption of International Financial Reporting Standards ("IFRS 1"). The impact of the transition from Pre-changeover GAAP to IFRS is explained in Note 3.

Basis of consolidation

These Interim Financial Statements include the accounts of the Company and its wholly-owned subsidiaries, CTLT LLC and BLBS LLC both incorporated under the laws of Mongolia. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All inter-company balances have been eliminated upon consolidation.

Foreign currency transactions

The Company's reporting currency and the functional currency of all of its operations is the Canadian dollar as this is the principal currency of the economic environment in which they operate.

Transactions in foreign currencies are translated at the exchange rate in effect at the date of the transaction. Foreign denominated monetary assets and liabilities are translated to their Canadian dollar equivalents using foreign exchange rates prevailing at the statement of financial position date. Exchange gains or losses arising on foreign currency translation are reflected in profit or loss for the period.

Equipment

Equipment is stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is recorded over the estimated useful lives of the assets on the declining balance basis at a rate of 30%.

An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

Where an item of equipment is composed of major components with different useful lives, the components are accounted for as separate items of equipment. Expenditures incurred to replace a component of an item of equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Exploration and evaluation assets

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

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

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

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

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

Provisions

Rehabilitation provisions

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a liability for rehabilitation obligation is recognized at its fair value in the period in which it is incurred if a reasonable estimate of cost can be made. The Company records the present value of estimated future cash flows associated with reclamation as a liability when the liability is incurred and increases the carrying value of the related assets for that amount. Subsequently, these capitalized asset retirement costs are amortized over the life of the related assets. At the end of each period, the liability is increased to reflect the passage of time (accretion expense) and changes in the estimated future cash flows underlying any initial estimates (additional rehabilitation costs).

The Company recognizes its environmental liability on a site-by-site basis when it can be reliably estimated. Environmental expenditures related to existing conditions resulting from past or current operations and from which no current or future benefit is discernible are charged to profit or loss.

The Company had no rehabilitation obligations as at September 30, 2011.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Other provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

The Company had no other provisions as at September 30, 2011.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Significant accounting estimates and judgments

The preparation of these interim consolidated financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statement of financial position and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

Significant accounts that require estimates as the basis for determining the stated amounts include the fair value of financial instruments, deferred income taxes, evaluating the fair value of exploration and evaluation assets, useful lives of equipment, and stock-based compensation.

Stock-based compensation

The stock option plan allows Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as a stock-based compensation expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. Consideration paid on the exercise of stock options is credited to capital stock and the fair value of the options is reclassified from share compensation reserve to share capital.

The fair value is measured at grant date and each tranche is recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each reporting date, the amount recognized as an expense is adjusted to reflect the number of stock options that are expected to vest.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Income taxes

Current tax is the expected tax payable or receivable on the local taxable income or loss for the year, using local tax rates enacted or substantively enacted at the financial position reporting date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred income taxes are recorded using the balance sheet liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the financial position reporting date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit or loss. The Company's cash is classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. The Company's receivables are classified as loans and receivables. Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that are considered other than temporary which are recognized in profit or loss. At January 1, 2010, the Company has not classified any financial assets as available for sale.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities. At January 1, 2010, the Company has not classified any financial liabilities as FVTPL.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable and accrued liabilities and note payable are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value recognized in profit or loss unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in profit or loss.

Impairment

At the end of each reporting period the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate and its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

New standards, amendments and interpretations not yet effective

Certain new standards, interpretations and amendments to existing standards have been issued by the International Accounting Standards Board (IASB) or International Financial Reporting Interpretations Committee (IFRIC) that are mandatory for accounting periods beginning after January 1, 2010, or later periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

Accounting standards effective January 1, 2012
Financial instruments disclosure
In October 2010, the IASB issued amendments to IFRS 7 – *Financial Instruments: Disclosures* that improve the disclosure requirements in relation to transferred financial assets. The amendments are effective for annual periods beginning on or after July 1, 2011, with earlier adoption permitted. The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.

Income taxes
In December 2010, the IASB issued an amendment to IAS 12 – *Income taxes* that provide a practical solution to determining the recovery of investment properties as it relates to the accounting for deferred income taxes. This amendment is effective for annual periods beginning on or after July 1, 2011, with earlier adoption permitted. The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.

Accounting standards anticipated to be effective January 1, 2013

Joint ventures
The IASB issued IFRS 11 – Joint Arrangements on May 12, 2011. IFRS 11 eliminates the Company's choice to proportionately consolidate jointly controlled entities and required such entities to be accounted for using the equity method and proposes to establish a principles-based approach to the accounting for joint arrangements which focuses on the nature, extent and financial effects of the activities that an entity carries out through joint arrangements and its contractual rights and obligations to assets and liabilities, respectively, of the joint arrangements. The Company is currently evaluating the impact that IFRS 11 is expected to have on its consolidated financial statements.

Consolidation
On September 29, 2010, the IASB posted a staff draft of a forthcoming IFRS on consolidation. The staff draft reflects tentative decisions made to date by the IASB with respect to the IASB's project to replace current standards on consolidation, IAS 27 - Consolidated and Separate Financial Statements and SIC-12, with a single standard on consolidation. The IASB plans on publishing the final standard on consolidation during the first half of 2011, with an anticipated effective date of January 1, 2013. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

Financial instruments
IFRS 9, Financial Instruments: Classification and Measurement, effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments. Management anticipates that this standard will be adopted in the Company's financial statements for the period beginning January 1, 2013, and has not yet considered the potential impact of the adoption of IFRS 9.

Fair-value measurement
IFRS 13, Fair Value Measurement: effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, sets out in a single IFRS a framework for measuring fair value and new required disclosures about fair value measurements. Management anticipates that this standard will be adopted in the Company's financial statements for the period beginning January 1, 2013, and has not yet considered the potential impact of the adoption of IFRS 13.

3. TRANSITION TO IFRS

As stated in Note 2, these Interim Financial Statements are for the period covered by the Company's first annual consolidated financial statements prepared in accordance with IFRS.

The accounting policies in Note 2 have been applied in preparing the Interim Financial Statements for the period ended June 30, 2011, and the opening IFRS statement of financial position on January 1, 2010, the "Transition Date" and December 31, 2010.

In preparing the Interim Financial Statements, the Company has adjusted amounts reported previously in financial statements that were prepared in accordance with Pre-changeover GAAP. An explanation of how the transition from Pre-changeover GAAP to IFRS has affected the Company's financial position is set out in the following tables for the opening statement of financial position at the Transition Date, the statement of financial position as at December 31, 2010, and the statement of comprehensive loss for the three month period ended March 31, 2010.

The guidance for the first time adoption of IFRS is set out in IFRS 1 which provides for certain mandatory exceptions and optional exemptions for first time adopters of IFRS. The Company elected to take the following IFRS 1 optional exemptions:

- to apply the requirements of IFRS 2, Share-based payments, only to equity instruments granted after November 7, 2002 which had not vested as of the Transition Date;
- to apply the requirements of IAS 37, Provisions, Contingent Liabilities and Contingent Assets, as at the Transition Date. The Company re-measured all provisions, and estimated the amount to be included in the cost of the related asset by discounting the liability to the date at which the liability first arose. This was done using best estimates of the historical risk-adjusted discount rates, and recalculated the accumulated depreciation, depletion, and amortization under IFRS up to the Transition Date; and
- to apply the requirements of IAS 23, Borrowing Costs, as of the Transition Date.

The Company has determined that no adjustments from the transition from Canadian GAAP to IFRS were required.

4. ACCOUNTS RECEIVABLE

	September 30, 2011	December 31, 2010	January 1, 2010
HST receivable	$ 17,610	$ 7,068	$ 5,925
Other receivables	8,000	-	-
	$ 25,610	$ 7,068	$ 5,925

The Company does not have any significant balances that are past due. All accounts receivable are current, and the Company does not have any allowance for doubtful accounts. Due to their short-term maturities, the fair value of accounts receivable approximates their carrying value.

5. EQUIPMENT

The equipment account is broken down as follows:

Office equipment	Cost	Depreciation	Net Book Value
As at January 1, 2010	$ 3,210	$ 1,361	$ 1,849
Additions	705	532	173
Disposals	-	-	-
As at December 31, 2010	3,915	1,893	2,022
Additions	-	300	200
Disposals	-	-	-
As at September 30, 2011	$ 3,915	$ 2,133	$ 1,722

6. EXPLORATION AND EVALUATION ASSETS

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets. The Company has investigated title to all of its exploration and evaluation assets and, to the best of its knowledge, title to all of its properties are in good standing.

2011	Northern Treasure B.C. Canada	Bryer B.C. Canada	Golden Fleece B.C. Canada	Argonaut B.C. Canada	Pacific Rim Alaska USA	Rannie Lake Nfld Canada	Roberts Lake Quebec Canada	Total
Acquisition costs								
Balance, December 31, 2010	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Additions during the period								
Cash payments	10,000	5,000	2,500	2,500	25,000	25,000	25,000	95,000
Shares	18,000	10,500	-	-	-	-	-	28,500
	28,000	15,500	2,500	2,500	25,000	25,000	25,000	123,500
Total acquisition costs	28,000	15,500	2,500	2,500	25,000	25,000	25,000	123,500
Exploration costs								
Balance, December 31, 2010	-	-	-	-	-	-	-	-
Additions during the year								
Geophysical	1,513	-	1,952	-	-	-	-	3,465
Field	12,032	-	-	-	-	-	-	12,032
Total exploration costs	13,545	-	1,952	-	-	-	-	15,497
Balance, September 30, 2011	$ 41,545	$ 15,500	$ 4,452	$ 2,500	$ 25,000	$ 25,000	$ 25,000	$ 138,997

6. EXPLORATION AND EVALUATION ASSETS (cont'd…)

2010	Onjuul Mongolia	Black Hole Mongolia	Buleen Hundii Mongolia	Brown Valley Mongolia	Total
Acquisition costs					
Balance, December 31, 2009	$ 2,716,780	$ 1,261,558	$ -	$ -	$ 3,978,338
Additions during the period					
Cash payments	-	-	10,092	10,092	20,184
Other	312	1,862	990	923	4,087
	312	1,862	11,082	11,015	24,271
Total acquisition costs	2,717,092	1,263,420	11,082	11,015	4,002,609
Exploration costs					
Balance, December 31, 2009	102,670	641,855	-	-	744,525
Additions during the year					
Field supervision and report preparation	5,493	23,269	-	-	28,762
Field work	21,257	99,187	-	-	120,444
	26,750	122,456	-	-	149,206
Total exploration costs	129,420	764,311	-	-	893,731
Written off during the year	(2,846,512)	(2,027,731)	(11,082)	(11,015)	(4,896,340)
Balance, December 31, 2010	$ -	$ -	$ -	$ -	$ -

Northern Treasure – British Columbia

During fiscal 2011 the Company entered into an option agreement to acquire 100% of certain claims located in the Atlin Mining Division in British Columbia, Canada. In order to acquire the interest in the project, the Company must complete the following:

Cash payments aggregating $30,000 payable as follows;

- $10,000 (paid) on execution of the agreement
- $10,000 payable on January 12, 2012
- $10,000 payable on January 12, 2013

To incur $225,000 in exploration expenditures on the property as follows;

- $50,000 within the first year of the agreement
- $75,000 within the second year of the agreement
- $100,000 within the third year of the agreement

6. EXPLORATION AND EVALUATION ASSETS (cont'd…)

To issuance of 800,000 common shares of the Company as follows;
- 200,000 (issued) upon TSX Venture Exchange approval
- 200,000 upon the completion of the minimum work commitments(3 years)
- 400,000 upon the property being put into commercial production.

The vendor retains a 1% net smelter return royalty ("NSR") which the company may purchase for $1,000,000.

Bryer Group – British Columbia

During fiscal 2011 the Company entered into an option agreement to acquire 100% of certain claims located in the Atlin Mining Division in British Columbia, Canada. In order to acquire the interest in the project, the Company must complete the following:

Cash payments aggregating $15,000 payable as follows;
- $5,000 (paid) on execution of the agreement
- $10,000 payable on March 12, 2012,

To incur $225,000 in exploration expenditures on the property as follows;
- $50,000 within the first year of the agreement
- $75,000 within the second year of the agreement
- $100,000 within the third year of the agreement,

To issuance of 700,000 common shares of the Company as follows;
- 100,000 (issued) upon TSX Venture Exchange approval
- 200,000 upon the completion of the minimum work commitments(3 years)
- 400,000 upon the property being put into commercial production.

The vendor retains a 1% NSR.

Argonaut - British Columbia

During fiscal 2011the Company entered into an agreement to acquire 100% of certain claims located in the Atlin Mining Division of British Columbia. In order to acquire the interest in the project, the Company is required to make cash payment of $2,500.

The vendor retains a 1% NSR.

Golden Fleece - British Columbia

During fiscal 2011the Company entered into an agreement to acquire 100% of certain claims located in the Atlin Mining Division of British Columbia. In order to acquire the interest in the project, the Company is required to make cash payment of $2,500.

The vendor retains a 1% NSR.

Port Snettisham – Alaska USA

During the period the Company entered into an option agreement to acquire 100% of certain claims located in the State of Alaska, USA. In order to acquire the interest in the project, the Company must complete the following:

6. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Cash payments aggregating $120,000 payable as follows;

- $25,000 (paid) in trust on execution of the agreement
- $95,000 (paid Note 16) payable within seven days of TSX approval

Exploration expenditures aggregating $3,300,000 and additional cash payments aggregating $3,650,000 in order to maintain the option and earn an interest in the property as follows;

Year of term and expenditure date	Minimum property expenditures (CDN$)	Cash payments (CDN$)	Total deemed interest earned
Year 1 – on or before October 31, 2012	$100,000	$-	0%
Year 2 – on or before October 31, 2013	200,000	-	0
Year 3 – on or before October 31, 2014	1,000,000	150,000	51
On or before October 31, 2016	-	500,000	51
On or before October 31, 2018	2,000,000	-	75
On or before October 31, 2018	-	3,000,000	100

The vendor retains a 2.5% NSR and at any time prior to the earlier of October 31, 2018 and on the first anniversary date upon which commercial production commences on the property, the Company may elect to reduce the Royalty to 1.5% by paying the sum of $1,500,000.

Rannie Lake – Newfoundland

During fiscal 2011 the Company entered into an option agreement to acquire 100% of certain claims located in the Province of Newfoundland, Canada. In order to acquire the interest in the project, the Company must complete the following:

Cash payments aggregating $115,000 payable as follows;

- $25,000 (paid) in trust on execution of the agreement
- $90,000 (paid Note 16) payable within seven days of TSX approval

Exploration expenditures aggregating $2,700,000 and additional cash payments aggregating $3,400,000 in order to maintain the option and earn an interest in the property as follows;

Year of term and expenditure date	Minimum property expenditures (CDN$)	Cash payments (CDN$)	Total deemed interest earned
Year 1 – on or before October 31, 2012	$100,000	$-	0%
Year 2 – on or before October 31, 2013	200,000	-	0
Year 3 – on or before October 31, 2014	400,000	150,000	51
On or before October 31, 2016	-	250,000	51%
On or before October 31, 2018	2,000,000	-	75
On or before October 31, 2018	-	3,000,000	100

6. EXPLORATION AND EVALUATION ASSETS (cont'd…)

The vendor retains a 2.5% NSR and at any time prior to the earlier of October 31, 2018 and on the first anniversary date upon which commercial production commences on the property, the Company may elect to reduce the Royalty to 1.5% by paying the sum of $1,500,000.

Roberts Lake – Quebec

During fiscal 2011 the Company entered into an option agreement to acquire 100% of certain claims located in the Province of Quebec, Canada. In order to acquire the interest in the project, the Company must complete the following:

Cash payments aggregating $140,000 payable as follows;

- $25,000(paid) in trust on execution of the agreement
- $115,000 (paid Note 16) payable within 7 days of TSX approval

Issuance of 1,000,000 (issued Note 16) common shares of the Company within seven days of TSX approval

Exploration expenditures aggregating $2,900,000 and additional cash payments aggregating $3,400,000 in order to maintain the option and earn an interest in the property as follows;

Year of term and expenditure date	Minimum property expenditures (CDN$)	Cash payments (CDN$)	Total deemed interest earned
Year 1 – on or before October 31, 2012	$150,000	$-	0%
Year 2 – on or before October 31, 2013	250,000	-	0
Year 3 – on or before October 31, 2014	500,000	150,000	51
On or before October 31, 2016	-	250,000	51
On or before October 31, 2018	2,000,000	-	75
On or before October 31, 2018	-	3,000,000	100

The vendor retains a 2.0% NSR and at any time prior to the earlier of October 31, 2018 and on the first anniversary date upon which commercial production commences on the property, the Company may elect to reduce the Royalty to 1.0% by paying the sum of $1,500,000.

Mongolia – Onjuul

During fiscal 2009, the Company entered into a Share Purchase Agreement ("SPA"), subsequently amended, to acquire a 100% interest in two coal licenses located in the Onjuul coal basin, of Mongolia. Pursuant to the amended agreement, to acquire its interest the Company was required to make cash payments aggregating US$1,500,000 and issue 3,500,000 common shares (as amended and subject to regulatory approval).

A finder fee of $647,750 was to be paid in stages, of which $132,130 was paid during fiscal 2009 through the issuance of 125,838 units (issued - fair valued at $132,130). Each unit consists of one common share and one share purchase warrant entitling the holder to purchase one additional common share at an exercise price of $1.25 per share for a period of one year.
During the year ended December 31, 2010 all related property and deferred exploration costs in the amount of $2,846,512 has been written off due to uncertainty in advancing the Onjuul property.

During the period ended June 30, 2011the Company relinquished all title to the property.

6. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Mongolia - Black Hole

During fiscal 2009 the Company entered into a SPA, subsequently amended, to acquire a 100% interest in a coal license located in the Onjuul coal basin, of Mongolia. Pursuant to the amended agreement, to acquire its interest the Company was required to make cash payments aggregating US$4,600,000 and issue 4,500,000 common shares (as amended and subject to regulatory approval)

A finder fee of $497,000 was to be paid in stages, of which $61,149 was paid during fiscal 2009 through the issuance of 58,237 units (issued - fair valued at $61,149). Each unit consists of one common share and one share purchase warrant entitling the holder to purchase one additional common share at an exercise price of $1.25 per share for a period of one year.

During the year ended December 31, 2010 all related property and deferred exploration costs in the amount of $2,027,731 has been written off due to uncertainty in advancing the Black Hole project.

During the period ended June 30, 2011the Company relinquished all title to the property.

Mongolia – Buleen Hundii

During fiscal 2010 the Company entered into an Earn in Agreement to acquire 100% of a Mongolian company that holds an exploration license in the Onjuul coal basin of Mongolia. To acquire its interest the Company is required to pay US$750,000 (paid $10,000) and issue 2,500,000 common shares over time when certain conditions are met. This transaction was subject to TSX-V approval.

During the year ended December 31, 2010 all related costs in the amount of $11,082 have been written off due to uncertainty in advancing the Buleen Hundii project.

During the period ended June 30, 2011the Company relinquished all title to the property.

Mongolia – Brown Valley

During fiscal 2010 the Company entered into an Earn in Agreement to acquire 100% of a Mongolian company that holds an exploration license in the Onjuul coal basin of Mongolia. To acquire its interest the Company is required to pay US$500,000 (paid $10,000) and issue 2,000,000 common shares over time when certain conditions are met. This transaction was subject to TSX-V approval.

During the year ended December 31, 2010 all related property costs in the amount of $11,015 have been written off due to uncertainty in advancing the Brown Valley project.

During the period ended June 30, 2011the Company relinquished all title to the property.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Due within the year		Sept. 30, 2011		December 31, 2010		January 1, 2010
Trade payables	$	168,656	$	282,832	$	275,190
Payroll and other payables		74,595		74,595		77,425
	$	243,251	$	357,427	$	352,615

8. NOTE PAYABLE

Pursuant to an agreement dated March 17, 2009, the Company was advanced a loan in the amount of US$75,000. Per the terms of the agreement a loan bonus of 10% of the principal (US$7,500) is payable on the maturity date, March 17, 2010. The note does not bear interest. This loan has not been repaid.

The Company accrued $5,595 (US$6,601) in accounts payable and accrued liabilities relating to the fair value of interest on the loan. The fair value of interest on companies with a similar credit risk was determined to be 10%.

9. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

a) paid or accrued administration fees of $33,000 (2010 - $72,000) to a company controlled by a director.

b) paid or accrued consulting fees of $17,500 (2010 - $27,000) to a company controlled by an officer.

Included in accounts payable is $Nil (December 31, 2010 - $24,695; January 1, 2010 - $1,595) owed to companies controlled by an officer and a director.

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Key management personnel compensation (including senior officers and directors of the Company):

	9 Month Ended Sept. 30, 2011	9 Month Ended Sept. 30, 2010	3 Month Ended Sept 30, 2011	3 Month Ended Sept 30, 2010
Short-term benefits	50,500	99,000	23,500	33,000
Share-based payments	81,816	-	-	-
Total remuneration	132,316	99,000	23,500	33,000

10. SHARE CAPITAL AND SHARE COMPENSATION RESERVE

Authorized – 100,000,000 common shares without par value

During fiscal 2011 the Company:

- issued 300,000 shares valued at $28,500 pursuant to a mineral property agreement (Note 6).

- completed a non-brokered private placement and issued 3,100,000 flow through units and 5,140,000 non-flow through units a price of $0.10 per unit, for gross proceeds of $824,000. Each flow through unit consisted of one common share and one half share purchase warrant exercisable at a price of $0.15 per share expiring on April 13, 2012. Each non-flow through unit consisted of one common share and one whole share purchase warrant, exercisable at a price of $0.15 per share expiring on April 13, 2012. The Company paid a $61,680 finder's fee in connection with the private placement.

- completed a non-brokered private placement and issued 2,200,000 flow through units and 9,800,000 non-

10. SHARE CAPITAL AND SHARE COMPENSATION RESERVE (cont'd…)

- flow through units a price of $0.05 per unit, for gross proceeds of $600,000. Each flow through unit consisted of one common share and one whole share purchase warrant exercisable at a price of $0.15 per share expiring on September 30, 2013. Each non-flow through unit consisted of one common share and one whole share purchase warrant, exercisable at a price of $0.15 per share expiring on September 30, 2013. The Company paid a $44,250 finder's fee in connection with the private placement.

Stock options

The Company has a stock option plan in place under which it is authorized to grant options to directors, senior officers, employees, management company employees, and consultants to acquire up to 10% of the issued and outstanding common shares. Under the plan, the exercise price of each option may not be less than the market price of the Company's stock as calculated on the date of grant less the applicable discount. The options can be granted for a maximum term of five years. Vesting is determined by the Board of Directors.

As at September 30, 2011, the Company had stock options outstanding enabling the holder to acquire common shares as follows:

Number of Shares	Exercise Price	Expiry Date
300,000	0.34	January 7, 2012
280,000	1.09	July 12, 2012
340,000	1.52	August 28, 2012
85,000	1.35	September 21, 2012
545,000	0.57	November 16, 2014
2,200,000	0.10	February 17, 2016
3,550,000		

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
As at December 31, 2009	3,887,000	$ 0.61
Options granted	-	-
Options cancelled	(837,000)	1.06
Options exercised	-	-
As at December 31, 2010	3,050,000	$ 0.49
Options granted	2,200,000	.10
Options cancelled/expired	(1,700,000)	.10
Options exercised	-	-
As at September 30, 2011	3,550,000	$ 0.42
Number of options currently exercisable	3,550,000	$ 0.42

10. SHARE CAPITAL AND SHARE COMPENSATION RESERVE (cont'd…)

During the period ended September 30, 2011, the Company granted 2,200,000 (2010 – Nil) stock options. Stock-based compensation expense under the Black-Scholes option pricing model was $163,632 (2010 - $Nil). These amounts were recorded as contributed surplus on the balance sheet.

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted during the year:

	September 30, 2011	December 31, 2010
Risk-free interest rate	2.77	-
Expected life of options	5	-
Annualized volatility	118.59	-
Dividend rate	-	-

Warrants

As at September 30, 2011, the Company had share purchase warrants outstanding enabling the holders to acquire common shares as follows:

Number of Shares	Exercise Price	Expiry Date
2,857,143	$0.15	October 23, 2011
1,550,000	$0.15	April 13, 2012
5,140,000	$0.15	April 13, 2012
12,000,000	$0.15	September 30, 2013
21,547,143		

Warrant transactions are summarized as follows:

	Number of Warrants		Weighted Average Exercise Price
As at December 31, 2009	7,731,218	$	1.02
Warrants issued	3,041,218		1.25
Warrants expired	(4,874,075)		0.90
As at December 31, 2010	2,857,143	$	0.15
Warrants issued	18,690,000		0.15
Warrants expired	-		-
Warrants exercised	-		-
As at September 30, 2011	21,547,143	$	0.15
Number of warrants currently exercisable	21,547,143	$	0.15

During fiscal 2010, the Company extended the expiry date by one year for 2,857,143 warrants originally expiring on October 23, 2010 and reduced the exercise price from $1.25. If the closing price for the Company's shares is $0.1875 or greater for a period of 10 consecutive trading days, then the warrant holders will have 30

10. SHARE CAPITAL AND SHARE COMPENSATION RESERVE (cont'd…)

days to exercise their warrants; otherwise the warrants will expire on the 31st day. These warrant extensions were considered non-compensatory in nature.

11. RECOVERY FROM PROPERTY SETTLEMENT

During fiscal 2007, the Company acquired an option, subsequently amended, for the acquisition of up to a 49% interest in a company that held a coal license located in Mongolia, referred to as the Erdenetsogt project.

During fiscal 2008, the Company initiated civil proceedings against the vendor of the Erdenetsogt property, alleging that the vendor did not comply with the terms of the purchase agreement by selling 100% of the company holding title to the property to another party (the "Acquiring Party"). Additionally, the Company initiated arbitration proceedings against the Acquiring Party alleging violation of the Company's agreement to acquire a 49% interest in the company holding title to the property.

During fiscal 2009, the Company won its civil proceedings and received shares representing 5% of ECM LLC ("ECM") the Mongolian company which owns the exploration License to the Erdenetsogt coal project ("Erdenetsogt").

The Company filed a writ, in Mongolia, seeking to rescind the transfer of shares of ECM to the Acquiring Party. The Company contends as the holder of a 5% interest in ECM it holds the right of first refusal on any offer of sale, and that the vendor breached this right. Under the writ, the Company is seeking to have 95% of ECM currently held by the Acquiring Party returned to Mongolia and offered to the Company.

During fiscal 2010, the Company signed a SPA with Mangreat Group Ltd. ("Mangreat"), the majority owner of ECM providing for the sale of the Company's 5% interest in ECM. The Company will receive up to US$3,000,000 under certain conditions. Mangreat has paid US$500,000 with a balance of US$1,500,000 due within one year (Received see Note 16). The Company will transfer its 5% interest in ECM and terminate its current litigation in Mongolia upon receipt of the first US$2,000,000.(Done). If the property is sold or joint ventured to a third party for a value greater than US$40,000,000 the Company will receive an additional US$1,000,000. Under the SPA the parties have also agreed to abandon all litigation over the property and the license.

The Company incurred costs during fiscal 2010 of $5,094 (2009 - $234,204) in connection with the litigation and all such costs have been expensed.

12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The significant non-cash transactions during the period ended September 30, 2011 consisted of the issuance of 200,000 common shares at a value of $28,500 pursuant to mineral property acquisitions.

13. SEGMENTED INFORMATION

As at September 30, 2011, the Company has reportable operating segment being the acquisition and exploration of resource properties in Canada and USA. Geographic information is as follows:

	Sept. 30, 2010	December 31, 2010
Capital assets		
Canada	$ 115,719	$ 2,022
USA	25,000	-
	$ 140,719	$ 2,022

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The fair value of cash is measured at Level 1 of the fair value hierarchy. The carrying value of receivables, accounts payable and accrued liabilities and note payable approximate their fair value because of the short-term nature of these instruments.

Financial risk factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and receivables. Management believes that the credit risk concentration with respect to financial instruments included in receivables is remote and has deposited cash in high credit quality financial institutions, as well as in a lawyers trust accounts in Mongolia.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As of September 30, 2011 the Company had cash balance of $787,000 (December 31, 2010 - $133,335; January 1, 2010 - $214,117) to settle current liabilities of, as of September 30, 2011, $243,251 (December 31, 2010 - $357,427; January 1, 2010 - $352,615). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term investments issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to assets and liabilities that are denominated in US Dollars (US). Amounts exposed to foreign currency risk include cash of US$46,006 as of September 30, 2011(December 31, 2010 - $129,486; January 1, 2010 - $222).

Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's profit or loss due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on profit or loss and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in value may be significant.

15. CAPITAL MANAGEMENT

The Company defines capital that it manages as shareholders' equity, consisting of issued common shares, stock options and warrants.

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

The properties in which the Company currently has an interest are in the exploration stage; as such the Company has historically relied on the equity markets to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital restrictions.

16. SUBSEQUENT EVENTS

During fiscal 2010, the Company signed a SPA with Mangreat the majority owner of ECM providing for the sale of the Company's 5% interest in ECM. The Company will receive up to US$3,000,000 under certain conditions. Mangreat has paid US$500,000 and the US$1,500,000 due within one year of the agreement has been received by the Company.

The Company entered into an option agreement to sell the Companies Argonaut and Golden Fleece gold properties. The option agreement provide for a cash payment of $25,000 and the issuance of 300,000 common shares of the purchaser over time.

The Company entered into an option agreement to acquire 100% of the Port Snettisham claims located in of Alaska, USA. In order to acquire the interest in the project, the Company must make total cash payments of $3.77 million over 7 years and must incur total exploration on the property over 7 years in the amount of $3.3 million. The vendor retains a 2.5% NSR and at any time the Company may elect to reduce the Royalty to 1.5% by paying the sum of $1,500,000.A finder's fee $22,000 was paid to an arm's length private company.

The Company entered into an option agreement to acquire 100% of the Roberts Lake claims located in the province of Quebec, Canada. In order to acquire the interest in the project, the Company must make total cash payments of $3.54 million over 7 years, must incur total exploration on the property over 7 years in the amount of $2.93 million and issue 1,000,000 common shares of the Company. The vendor retains a 2.0% NSR and at any time the Company may elect to reduce the Royalty to 1.5% by paying the sum of $1,500,000. A finder's fee $33,750 was paid to an arm's length private company.

The Company entered into an option agreement to acquire 100% of the Rannie Lake claims located in the province of Newfoundland, Canada. In order to acquire the interest in the project, the Company must make total cash payments of $3.515 million over 7 years and must incur total exploration on the property over 7 years in the amount of $2.7 million. The vendor retains a 2.0% NSR and at any time the Company may elect to reduce the Royalty to 1.0% by paying the sum of $1,500,000. A finder's fee $21,500 was paid to an arm's length private company.