GOLDTRAIN RESOURCES INC.

(An Exploration Stage Enterprise)

UNAUDITED INTERIM FINANCIAL STATEMENTS

For the three month periods ended March 31, 2011 and 2010

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited interim financial statements of Goldtrain Resources Inc. are the responsibility of the management and Board of Directors of the Company.

The unaudited interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited interim financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the interim financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 Interim Financial Reporting and IFRS 1 - First-Time Adoption of International Financial Reporting Standards using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving the unaudited interim financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited interim financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

"Carl McGill", CEO
Carl McGill

"Johnny Oliveira", CFO
Johnny Oliveira

NOTICE TO READER

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of management. The unaudited interim financial statements for the three months ended March 31, 2011 and 2010 have not been reviewed by the Company's auditors.

GoldTrain Resources Inc.

UNAUDITED INTERIM STATEMENTS OF FINANCIAL POSITION

(An Exploration Stage Enterprise)
(Canadian dollars)

AS AT,		March 31, 2011		December 31, 2010		January 1, 2010
ASSETS						
				(Note 3)		(Note 3)
Current						
Cash	**$**	**132,428**	$	6,610	$	316,826
Trade and other receivables (Note 5)		**12,813**		19,225		31,463
Prepaid expense		**1,516**		316		-
		146,757		26,151		348,289
Property, plant and equipment (Note 6)		**6,291**		6,770		9,468
Incorporation costs		**-**		-		1,672
	$	**153,048**	$	32,921	$	359,429
LIABILITIES						
Current						
Trade and other payables (Note 8 and 11)	**$**	**399,890**	$	370,503	$	217,802
Promissory notes payable (Note 9)		**11,200**		11,200		-
Current portion of long-term debt (Note 10)		**91,634**		91,634		-
		502,724		473,337		217,802
Long-term debt (Note 10)		**100,000**		100,000		191,634
		602,724		573,337		409,436
EQUITY						
Share capital (Note 11 (a))		**683,682**		683,682		637,682
Subscriptions received for shares to be issued (Note 11 (b))		**127,000**		-		-
Reserve for warrants (Note 12)		**258,525**		258,525		258,525
Reserve for share based payments (Note 13)		**57,000**		57,000		-
Deficit		**(1,575,883)**		(1,539,623)		(946,214)
		(449,676)		(540,416)		(50,007)
	$	**153,048**	$	32,921	$	359,429

Commitments and Contractual Obligations (Note 17)
Subsequent Events (Note 18)

Approved on behalf of the Board on June 24, 2011:

"Brian Wright" Director

"Donald A. Sheldon" Director

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

GoldTrain Resources Inc.

UNAUDITED INTERIM STATEMENTS OF COMPREHENSIVE LOSS

(An Exploration Stage Enterprise)
(Canadian dollars)

Three month periods ended March 31,		**2011**		2010
Expenses				(Note 3)
Professional and consulting fees	**$**	**15,984**	$	32,570
Shareholder Information		**1,691**		1,268
Office, general and administrative		**4,107**		1,880
Exploration and evaluation expenditures (Note 7)		**12,375**		180,207
Amortization (Note 6)		**479**		675
Net loss before the undernoted	**$**	**34,636**	$	216,600
Loss on sale of marketable securities (Note 18)		**1,624**		-
Net loss and comprehensive loss for the period	**$**	**36,260**	$	216,600
Loss per share				
Basic and diluted	**$**	**0.001**	$	0.009
Weighted average number of common shares outstanding				
Basic and diluted		**25,523,474**		24,847,474

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

GoldTrain Resources Inc.

UNAUDITED INTERIM STATEMENTS OF CHANGES IN EQUITY

(An Exploration Stage Enterprise)

	Share Capital		Reserves				
	Number of Shares	Amount	Share based payments	Warrants	Deficit	Subscriptions received for shares to be issued	Total
Balance at January 1, 2010	24,823,474	$ 637,682	$ -	$ 258,525	$ (946,214)	$ -	$ (50,007)
Total loss and comprehensive loss for the period	-	-	-	-	(216,600)	-	(216,600)
Balance at March 31, 2010	**24,823,474**	**$ 637,682**	**$ -**	**$ 258,525**	**$ (1,162,814)**	**$ -**	**$ (266,607)**
Shares issued for mineral properties	400,000	16,000	-	-	-	-	16,000
Shares issued for services	300,000	30,000	-	-	-	-	30,000
Share based payments	-	-	57,000	-	-	-	57,000
Total loss and comprehensive loss for the period	-	-	-	-	(376,809)	-	(376,809)
Balance at December 31, 2010	**25,523,474**	**$ 683,682**	**$ 57,000**	**$ 258,525**	**$ (1,539,623)**	**$ -**	**$ (540,416)**
Subscriptions received for shares to be issued	**-**	**-**	**-**	**-**	**-**	**127,000**	**127,000**
Total loss and comprehensive loss for the period	**-**	**-**	**-**	**-**	**(36,260)**	**-**	**(36,260)**
Balance at March 31, 2011	**25,523,474**	**$ 683,682**	**$ 57,000**	**$ 258,525**	**$ (1,575,883)**	**$ 127,000**	**$ (449,676)**

(Canadian dollars)

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

GoldTrain Resources Inc.

UNAUDITED INTERIM STATEMENTS OF CASH FLOW

(An Exploration Stage Enterprise)
(Canadian dollars)

Three month periods ended March 31,	2011	2010
Operating activities		(Note 3)
Net loss for the period	**$ (36,260)**	$ (216,600)
Add items not affecting cash:		
Amortization	**479**	676
Changes in non-cash working capital items (Note 16)	**34,599**	28,293
Cash flows used in operating activities	**(1,182)**	(187,631)
Financing activities		
Subscriptions received for shares to be issued	**127,000**	
Cash flows provided from financing activities	**127,000**	-
Net increase (decrease) in cash	**125,818**	(187,631)
Cash, beginning of period	**6,610**	316,826
Cash, end of period	**$ 132,428**	$ 129,195

SUPPLEMENTAL CASH FLOW INFORMATION (Note 16)

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

1. NATURE OF OPERATIONS AND GOING CONCERN CONSIDERATIONS

GoldTrain Resources Inc. (“GoldTrain” or the “Company”) is a public company amalgamated under the laws of the Province of Ontario on April 27, 2009. The Company’s head office is located at 1801 Dundas St. W., Suite 1800 Toronto, ON, M5G 1Z8. GoldTrain’s principal business is the acquisition and exploration of mineral properties. Substantially all of the efforts of the Company are devoted to these business activities. To date, the Company has not earned significant revenue and is considered to be in the exploration stage. The ability of the Company to carry out its business plan rests with its ability to secure equity and other financing.

As at March 31, 2011, the Company had a working capital deficiency of $355,967 (December 31, 2010 –$447,186), had not yet achieved profitable operations, had accumulated losses of $1,575,883 (December 31, 2010 - $1,539,623) and expects to incur further losses in the development of its business, all of which casts doubt upon the Company’s ability to continue as a going concern. The Company is in the exploration stage and has no proven reserves or production relating to its operations. The application of the going concern assumption is dependent upon the Company’s ability to generate future profitable operations and obtain necessary financing to do so.

Management believes the Company has sufficient funds or access to sufficient funds to cover planned operations throughout the next twelve month period. However, management plans on securing additional financing through the issue of new equity, among other things. Nevertheless, there is no assurance that these initiatives will be successful.

These financial statements have been prepared on the basis of accounting principles applicable to a "going concern", which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. The business of mining and exploring for minerals involves a high degree of risk and there is no guarantee that the Company's exploration programs will yield positive results or that the Company will be able to obtain the necessary financing to carry out the exploration and development of its mineral property interests.

Management believes the going concern assumption to be appropriate for these financial statements. If the going concern assumption was not appropriate, adjustments might be necessary to the carrying value of the assets and liabilities, reported revenues and expenses, and the statement of financial position classifications used in the financial statements.

The future profitability of exploration properties and the Company's continued existence are dependent upon the preservation of its interests in the underlying properties, the development of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis.

Although the Company has taken steps to verify title to the properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, undetected defects, unregistered claims, native land claims, and non-compliance with regulatory and environmental requirements.

2. BASIS OF PREPARATION

2.1 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 annual financial statements for the year ending December 31, 2011. Previously, the Company prepared its annual and interim financial statements in accordance with Canadian Generally Accepted Accounting Principles ("GAAP").

As these are the Company's first set of interim financial statements in accordance with IFRS, the Company's disclosures exceed the minimum requirements under IAS 34. The Company has elected to exceed the minimum requirements in order to present the Company's accounting policies in accordance with IFRS and the additional disclosures required under IFRS, which also highlight the changes from the Company's 2010 annual financial statements prepared in accordance with Canadian GAAP. In 2011 and beyond, the Company may not provide the same amount of disclosure in the Company's interim financial statements under IFRS as the reader will be able rely on the annual financial statements which will be prepared in accordance with IFRS.

2.2 Basis of presentation

The 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 4. The comparative figures presented in these interim financial statements are in accordance with IFRS and have not been audited.

2.3 Adoption of new and revised standards and interpretations

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

At the date of authorization of these Financial Statements, the IASB and IFRIC has issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods.

- 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.
- IFRS 10 '*Consolidated Financial Statements'* – effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.
- IFRS 11 '*Joint Arrangements'* - effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form.

2. BASIS OF PREPARATION (continued)

- IFRS 12 '*Disclosure of Interests in Other Entities'* - effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.
- IFRS 13 '*Fair Value Measurement'* - effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, provides the guidance on the measurement of fair value and related disclosures through a fair value hierarchy.

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

3. FIRST TIME ADOPTION OF IFRS

The Company has adopted IFRS on January 1, 2011 with a transition date of January 1, 2010. Under IFRS 1 *'First time Adoption of International Financial Reporting Standards'*, the IFRS are applied retrospectively at the transition date with all adjustments to assets and liabilities as stated under GAAP taken to retained earnings unless certain exemptions are applied.

The Company elected to take the following IFRS 1 optional exemptions:

- to apply the requirements of IFRS 3, *Business Combinations,* prospectively from the transition date; and
- 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.

Below is the Company's Statement of Financial Position as at the transition date of January 1, 2010 under IFRS.

FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2011 AND 2010 (Canadian dollars)

3. FIRST TIME ADOPTION OF IFRS (continued)

	As at January 1, 2010			
	GAAP	Effect of transition to IFRS	IFRS	Notes
Assets				
Current Assets				
Cash	$ 316,826	-	$ 316,826	
Trade and other receivables	31,463	-	31,463	
	348,289	-	348,289	
Property, plant and equipment	9,468	-	9,468	
Mineral properties and deferred expenditures	775,114	(775,114)	-	(a)
Incorporation costs	1,672	-	1,672	
	$ 1,134,543	(775,114)	$ 359,429	
Liabilities				
Current Liabilities				
Trade and other payables	$ 217,802	-	$ 217,802	
	217,802	-	217,802	
Long-term debt	191,634	-	191,634	
Deferred tax liabilities	98,069	(98,069)	-	(c)
	507,505	(98,069)	409,436	
Equity				
Share capital	637,682	-	637,682	
Contributed surplus	258,525	(258,525)	-	(b)
Reserve for warrants	-	258,525	258,525	(b)
Deficit	(269,169)	(677,045)	(946,214)	(a), (c)
	627,038	(677,045)	(50,007)	
	$ 1,134,543	(775,114)	$ 359,429	

FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2011 AND 2010 (Canadian dollars)

3. FIRST TIME ADOPTION OF IFRS (continued)

IFRS employs a conceptual framework that is similar to Canadian GAAP. The adoption has resulted in significant changes to the reported financial position, results of operations, and cash flows of the Company. Presented below are reconciliations prepared by the Company to reconcile to IFRS the assets, liabilities, equity, net loss and cash flows of the Company from those reported under Canadian GAAP:

Reconciliation of assets, liabilities and equity

	As at March 31, 2010			
	GAAP	Effect of transition to IFRS	IFRS	Notes
Assets				
Current Assets				
Cash	$ 129,195	-	$ 129,195	
Trade and other receivables	17,487	-	17,487	
	146,682	-	146,682	
Property, plant and equipment	8,793	-	8,793	
Mineral properties and deferred expenditures	955,321	(955,321)	-	(a)
Incorporation costs	1,672	-	1,672	
	$ 1,112,468	(955,321)	$ 157,147	
Liabilities				
Current Liabilities				
Trade and other payables	$ 227,348	-	$ 227,348	
Due to directors	3,849	-	3,849	
Income taxes payable	923	-	923	
	232,120	-	232,120	
Long-term debt	191,634	-	191,634	
Deferred income taxes	98,069	(98,069)	-	
	521,823	(98,069)	423,754	
Equity				
Share capital	637,682	-	637,682	
Contributed surplus	258,525	(258,525)	-	(b)
Reserve for warrants	-	258,525	258,525	(b)
Deficit	(305,562)	(857,252)	(1,162,814)	(a)
	590,645		(266,607)	
	$ 1,112,468	(955,321)	$ 157,147	

FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2011 AND 2010 (Canadian dollars)

3. FIRST TIME ADOPTION OF IFRS (continued)

Reconciliation of assets, liabilities and equity

	As at December 31, 2010			
	GAAP	Effect of transition to IFRS	IFRS	Notes
Assets				
Current Assets				
Cash	$ 6,610	-	$ 6,610	
Trade and other receivables	19,225	-	19,225	
Prepaid expenses	316	-	316	
	26,151	-	26,151	
Property, plant and equipment	6,770	-	6,770	
Mineral properties and deferred expenditures	1,160,977	(1,160,977)	-	(a)
	$ 1,193,898	(1,160,977)	$ 32,921	
Liabilities				
Current Liabilities				
Trade and other payables	$ 370,503	-	$ 370,503	
Promissory notes payable	11,200	-	11,200	
Current portion of long-term debt	91,634	-	91,634	
	473,337	-	473,337	
Long-term debt	100,000	-	100,000	
	573,337	-	573,337	
Equity				
Share capital	601,682	82,000	683,682	
Contributed surplus	315,525	(315,525)	-	(b)
Reserve for warrants	-	258,525	258,525	(b)
Reserve for share based payments	-	57,000	57,000	(b)
Deficit	(296,646)	(1,242,977)	(1,539,623)	(a), (c)
	620,561	(1,160,977)	(540,416)	
	$ 1,193,898	(1,160,977)	$ 32,921	

FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2011 AND 2010 (Canadian dollars)

3. FIRST TIME ADOPTION OF IFRS (continued)

Reconciliation of statement of comprehensive loss

	Three months ended March 31, 2010			
	GAAP	**Effect of transition to IFRS**	**IFRS**	**Notes**
Expenses				
General and administrative	$ 1,800	-	$ 1,800	
Transfer agent fees	218	-	218	
Regulatory fees	1,050	-	1,050	
Amortization	675	-	675	
Bank charges	80	-	80	
Professional fees	32,570	-	32,570	
Exploration and evaluation expenditures	-	180,207	180,207	(a)
Net loss and comprehensive loss	$ 36,393	180,207	$ 216,600	

FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2011 AND 2010 (Canadian dollars)

3. FIRST TIME ADOPTION OF IFRS (continued)

Reconciliation of statement of comprehensive loss

	Year ended December 31, 2010			
	GAAP	**Effect of transition to IFRS**	**IFRS**	**Notes**
Expenses				
Professional and consulting fees	$ 120,325	-	$ 120,325	
Share based payments	57,000	-	57,000	
Shareholders' information	13,383	-	13,383	
Office, general and administrative	8,566	-	8,566	
Project investigation costs	3,434	-	3,434	
Exploration and evaluation expenditures	-	385,863	385,863	(a)
Amortization	2,698	-	2,698	
Part XII.6 tax	2,140	-	2,140	
Loss before taxes	207,546	385,863	593,409	
Deferred income tax recovery	(180,069)	180,069	-	
Net loss and comprehensive loss	$ 27,477	565,932	$ 593,409	

FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2011 AND 2010 (Canadian dollars)

3. FIRST TIME ADOPTION OF IFRS (continued)

Reconciliation of Cash Flows

	Three months ended March 31, 2010			
	GAAP	Effect of transition to IFRS	IFRS	Notes
Operations				
Net loss	$ (36,393)	$ (180,207)	$ (216,600)	(a)
Adjustments to reconcile net loss to cash flow from operating activities:				
Amortization	676	-	676	
Net change in non-cash operating working capital items	28,293	-	28,293	
	(7,424)	(180,207)	(187,631)	
Investing				
Expenditures on deferred exploration	(180,207)	180,207	-	(a)
	(180,207)	180,207	-	
Net decrease in cash and cash equivalents	(187,631)	-	(187,631)	
Cash and cash equivalents, beginning of period	316,826	-	316,826	
Cash and cash equivalents, end of period	$ 129,195	-	$ 129,195	

FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2011 AND 2010 (Canadian dollars)

3. FIRST TIME ADOPTION OF IFRS (continued)

Reconciliation of Cash Flows

	Year ended December 31, 2010			
	GAAP	**Effect of transition to IFRS**	**IFRS**	**Notes**
Operations				
Net loss	$ (27,477)	$ (565,932)	$ (593,409)	(a)
Adjustments to reconcile net loss to cash flow from operating activities:				
Amortization	2,698	-	2,698	
Share based payments	57,000	-	57,000	
Deferred income tax recovery	(180,069)	180,069	-	(c)
Write-off of incorporation costs	1,672	-	1,672	
Note payable issued for property	-	11,200	11,200	(a)
Shares issued for property	-	16,000	16,000	(a)
Shares issued for professional and consulting fees	30,000	-	30,000	
Changes in non-cash operating working capital items	164,623	-	164,623	
	48,447	(358,663)	(310,216)	
Investing				
Increase in mineral properties and deferred exploration	(358,663)	358,663	-	(a)
	(358,663)	358,663	-	
Net decrease in cash and cash equivalents	(310,216)	-	(310,216)	
Cash, beginning of year	316,826	-	316,826	
Cash, end of year	$ 6,610	-	$ 6,610	

3. FIRST TIME ADOPTION OF IFRS (continued)

Notes to Reconciliations

a) Acquisition, exploration and evaluation expenditures

Under Canadian GAAP – Prior to 2011, the Company used the policy to defer the cost of mineral properties and their related exploration and development costs are until the properties are placed into production, sold or abandoned. These costs would be amortized over the estimated useful life of the properties following the commencement of production. Cost includes both the cash consideration as well as the fair market value of any securities issued on the acquisition of mineral properties. Properties acquired under option agreements or joint ventures, whereby payments were made at the sole discretion of the Company, were recorded in the accounts at such time as the payments are made. The proceeds from property options granted reduced the cost of the related property and any excess over cost is applied to income.

Under IFRS – Acquisition, exploration and evaluation expenditures for each property are expensed as incurred, unless such costs are expected to be recovered through successful development and exploration of the property or, alternatively, by its sale.

b) Reserves

Under Canadian GAAP – Prior to 2011, the Company recorded the value of share based payments and warrants issued to contributed surplus.

Under IFRS – IFRS requires an entity to present for each component of equity, a reconciliation between the carrying amount at the beginning and end of the period, separately disclosing each change. IFRS requires a separate disclosure of the value that relates to "Reserves for warrants", "Reserves for share based payments" and any other component of equity.

c) Flow through Shares

Under Canadian GAAP – The resource expenditure deductions for income tax purposes related to exploratory and development activities funded by flow-through share arrangements are renounced to investors in accordance with tax legislation. The deferred income taxes relating to the temporary differences that arise when the qualifying expenditures are incurred were recorded at the time of filing the renunciation with the tax authorities. The recognition of the deferred income tax liability results in a corresponding reduction to the carrying value of the shares issued.

Under IFRS –

- The obligation to renounce tax deductions at the time of issuance of flow- through shares is recorded as a liability in accordance with IAS 37, “Provisions, Contingent Liabilities and Contingent Assets” measured using a residual or a relative fair value method. This obligation is released into the statement of comprehensive income as a gain as and when the Company incurs qualifying expenditures (i.e. fulfilling its obligation to renounce tax attributes).

- A deferred tax liability is recognized (with the debit to statement of comprehensive income), in accordance with IAS 12, Income Taxes, in respect of the taxable temporary difference that arises from the difference between the carrying amount of eligible expenditures capitalized as an asset in the statement of financial position and its tax base.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Mineral properties

All acquisition and exploration costs, net of incidental revenues, are charged to operations in the period incurred until such time as it has been determined that a property has economically recoverable reserves, in which case subsequent exploration costs and the costs incurred to develop a property are capitalized into property, plant and equipment ("PPE"). On the commencement of commercial production, depletion of each mining property will be provided on a unit-of-production basis using estimated resources as the depletion base.

4.2 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of PPE 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 provided at rates calculated to write-off the cost of PPE, less their estimated residual value, using the declining balance method or unit-of-production method over the following expected useful lives:

• Automotive equipment	30%
• Core shack	20%

An item of PPE is derecognized upon disposal, when held for sale 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 the statement of comprehensive income.

The Company conducts an annual assessment of the residual balances, useful lives and depreciation methods being used for PPE and any changes arising from the assessment are applied by the Company prospectively.

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

4.3 Decommissioning, restoration and similar liabilities ("Asset retirement obligation" or "ARO")

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Share based payments

Share based payment transactions
Employees (including directors and senior executives) of the Company receive a portion of their remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments (“equity-settled transactions”).

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

Equity-settled transactions
The costs of equity-settled transactions with employees are measured by reference to the fair value at the date on which they are granted.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the “vesting date”). The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company’s best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in share option reserve.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

The dilutive effect of outstanding options is reflected as additional dilution in the computation of earnings per share.

4.5 Taxation

Income tax expense represents the sum of tax currently payable and deferred tax.

Current income tax
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the date of the statement of financial position.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Taxation (continued)

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each date of the statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each date of the statement of financial position and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive income.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.6 Loss per share

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the year, if dilutive. The "treasury stock method" is used for the assumed proceeds upon the exercise of the options and warrants that are used to purchase common shares at the average market price during the year. During the three months ended March 31, 2011 and 2010 all the outstanding stock options and warrants were antidilutive.

4.7 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 earnings. The Company's cash is classified as FVTPL.

Financial assets classified as loans-and-receivables and held-to-maturity are measured at amortized cost. The Company's trade and other 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 (loss) except for losses in value that are considered other than temporary. The Company does not have any assets classified as available-for-sale.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the settlement date.

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.

4.8 Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other-financial-liabilities.

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 method. The effective interest 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 exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's trade and other payables, promissory notes payable and current and long-term portions of long-term debt 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 unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized through the statement of comprehensive income. At March 31, 2011 the Company has not classified any financial liabilities as FVTPL.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Impairment of financial assets

The Company assesses at each date of the statement of financial position whether a financial asset is impaired.

Assets carried at amortized cost

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is then reduced by the amount of the impairment. The amount of the loss is recognized in profit or loss.

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

In relation to trade receivables, a provision for impairment is made and an impairment loss is recognized in profit and loss when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are written off against the allowance account when they are assessed as uncollectible.

Available-for-sale

If an available-for-sale asset is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognized in profit or loss, is transferred from equity to profit or loss. Reversals in respect of equity instruments classified as available-for-sale are not recognized in profit or loss.

4.10 Impairment of non-financial assets

At each date of the statement of financial position, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive income, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Impairment of non-financial assets (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount 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.

4.11 Cash

Cash in the statement of financial position comprises cash at banks and on hand.

4.12 Provisions

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

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

4.13 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. Parties are also considered to be related if they are subject to common control or common significant influence, 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. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

4.14 Significant accounting judgments and estimates

The preparation of these financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. The most significant estimates relate to asset retirement obligations; property, plant and equipment, recoverability of trade and other receivables, valuation of deferred income tax amounts, impairment testing and the calculation of share based payments. The most significant judgements relate to recognition of deferred tax assets and liabilities, determination of the commencement of commercial production and the determination of the economic viability of a project.

4.15 Flow-through Shares

The obligation to renounce tax deductions at the time of issuance of flow-through shares is recorded as a liability in accordance with IAS 37, “Provisions, Contingent Liabilities and Contingent Assets” measured using a residual or a relative fair value method. This obligation is released into the statement of comprehensive income as a gain as and when the Company incurs qualifying expenditures (i.e. fulfilling its obligation to renounce tax attributes).

FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2011 AND 2010 (Canadian dollars)

5. TRADE AND OTHER RECEIVABLES

The Company's trade and other receivables arise from two main sources: trade receivables due from customers for services and sales and harmonized services tax ("HST") receivable due from government taxation authorities. These are broken down as follows:

	As at,		
	March 31, 2011	December 31, 2010	January 1, 2010
	$	$	$
HST receivable	**12,813**	19,225	31,463
Total trade and other receivables	**$ 12,813**	$ 19,225	$ 31,463

Below is an aged analysis of the Company's trade and other receivables:

	As at,		
	March 31, 2011	December 31, 2010	January 1, 2010
	$	$	$
Less than 1 month	**12,813**	19,225	31,463
Total trade and other receivables	**$ 12,813**	$ 19,225	$ 31,463

At March 31, 2011, the Company anticipates full recovery of these amounts and therefore no impairment has been recorded against these receivables. The credit risk on the receivables has been further discussed in Note 14.

The Company holds no collateral for any receivable amounts outstanding as at March 31, 2011.

6. PROPERTY, PLANT AND EQUIPMENT

	Automotive equipment	**Core shack**	**Total**
Cost			
As at January 1, 2010	**$ 11,828**	**$ 1,827**	**$ 13,655**
Additions/disposals	**-**	**-**	**-**
As at December 31, 2010	**11,828**	**1,827**	**13,655**
Additions/disposals	**-**	**-**	**-**
As at March 31, 2011	**$ 11,828**	**$ 1,827**	**$ 13,655**
Accumulated depreciation			
As at January 1, 2010	**$ 3,786**	**$ 401**	**$ 4,187**
Depreciation expense	**2,412**	**286**	**2,698**
As at December 31, 2010	**6,198**	**687**	**6,885**
Depreciation expense	**422**	**57**	**479**
As at March 31, 2011	**$ 6,620**	**$ 744**	**$ 80,476**
Net book value			
As at December 31, 2010	**5,630**	**1,140**	**6,770**
As at March 31, 2011	**5,208**	**1,083**	**6,291**

FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2011 AND 2010 (Canadian dollars)

7. MINERAL PROPERTIES

Chiniguchi River – Janes Township, Ontario
The Company has a 75% interest in 8 unpatented mining claims (containing 120 claim units) in the Chiniguchi River area covering approximately 1920 hectares in Janes Township, District of Sudbury. The vendor retains a 2% net smelter royalty which continues until the property is written off. GoldTrain recently staked 4 new claims (49 units covering approximately 748 hectares) adjoining the Chiniguchi River property to the south.

Clement Township – Hagar, Ontario
The Company has a 100% interest in 15 unpatented mining claims (containing 227 claim units) covering approximately 3632 hectares in the Clement Township area, approximately 65 kilometres northeast of Sudbury.

Missinabie Property – Brackin and LeesonTownship, Ontario
The Company has a 100% interest in 7 unpatented mining claims (containing 92 claim units) covering approximately 1472 hectares in the Brackin Township area, approximately 72 kilometres northeast of the town of Wawa, Ontario. The vendor retains a 2% net smelter royalty which continues until the property is written off.

On January 30, 2010, the Company entered into an agreement to acquire a 100% interest in 2 unpatented mining claims in the Leeson Township area, in the mining district of Sault Ste. Marie. Under the terms of the agreement, the Company acquired a 100% interest in the property by issuing 400,000 common shares (issued) and paid $11,200 in the form of non-interest bearing promissory notes payable as follows: $2,500 within six months of the date of the agreement, $1,200 on December 31, 2010, $2,500 within twelve months of the date of the agreement, and $5,000 within twenty months of the date of the agreement. As at March 31, 2011, $11,200 (2010 - $11,200) in promissory notes payable were outstanding. The vendor retains a 3% net smelter royalty on the property, two-thirds of which can be purchased for $2,000,000.

Nudulama Property
On or about December 13, 2010, the Company entered into an agreement to purchase a 100% interest in 11 patented and 11 leased claims in Leeson Township (Nudulama Property) approximately 85 kilometers northeast of Wawa, Ontario. The patented claims are adjacent to the Missinabie Property. Under the terms of the agreement, the Company agreed to pay $100,000, issue 300,000 common shares and issue 300,000 warrants on the closing of the agreement. Each warrant will entitle the holder to acquire one common share at an exercise price of $0.10 for 24 months. The vendor will retain a 2% net smelter royalty on the property, one-half of which can be purchased for $1,000,000. This agreement is still subject to completion of closing documents and transfer of consideration by each party.

The evaluation and exploration expenses for the Company are broken down as follows:

	Three months ended		Cumulative to date *
	March 31, 2011	March 31, 2010	
Clement Property	**$ 1,254**	$ 49,717	$ 160,473
Missinabie Property	**7,116**	113,083	516,957
Chiniguchi River	**-**	17,407	464,784
Nudulama Property	**4,005**	-	31,138
Exploration and evaluation expenditures	**$ 12,375**	$ 180,207	$ 1,173,352

* Only properties currently under exploration are included in this figure.

FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2011 AND 2010 (Canadian dollars)

8. TRADE AND OTHER PAYABLES

Trade and other payables of the Company are principally comprised of amounts outstanding for trade purchases relating to exploration activities and amounts payable for operating and financing activities. The usual credit period taken for trade purchases is between 30 to 90 days.

The following is an aged analysis of the trade and other payables:

As at,		**March 31, 2011**		December 31, 2010		January 1, 2010
		$		$		$
Less than 1 month		**35,596**		157,680		167,931
1 – 3 months		**142,096**		6,982		49,871
Over 3 months		**222,198**		205,841		-
Total trade and other payables	**$**	**399,890**	$	370,503	$	217,802

9. LONG-TERM DEBT

The debt is due to a company affiliated with a director of GoldTrain. The loan is without interest or security. The loan is due and payable based on the schedule below provided that the Company has the right to prepay the amount at any time and provided further that the creditor has the right (1) to tender the amount at face value in whole or in part from time to time (i) on the exercise of its Class "B" Warrants or (ii) in any private placement or other financing of non-flow-through shares or units being undertaken by GoldTrain or (2) to accelerate the due date in the event of any (i) change of control or (ii) corporate restructuring.

June 30, 2011	$ 91,634
June 30, 2012	100,000
	$ 191,634
Current portion of long-term debt	($91,634)
Long-term portion of long-term debt	$ 100,000

Management does not believe any of the conditions to accelerate the payment obligation will occur in the current period; accordingly, the outstanding balance due later than one year is recorded as long-term debt.

Subsequent to quarter end, the Company settled $100,000 on May 2, 2011 and $91,634 on June 3, 2011 pertaining to a unit for debt placement private placement (see Note 18).

10. RELATED PARTY TRANSACTIONS

Officers, directors and companies controlled by officers and directors of the Company and individuals related to them charged management, professional and consulting fees, exploration services in the amount of $21,300 (2010 - $22,560) to the Company during the three month period ended March 31, 2011.

During the three month period ended March 31, 2011, the Company was charged $nil (2010 - $29,570) for legal fees by a law firm of which a director of the Company is an officer, director and shareholder.

Trade and other payables at March 31, 2011 includes $295,000 (December 31, 2010 - $294,000) owing to officers, directors and companies controlled by officers and directors and a law firm which a director of the Company is an officer, director and shareholder.

Subsequent to quarter end, the Company settled $18,129 on May 2, 2011 and $8,366 on June 3, 2011 pertaining to a unit for debt placement private placement (see Note 18).

Management believes these transactions are in the normal course of business and are measured at the exchange amount, which is the amount of consideration agreed to by the related parties.

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11. SHARE CAPITAL

(a) Common shares

Authorized – Unlimited number of common shares
Unlimited number of preference shares issuable in series

	Number of Shares		Amount
Balance, January 1, 2010	**24,823,474**	**$**	**637,682**
Issued for mineral properties	**400,000**	**$**	**16,000**
Issued for professional and consulting fees	**300,000**		**30,000**
Balance, December 31, 2010 and March 31, 2011	**25,523,474**	**$**	**683,682**

(b) Subscriptions received for shares to be issued

As at March 31, 2011, consideration of $127,000 (December 31, 2010 - $nil) had been received pertaining to a private placement completed subsequent to the quarter end on April 19, 2011 (see Note 18).

(c) Options

The Company has a stock option plan (the "Plan") under which the directors of the Company may grant options to acquire common shares of the Company to directors and officers, employees, and consultants of the Company. Exercise prices cannot be less than the closing price of the Company's shares on the trading day preceding the date of grant less any discounts permitted by regulatory policies and the maximum term of any option cannot exceed five years. The maximum aggregate number of common shares under options any time under the Plan cannot exceed 10% of the issued shares. As at March 31, 2011, the Company had 652,347 (December 31, 2010 – 652,347) options available for issuance under the Plan. The options outstanding to purchase common shares are as follows:

	March 31, 2011			December 31, 2010		
	Options		Weighted Average Exercise price	Options		Weighted Average Exercise price
Outstanding at beginning of period/year	1,900,000	$	0.12	-	$	-
Transaction during the period/year						
Granted	-		-	1,900,000		0.12
Outstanding at end of period/year	1,900,000	$	0.12	1,900,000	$	0.12

The following summarizes information on the stock options outstanding at March 31, 2011.

Range of Exercise Prices ($)	**No. of Options Outstanding**	**Weighted Average Remaining Life (Years)**	**Weighted Average Exercise Price ($)**
0.05	100,000	4.35	0.05
0.12	1,800,000	3.82	0.12
0.05 - 0.12	**1,900,000**	**3.85**	**0.12**

FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2011 AND 2010 (Canadian dollars)

11. SHARE CAPITAL (continued)

c) Options (continued)

The fair value of each option was estimated on the date of grant. The following are the assumptions used under Black-Scholes at the measurement date for the year ended December 31, 2010:

	January 19, 2010	**May 26, 2010**	**August 5, 2010**	**August 5, 2010**	**Total**
Options Issued	1,700,000	50,000	50,000	100,000	1,900,000
Risk-free interest rate	2.60%	2.55%	2.32%	2.32%	
Expected life	5 years	4.67 years	5 years	5 years	
Exercise price	$0.12	$0.12	$0.12	$0.05	
Price volatility	100%	100%	100%	100%	
Dividend yield	Nil	Nil	Nil	Nil	
Share based compensation	$53,000	$1,000	$1,000	$2,000	$57,000

The weighted average grant-date fair value of options granted during the three month period ended March 31, 2011 was $Nil (Year ended December 31, 2010 – $0.03) per option issued.

(d) Common Share Purchase Warrants

The exercise price and expiry date of the warrants outstanding at period end are as follows:

Warrants	Exercise Price	Expiry Date
3,150,000	0.12	December 14, 2011
3,630,000	0.20	December 31, 2011
330,000	0.10	December 31, 2011
7,110,000		

12. RESERVE FOR WARRANTS

Reserve for warrants is comprised of the following:

	March31, 2011	December 31, 2010	January 1, 2010
Balance, beginning of the period/year	**$ 258,525**	$ 258,525	$ 258,525
Balance, end of period/year	**$ 258,525**	$ 258,525	$ 258,525

13. RESERVE FOR SHARE BASED PAYMENTS

Reserve for share based payments is comprised of the following:

	March31, 2011	December 31, 2010	January 1, 2010
Balance, beginning of the period/year	**$ 57,000**	$ -	$ -
Share based payments	**-**	57,000	-
Balance, end of period/year	**$ 57,000**	$ 57,000	$ -

14. FINANCIAL INSTRUMENTS

Fair value

The Company's financial instruments as at March 31, 2011 include cash, marketable securities, trade and other receivables, trade and other payables, promissory notes payable and long-term debt. The Company has designated its cash and marketable securities as FVTPL, which are measured at fair value cash and is determined based on transaction value and is categorized as Level 1 measurement. Fair value of trade and other receivable and trade and other payables, promissory notes payable and long-term debt are determined from transaction values which were derived from observable market inputs. Fair values of these financial instruments are based on Level 2 measurements. The Company records its financial instruments at their carrying amounts which approximates fair value, unless otherwise disclosed in the financial statements. The carrying amounts approximate fair values due to the short-term maturities of these financial instruments.

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

Interest-rate risk

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

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations.

The Company's credit risk is primarily attributable to cash and receivables included in current assets. The Company has no material concentration of credit risk arising from operations. Cash consist of bank deposits, which have been invested in a Canadian chartered bank, from which management believes the risk of loss is remote. As at March 31, 2011, the Company's receivables primarily consist of amounts due from the Canadian government. The Company's receivables are normally collected within a 60-90 day period. The Company has not experienced any significant collection issues to March 31, 2011. The Company is exposed to credit risk with regards to debtors refusing payment and the government denying the Company claims filed.

The Company's maximum exposure to credit risk as at March 31, 2011 is the carrying value of cash and trade and other receivables.

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 at March 31, 2011, the Company had current assets of $146,757 (December 31, 2010 - $26,151) to settle current liabilities of $502,724 (December 31, 2010 - $473,337). The ability of the Company to continue to pursue its exploration activities and continue as a going concern is dependent on its ability to secure additional equity or other financing. All of the Company's financial liabilities (other than long-term debt) have contractual maturities of less than 30 days and are subject to normal trade terms. As at March 31, 2011, the Company had a working capital deficiency of $355,967 (December 31, 2010 – $447,186).

FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2011 AND 2010 (Canadian dollars)

15. CAPITAL MANAGEMENT

The Company's objectives in managing its capital are: to maintain adequate levels of funding to support its expenditures arising from the Company's investments; to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of its properties; to maintain a flexible capital structure for its projects for the benefit of its stakeholders; to maintain corporate and administrative functions necessary to support the Company's operations and corporate functions; and to seek out and acquire new projects of merit.

The Company considers its capital to be equity, which is comprised of share capital, reserve accounts, and accumulated deficit, which as at March 31, 2011 totaled a deficiency of $449,676 (December 31, 2010 - $540,416).

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 mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will continue to assess its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

The Company's investment policy is to invest its cash in low-risk, highly liquid, short-term interest-bearing investments, selected with regards to the expected timing of upcoming expenditures.

The Company expects its capital resources will be sufficient to carry out its exploration plans and operations through its current operating period. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the three month period ended March 31, 2011. The Company is not subject to externally imposed capital requirements.

16. SUPPLEMENTAL CASH FLOW INFORMATION

	March 31, 2011	March 31, 2010
Trade and other receivables	**$ 6,412**	$ 13,976
Prepaid expenses and deposits	**(1,200)**	-
Trade and other payables	**29,387**	14,317
Changes in non-cash working capital balances	**$ 34,599**	$ 28,293
Interest paid	**$ -**	$ -
Income tax paid	**$ -**	$ -

17. COMMITMENTS AND CONTRACTUAL OBLIGATIONS

The Company's activities are subject to environmental regulation (including regular environmental impact assessments and permitting) in each of the jurisdictions in which its mineral properties are located. Such regulations cover a wide variety of matters including, without limitation, prevention of waste, pollution and protection of the environment, labour relations and worker safety. The Company may also be subject under such regulations to clean-up costs and liability for toxic or hazardous substances which may exist on or under any of its properties or which may be produced as a result of its operations. It is likely that environmental legislation and permitting will evolve in a manner which will require stricter standards and enforcement. This may include increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a higher degree of responsibility for companies, their directors and employees. The Company has not determined and is not aware whether any provision for such costs is required and is unable to determine the impact on its financial position, if any, of environmental laws and regulations that may be enacted in the future due to the uncertainty surrounding the form that these laws and regulations may take.

18. SUBSEQUENT EVENTS

On April 19, 2011, the Company completed a private placement totaling 3,240,000 units at $0.05 each for an aggregate amount of $162,000. Each unit is comprised of one common share and one common share purchase warrant exercisable at a price of $0.10 for a period of 24 months.

On May 2, 2011, the Company closed a unit for debt private placement at a price of $0.05 per unit by issuing 3,332,473 units, in order to settle $166,623.66 of debt owing by GoldTrain as of March 31, 2011. Each unit is comprised of one common share and one common share purchase warrant exercisable at a price of $0.10 for a period of 24 months. The issuance of common shares and warrants was completed pursuant to agreements made by GoldTrain with certain creditors, directors, officers and consultants of the Corporation.

On June 1, 2011, the Company issued 550,000 options to various officers and consultants. These options vest immediately and are exercisable at $0.10 for a period of 5 years.

On June 3, 2011, the Company completed a private placement totaling 100,000 units at $0.05 each for an aggregate amount of $5,000. Each unit is comprised of one common share and one common share purchase warrant exercisable at a price of $0.10 for a period of 24 months. The Company paid a cash finder's fee of $400 and granted 8,000 finder's warrants equal in number to 8% of the number of securities sold by such finder. Each finder's warrant will entitle the holder to purchase one common share for a price of $0.10 for a period of 24 months.

On June 3, 2011, the Company closed a unit for debt placement private placement at a price of $0.05 per unit by issuing 2,260,001 units, in order to settle $113,000.05 of debt owing by GoldTrain as of March 31, 2011. Each unit is comprised of one common share and one common share purchase warrant exercisable at a price of $0.10 for a period of 24 months. The issuance of common shares and warrants was completed pursuant to agreements made by GoldTrain with certain directors and consultants of the Corporation.

In June 2011, the Corporation settled its liabilities to KWG Resources Inc. ("KWG") by issuing 7,000,000 units in satisfaction of an outstanding debt of $350,000. Each unit is comprised of one common share and one common share purchase warrant exercisable at a price of $0.10 for a period of 24 months. The Company had borrowed 3,452,217 liquid securities from KWG and, with KWG's consent, sold such securities from time to time. Included at March 31, 2011 was $29,706 (2010 - $Nil) in trade and other payables relating to the sale of 293,000 (2010 - Nil) of these securities in the three month period ended March 31, 2011. The sale of these securities resulted in a loss on sale of marketable securities of $1,624 (2010 - $Nil) during the three month period ended March 31, 2011. The Company continues to sell the remaining securities to help finance ongoing operations.