



# GOLDTRAIN RESOURCES INC.

(An Exploration Stage Enterprise)

UNAUDITED INTERIM FINANCIAL STATEMENTS

For the three and six month periods ended June 30, 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 and six month periods ended June 30, 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,	June 30, 2011	December 31, 2010	January 1, 2010
<b>ASSETS</b>			
		(Note 3)	(Note 3)
<b>Current</b>			
Cash	\$ 218,470	\$ 6,610	\$ 316,826
Trade and other receivables (Note 5)	11,736	19,225	31,463
Other financial assets (Note 6)	134,564	-	-
Prepaid expense	14,926	316	-
	<b>379,696</b>	26,151	348,289
<b>Property, plant and equipment</b> (Note 7)	<b>5,811</b>	6,770	9,468
<b>Incorporation costs</b>	-	-	1,672
	<b>\$ 385,507</b>	\$ 32,921	\$ 359,429
<b>LIABILITIES</b>			
<b>Current</b>			
Trade and other payables (Note 9 and 12)	\$ 335,087	\$ 370,503	\$ 217,802
Promissory notes payable (Note 10)	-	11,200	-
Current portion of long-term debt (Note 11)	-	91,634	-
	<b>335,087</b>	473,337	217,802
<b>Long-term debt</b> (Note 11)	-	100,000	191,634
	<b>335,087</b>	573,337	409,436
<b>EQUITY</b>			
Share capital (Note 12 (a))	1,283,899	683,682	637,682
Reserve for warrants (Note 13)	445,525	258,525	258,525
Reserve for share based payments (Note 14)	66,000	57,000	-
Accumulated deficit	(1,745,004)	(1,539,623)	(946,214)
	<b>50,420</b>	(540,416)	(50,007)
	<b>\$ 385,507</b>	\$ 32,921	\$ 359,429
Commitments and Contractual Obligations (Note 18)			

Approved on behalf of the Board on July 18, 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 months ended June 30, 2011	Three months ended June 30, 2010	Six months ended June 30, 2011	Six months ended June 30, 2010
<b>Expenses</b>				(Note 3)
Professional and consulting fees	\$ 43,823	\$ 18,556	\$ 59,807	\$ 51,126
Shareholder Information	2,399	3,943	4,090	5,211
Share based payments (Note 12(c))	9,000	54,000	9,000	54,000
Part XII.6 tax	-	1,642	-	1,642
Office, general and administrative	17,168	3,313	21,275	5,193
Exploration and evaluation expenditures (Note 8)	18,053	64,376	30,428	244,583
Amortization (Note 7)	480	675	959	1,350
<b>Net loss before the undernoted</b>	<b>\$ 90,923</b>	<b>\$ 146,505</b>	<b>\$ 125,559</b>	<b>\$ 363,105</b>
Loss on sale of other financial assets	2,875	-	4,499	-
Unrealized loss on other financial assets (Note 6)	75,323	-	75,323	-
<b>Net loss and comprehensive loss for the period</b>	<b>\$ 169,121</b>	<b>\$ 146,505</b>	<b>\$ 205,381</b>	<b>\$ 363,105</b>
<b>Loss per share</b>				
Basic and diluted	\$ 0.005	\$ 0.006	\$ 0.007	\$ 0.014
Weighted average number of common shares outstanding				
Basic and diluted	32,738,292	25,257,100	29,150,814	25,070,214

*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)  
(Canadian dollars)

	Share Capital		Reserves			Total
	Number of Shares	Amount	Share based payments	Warrants	Accumulated deficit	
Balance at January 1, 2010	24,823,474	\$ 637,682	\$ -	\$ 258,525	\$ (946,214)	\$ (50,007)
Shares issued for mineral properties	400,000	16,000	-	-	-	16,000
Shares issued for services	180,000	18,000	-	-	-	18,000
Share based payments	-	-	54,000	-	-	54,000
Comprehensive loss for the period	-	-	-	-	(363,105)	(363,105)
<b>Balance at June 30, 2010</b>	<b>25,403,474</b>	<b>\$ 671,682</b>	<b>\$ 54,000</b>	<b>\$ 258,525</b>	<b>\$ (1,309,319)</b>	<b>\$ (325,112)</b>
Shares issued for services	120,000	12,000	-	-	-	12,000
Share based payments	-	-	3,000	-	-	3,000
Comprehensive loss for the period	-	-	-	-	(230,304)	(230,304)
<b>Balance at December 31, 2010</b>	<b>25,523,474</b>	<b>\$ 683,682</b>	<b>\$ 57,000</b>	<b>\$ 258,525</b>	<b>\$ (1,539,623)</b>	<b>\$ (540,416)</b>
Private placements	3,340,000	167,000	-	-	-	167,000
Shares issued for debt	5,592,474	279,624	-	-	-	279,624
Shares issued for other financial assets	7,000,000	350,000	-	-	-	350,000
Warrants issued on private placement	-	(187,000)	-	187,000	-	-
Cost of share issuance - cash	-	(9,407)	-	-	-	(9,407)
Share based payments	-	-	9,000	-	-	9,000
Comprehensive loss for the period	-	-	-	-	(205,381)	(205,381)
<b>Balance at June 30, 2011</b>	<b>41,455,948</b>	<b>\$ 1,283,899</b>	<b>\$ 66,000</b>	<b>\$ 445,525</b>	<b>\$ (1,745,004)</b>	<b>\$ 50,420</b>

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)

<b>Six month periods ended June 30,</b>	<b>2011</b>	<b>2010</b>
<b>Operating activities</b>		(Note 3)
Net loss for the period	\$ (205,381)	\$ (363,105)
Add items not affecting cash:		
Amortization	959	1,350
Share based payments (Note 11 (c))	9,000	54,000
Realized loss on other financial assets	4,499	-
Unrealized loss on other financial assets (Note 16)	75,323	-
Write-off of incorporation costs	-	1,672
Shares issued for property	-	16,000
Shares issued for professional and consulting fees	-	18,000
Changes in non-cash working capital items (Note 17)	44,901	32,625
Cash flows used in operating activities	(70,699)	(239,458)
<b>Investing activities</b>		
Proceeds on sale of other financial assets	136,166	-
Cash flows provided from financing activities	136,166	-
<b>Financing activities</b>		
Issuance of common shares, net of issue costs	157,593	-
Payment of promissory notes payable	(11,200)	-
Cash flows provided from financing activities	146,393	-
<b>Net increase (decrease) in cash</b>	<b>211,860</b>	<b>(239,458)</b>
Cash, beginning of period	6,610	316,826
<b>Cash, end of period</b>	<b>\$ 218,470</b>	<b>\$ 77,368</b>

#### SUPPLEMENTAL CASH FLOW INFORMATION (Note 17)

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

## GoldTrain Resources Inc.

(An Exploration Stage Enterprise)

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

**FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2011 AND 2010** (Canadian dollars)

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#### 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 1801 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 June 30, 2011, the Company had working capital of \$44,609 (December 31, 2010 – \$447,186 working capital deficiency), had not yet achieved profitable operations, had accumulated losses of \$1,745,004 (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.

## GoldTrain Resources Inc.

(An Exploration Stage Enterprise)

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

**FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2011 AND 2010** (Canadian dollars)

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## 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").

The policies applied in these interim financial statements are based on IFRS issued and outstanding as of July 18, 2011, the date on which the Board of Directors approved the interim financial statements. Any subsequent changes to IFRS that are given effect in the annual financial statements for the year ending December 31, 2011 could result in restatement of these interim financial statements, including the transition adjustments recognized on change-over to IFRS.

These are the Company's second IFRS interim financial statements for part of the period to be 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 second set of interim financial statements prepared 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 prepared under IFRS as the reader will be able to refer to and 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 years 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 have 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.



## GoldTrain Resources Inc.

(An Exploration Stage Enterprise)

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2011 AND 2010 (Canadian dollars)

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## 2. BASIS OF PREPARATION (continued)

### 2.3 Adoption of new and revised standards and interpretations (continued)

- IFRS 10 '*Consolidated Financial Statements*' – effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.
- IFRS 11 '*Joint Arrangements*' - effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form.
- IFRS 12 '*Disclosure of Interests in Other Entities*' - effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, 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 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.

## GoldTrain Resources Inc.

(An Exploration Stage Enterprise)

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2011 AND 2010 (Canadian dollars)

#### 3. FIRST TIME ADOPTION OF IFRS (continued)

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

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

## GoldTrain Resources Inc.

(An Exploration Stage Enterprise)

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 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 June 30, 2010			Notes
	GAAP	Effect of transition to IFRS	IFRS	
<b>Assets</b>				
<b>Current Assets</b>				
Cash	\$ 77,368	-	\$ 77,368	
Trade and other receivables	19,350	-	19,350	
Prepaid expenses	2,000	-	2,000	
	98,718	-	98,718	
<b>Property, plant and equipment</b>	8,118	-	8,118	
<b>Mineral properties and deferred</b>	1,019,697	(1,019,697)	-	(a)
	\$ 1,126,533	(1,019,697)	\$ 106,836	
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Trade and other payables	\$ 240,314	-	\$ 240,314	
Current portion of long-term debt	91,634	-	91,634	
	331,948	-	331,948	
<b>Long-term debt</b>	100,000	-	100,000	
	431,948	-	431,948	
<b>Equity</b>				
<b>Share capital</b>	588,682	83,000	671,682	(c)
<b>Contributed surplus</b>	312,525	(312,525)	-	(b)
<b>Reserve for warrants</b>	-	258,525	258,525	(b)
<b>Reserve for share based payments</b>	-	54,000	54,000	(b)
<b>Accumulated deficit</b>	(206,622)	(1,102,697)	(1,309,319)	(a)
	694,585	(1,019,697)	(325,112)	
	\$ 1,126,533	(1,019,697)	\$ 106,836	

## GoldTrain Resources Inc.

(An Exploration Stage Enterprise)

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2011 AND 2010 (Canadian dollars)

#### 3. FIRST TIME ADOPTION OF IFRS (continued)

##### Reconciliation of assets, liabilities and equity

	As at December 31, 2010			Notes
	GAAP	Effect of transition to IFRS	IFRS	
<b>Assets</b>				
<b>Current Assets</b>				
Cash	\$ 6,610	-	\$ 6,610	
Trade and other receivables	19,225	-	19,225	
Prepaid expenses	316	-	316	
	26,151	-	26,151	
<b>Property, plant and equipment</b>	6,770	-	6,770	
<b>Mineral properties and deferred expenditures</b>	1,160,977	(1,160,977)	-	(a)
	\$ 1,193,898	(1,160,977)	\$ 32,921	
<b>Liabilities</b>				
<b>Current Liabilities</b>				
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	
<b>Long-term debt</b>	100,000	-	100,000	
	573,337	-	573,337	
<b>Equity</b>				
<b>Share capital</b>	601,682	82,000	683,682	(c)
<b>Contributed surplus</b>	315,525	(315,525)	-	(b)
<b>Reserve for warrants</b>	-	258,525	258,525	(b)
<b>Reserve for share based payments</b>	-	57,000	57,000	(b)
<b>Accumulated deficit</b>	(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	

**GoldTrain Resources Inc.**

(An Exploration Stage Enterprise)

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS****FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2011 AND 2010** (Canadian dollars)**3. FIRST TIME ADOPTION OF IFRS (continued)****Reconciliation of statement of comprehensive loss**

	<b>Three months ended June 30, 2010</b>			
	<b>GAAP</b>	<b>Effect of transition to IFRS</b>	<b>IFRS</b>	<b>Notes</b>
<b>Expenses</b>				
General and administrative	\$ 3,313	-	\$ 3,313	
Shareholder information	3,943	-	3,943	
Share based payments	54,000	-	54,000	
Amortization	675	-	675	
Part XII.6 tax	1,642	-	1,642	
Professional fees	18,556	-	18,556	
Exploration and evaluation expenditures	-	64,376	64,376	(a)
<b>Loss before taxes</b>	<b>(82,129)</b>	<b>(64,376)</b>	<b>(146,505)</b>	
Deferred income tax recovery	181,069	(181,069)	-	(c)
<b>Net income (loss) and comprehensive income (loss)</b>	<b>\$ 98,940</b>	<b>(245,445)</b>	<b>\$ (146,505)</b>	

**GoldTrain Resources Inc.**

(An Exploration Stage Enterprise)

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS****FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2011 AND 2010** (Canadian dollars)**3. FIRST TIME ADOPTION OF IFRS (continued)****Reconciliation of statement of comprehensive loss**

	<b>Six months ended June 30, 2010</b>			<b>Notes</b>
	<b>GAAP</b>	<b>Effect of transition to IFRS</b>	<b>IFRS</b>	
<b>Expenses</b>				
General and administrative	\$ 5,193	-	\$ 5,193	
Shareholder information	5,211	-	5,211	
Share based payments	54,000	-	54,000	
Amortization	1,350	-	1,350	
Part XII.6 tax	1,642	-	1,642	
Professional fees	51,126	-	51,126	
Exploration and evaluation expenditures	-	244,583	244,583	(a)
<b>Loss before taxes</b>	(118,522)	(244,583)	(363,105)	
Deferred income tax recovery	181,069	(181,069)	-	(c)
<b>Net income (loss) and comprehensive income (loss)</b>	<b>\$ 62,547</b>	<b>(425,652)</b>	<b>\$ (363,105)</b>	

## GoldTrain Resources Inc.

(An Exploration Stage Enterprise)

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2011 AND 2010 (Canadian dollars)

#### 3. FIRST TIME ADOPTION OF IFRS (continued)

##### Reconciliation of statement of comprehensive loss

	Year ended December 31, 2010			Notes
	GAAP	Effect of transition to IFRS	IFRS	
<b>Expenses</b>				
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	
<b>Loss before taxes</b>	<b>(207,546)</b>	<b>(385,863)</b>	<b>(593,409)</b>	
Deferred income tax recovery	180,069	(180,069)	-	(c)
<b>Net loss and comprehensive loss</b>	<b>\$ (27,477)</b>	<b>(565,932)</b>	<b>\$ (593,409)</b>	

**GoldTrain Resources Inc.**

(An Exploration Stage Enterprise)

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS****FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2011 AND 2010** (Canadian dollars)**3. FIRST TIME ADOPTION OF IFRS (continued)****Reconciliation of Cash Flows**

	Six months ended June 30, 2010			Notes
	GAAP	Effect of transition to IFRS	IFRS	
<b>Operations</b>				
Net income (loss)	\$ 62,547	\$ (425,652)	\$ (363,105)	(a)
Adjustments to reconcile net loss to cash flow from operating activities:				
Amortization	1,350	-	1,350	
Share based payments	54,000	-	54,000	
Deferred tax recovery	(181,069)	181,069	-	(c)
Write-off of incorporation costs	1,672	-	1,672	
Shares issued for property	-	16,000	16,000	(a)
Shares issued for professional and consulting fees	18,000	-	18,000	
Net change in non-cash operating working capital items	32,625	-	32,625	
	(10,875)	(228,583)	(239,458)	
<b>Investing</b>				
Expenditures on deferred exploration	(228,583)	228,583	-	(a)
	(228,583)	228,583	-	
<b>Net decrease in cash</b>	(239,458)	-	(239,458)	
Cash and cash equivalents, beginning of period	316,826	-	316,826	
<b>Cash, end of period</b>	\$ 77,368	-	\$ 77,368	



**GoldTrain Resources Inc.**

(An Exploration Stage Enterprise)

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS****FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2011 AND 2010** (Canadian dollars)**3. FIRST TIME ADOPTION OF IFRS (continued)****Reconciliation of Cash Flows**

	Year ended December 31, 2010			Notes
	GAAP	Effect of transition to IFRS	IFRS	
<b>Operations</b>				
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)	
<b>Investing</b>				
Increase in mineral properties and deferred exploration	(358,663)	358,663	-	(a)
	(358,663)	358,663	-	
<b>Net decrease in cash</b>	(310,216)	-	(310,216)	
Cash, beginning of year	316,826	-	316,826	
Cash, end of year	\$ 6,610	-	\$ 6,610	

## GoldTrain Resources Inc.

(An Exploration Stage Enterprise)

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2011 AND 2010 (Canadian dollars)

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#### 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 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 were made. The proceeds from property options granted reduced the cost of the related property and any excess over cost was 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 were 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 resulted 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.

## GoldTrain Resources Inc.

(An Exploration Stage Enterprise)

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2011 AND 2010 (Canadian dollars)

#### 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 expected useful lives at the following rates:

• Automotive equipment	30%
• Core shack	20%

An item of PPE is de-recognized 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.

## GoldTrain Resources Inc.

(An Exploration Stage Enterprise)

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2011 AND 2010 (Canadian dollars)

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#### 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.

## GoldTrain Resources Inc.

(An Exploration Stage Enterprise)

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2011 AND 2010 (Canadian dollars)

#### 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.

## GoldTrain Resources Inc.

(An Exploration Stage Enterprise)

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2011 AND 2010 (Canadian dollars)

#### 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 and six months ended June 30, 2011 and 2010 all of 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 and other financial assets are 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 June 30, 2011 the Company has not classified any financial liabilities as FVTPL.

## GoldTrain Resources Inc.

(An Exploration Stage Enterprise)

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2011 AND 2010 (Canadian dollars)

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#### 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.



## **GoldTrain Resources Inc.**

(An Exploration Stage Enterprise)

### **NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**

**FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2011 AND 2010** (Canadian dollars)

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#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **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 judgments 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).



## GoldTrain Resources Inc.

(An Exploration Stage Enterprise)

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 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,		
	June 30, 2011	December 31, 2010	January 1, 2010
	\$	\$	\$
HST receivable	11,736	19,225	31,463
<b>Total trade and other receivables</b>	<b>\$ 11,736</b>	<b>\$ 19,225</b>	<b>\$ 31,463</b>

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

	As at,		
	June 30, 2011	December 31, 2010	January 1, 2010
	\$	\$	\$
Less than 1 month	11,736	19,225	31,463
<b>Total trade and other receivables</b>	<b>\$ 11,736</b>	<b>\$ 19,225</b>	<b>\$ 31,463</b>

At June 30, 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 June 30, 2011.

#### 6. OTHER FINANCIAL ASSETS – FVTPL SECURITIES

Other financial assets are comprised of marketable securities of a publicly traded company on the TSXV. As at June 30, 2011, these fair value through profit and loss investments have been measured at their fair value of \$134,564 (December 31, 2010 – \$nil). The impact to the financial statements of the revaluation to market value resulted in an unrealized loss of \$75,323 (June 30, 2010 – \$nil) as market values of these securities decreased during the period.

## GoldTrain Resources Inc.

(An Exploration Stage Enterprise)

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2011 AND 2010 (Canadian dollars)

#### 7. PROPERTY, PLANT AND EQUIPMENT

	Automotive equipment	Core shack	Total
<b>Cost</b>			
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 June 30, 2011	\$ 11,828	\$ 1,827	\$ 13,655
<b>Accumulated depreciation</b>			
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	845	114	959
As at June 30, 2011	\$ 7,043	\$ 801	\$ 7,844
<b>Net book value</b>			
As at December 31, 2010	5,630	1,140	6,770
As at June 30, 2011	4,785	1,026	5,811

#### 8. MINERAL PROPERTIES

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

	Six months ended		Cumulative
	June 30, 2011	June 30, 2010	to date *
Clement Property	\$ 1,254	\$ 78,642	\$ 160,473
Missinabie Property	7,116	156,801	516,957
Chiniguchi River/Janes Property	6,600	9,140	471,384
Ndulama Property	15,458	-	42,591
<b>Exploration and evaluation expenditures</b>	<b>\$ 30,428</b>	<b>\$ 244,583</b>	<b>\$ 1,191,405</b>

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

##### 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.

## GoldTrain Resources Inc.

(An Exploration Stage Enterprise)

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2011 AND 2010 (Canadian dollars)

#### 8. MINERAL PROPERTIES, (continued)

##### 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 Leeson Township, 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 June 30, 2011, \$nil (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.

#### 9. 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,	June 30, 2011	December 31, 2010	January 1, 2010
	\$	\$	\$
Less than 1 month	22,408	157,680	167,931
1 – 3 months	41,274	6,982	49,871
Over 3 months	271,405	205,841	-
<b>Total trade and other payables</b>	<b>\$ 335,087</b>	<b>\$ 370,503</b>	<b>\$ 217,802</b>

## GoldTrain Resources Inc.

(An Exploration Stage Enterprise)

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

**FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2011 AND 2010** (Canadian dollars)

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#### 10. LONG-TERM DEBT

The debt was 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.

The Company settled the debt in full by making a \$100,000 payment on May 2, 2011 and \$91,634 on June 3, 2011 in treasury securities pertaining to a unit-for-debt private placement (see Note 12).

#### 11. 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 \$46,500 (2010 - \$52,000) to the Company during the six month period ended June 30, 2011.

During the six month period ended June 30, 2011, the Company was charged \$32,000 (2010 - \$33,000) 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 June 30, 2011 includes \$298,000 (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.

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 12) of accounts 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.

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.

## GoldTrain Resources Inc.

(An Exploration Stage Enterprise)

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2011 AND 2010 (Canadian dollars)

#### 12. SHARE CAPITAL

##### (a) Common shares

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

	Number of Shares	Amount
<b>Balance, January 1, 2010</b>	<b>24,823,474</b>	<b>\$ 637,682</b>
Issued for mineral properties	400,000	16,000
Issued for professional and consulting fees	300,000	30,000
<b>Balance, December 31, 2010</b>	<b>25,523,474</b>	<b>\$ 683,682</b>
<b>Private placement</b>	<b>3,340,000</b>	<b>167,000</b>
<b>Shares issued for settlement of debt</b>	<b>5,592,474</b>	<b>279,624</b>
<b>Shares issued for other financial assets</b>	<b>7,000,000</b>	<b>350,000</b>
<b>Warrants issued on private placement</b>	-	<b>(187,000)</b>
<b>Shares issue costs – cash</b>	-	<b>(9,407)</b>
<b>Balance, June 30, 2011</b>	<b>41,455,948</b>	<b>\$ 1,283,899</b>

##### (b) Issuances of shares

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 was 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 fair value of the 3,240,000 share purchase warrants was estimated at \$40,000 using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk-free interest rate 1.77%; volatility 100% and an expected life of 2 years.

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. 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 Company.

The fair value of the 3,332,473 share purchase warrants was estimated at \$42,000 using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk-free interest rate 1.70%; volatility 100% and an expected life of 2 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.

## GoldTrain Resources Inc.

(An Exploration Stage Enterprise)

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2011 AND 2010 (Canadian dollars)

#### 12. SHARE CAPITAL (continued)

The fair value of the 100,000 share purchase warrants was estimated at \$1,000 using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk-free interest rate 1.44%; volatility 100% and an expected life of 2 years.

The fair value of the 8,000 finder's warrants was estimated at \$Nil using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk-free interest rate 1.44%; volatility 100% and an expected life of 2 years.

On June 3, 2011, the Company closed a unit-for-debt 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. 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, consultants and other creditors of the Company.

The fair value of the 2,260,001 share purchase warrants was estimated at \$17,000 using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk-free interest rate 1.44%; volatility 100% and an expected life of 2 years.

On June 9, 2011, the Company 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 was 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 incurred this debt through the acquisition of 3,452,217 liquid securities from KWG.

The fair value of the 7,000,000 share purchase warrants was estimated at \$87,000 using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk-free interest rate 1.44%; volatility 100% and an expected life of 2 years.

#### (c) Options

The Company has a stock option plan (the "Plan") under which the board of 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 option at any time under the Plan is 3,209,594. As at June 30, 2011, the Company had 759,594 (December 31, 2010 – 652,347) options available for issuance under the Plan. The options outstanding to purchase common shares are as follows:

	June 30, 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	<u>550,000</u>	0.10	<u>1,900,000</u>	0.12
Outstanding at end of period/year	<u>2,450,000</u>	\$ 0.11	<u>1,900,000</u>	\$ 0.12

## GoldTrain Resources Inc.

(An Exploration Stage Enterprise)

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2011 AND 2010 (Canadian dollars)

#### 12. SHARE CAPITAL (continued)

##### c) Options (continued)

The following summarizes information on the stock options outstanding at June 30, 2011.

Range of Exercise Prices (\$)	No. of Options Outstanding	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price (\$)
0.05	100,000	4.10	0.05
0.10	550,000	4.92	0.10
0.12	1,800,000	3.57	0.12
<b>0.05 - 0.12</b>	<b>2,450,000</b>	<b>3.90</b>	<b>0.11</b>

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 six month period ended June 30, 2011:

	June 1, 2011	Total
Options Issued	550,000	550,000
Risk-free interest rate	2.24%	
Expected life	5 years	
Exercise price	\$0.10	
Price volatility	100%	
Dividend yield	Nil	
Share based compensation	\$9,000	\$9,000

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 six month period ended June 30, 2011 was \$0.02 (Year ended December 31, 2010 – \$0.03) per option issued.

## GoldTrain Resources Inc.

(An Exploration Stage Enterprise)

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2011 AND 2010 (Canadian dollars)

#### 12. SHARE CAPITAL (continued)

##### (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
3,240,000	0.10	April 19, 2013
3,332,473	0.10	May 2, 2013
2,368,001	0.10	June 3, 2013
7,000,000	0.10	June 9, 2013
<u>23,050,474</u>		

#### 13. RESERVE FOR WARRANTS

Reserve for warrants is comprised of the following:

	June 30, 2011	December 31, 2010	January 1, 2010
Balance, beginning of the period/year	\$ 258,525	\$ 258,525	\$ 258,525
Warrants on private placement	187,000	-	-
Balance, end of period/year	<u>\$ 445,525</u>	<u>\$ 258,525</u>	<u>\$ 258,525</u>

#### 14. RESERVE FOR SHARE BASED PAYMENTS

Reserve for share based payments is comprised of the following:

	June 30, 2011	December 31, 2010	January 1, 2010
Balance, beginning of the period/year	\$ 57,000	\$ -	\$ -
Share based payments	9,000	57,000	-
Balance, end of period/year	<u>\$ 66,000</u>	<u>\$ 57,000</u>	<u>\$ -</u>

#### 15. FINANCIAL INSTRUMENTS

##### *Fair value*

The Company's financial instruments as at June 30, 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 receivables 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.



## GoldTrain Resources Inc.

(An Exploration Stage Enterprise)

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2011 AND 2010 (Canadian dollars)

#### 15. FINANCIAL INSTRUMENTS (continued)

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.

##### *Equity price risk*

Equity price risk arises from the possibility that changes in market prices will affect the value of the financial instruments of the Company. The Company is exposed to fair value fluctuations on its other financial assets. The Company's other financial instruments (cash, trade and other receivables, and trade and other payables) are not subject to price risk.

##### *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 June 30, 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 June 30, 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 June 30, 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 June 30, 2011, the Company had current assets of \$379,696 (December 31, 2010 - \$26,151) to settle current liabilities of \$335,087 (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 June 30, 2011, the Company had working capital of \$44,609 (December 31, 2010 - \$447,186 working capital deficiency).

#### **Sensitivity Analysis**

The sensitivity analysis shown in the notes below may differ materially from actual results. Interest rate risk on cash equivalents is minimal as these have fixed interest rates.

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible over a one year period:

- (ii) The Company's other financial assets are subject to fair value fluctuations. As at June 30, 2011, if the fair value of investments had fluctuated by 10% with all other variables held constant, net loss and comprehensive net loss for the six month period ended June 30, 2011 would have changed by \$13,000.

## GoldTrain Resources Inc.

(An Exploration Stage Enterprise)

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2011 AND 2010 (Canadian dollars)

#### 16. 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 June 30, 2011 totaled \$50,420 (December 31, 2010 - \$540,416 deficiency).

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 six month period ended June 30, 2011. The Company is not subject to externally imposed capital requirements.

#### 17. SUPPLEMENTAL CASH FLOW INFORMATION

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Trade and other receivables	\$ 7,489	\$ 12,113
Prepaid expenses and deposits	(14,610)	(2,000)
Trade and other payables	52,022	22,512
Changes in non-cash working capital balances	<u>\$ 44,901</u>	<u>\$ 32,625</u>
Interest paid	<u>\$ -</u>	<u>\$ -</u>
Income tax paid	<u>\$ -</u>	<u>\$ -</u>

## **GoldTrain Resources Inc.**

(An Exploration Stage Enterprise)

### **NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**

**FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2011 AND 2010** (Canadian dollars)

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#### **18. 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.