Wedge Energy International Inc.
(an exploration stage company)
Management's Discussion & Analysis
For the three months ended March 31, 2011
(Information as at June 7, 2011 unless otherwise noted)

Cautionary Statements

Forward-Looking Information

Except for statements of historical fact relating to Wedge Energy International Inc., certain statements contained in this MD&A constitute forward-looking information, future oriented financial information, or financial outlooks (collectively "forward-looking information") within the meaning of Canadian securities laws. Forward-looking information may relate to this document and other matters identified in the Company's public filings, Wedge Energy International Inc.'s future outlook and anticipated events or results and, in some cases, can be identified by terminology such as "may", "will", "could", "should", "expect", "plan", "anticipate", "believe", "intend", "estimate", "projects", "predict", "potential", "targeted", "possible", "continue", "objective" or other similar expressions concerning matters that are not historical facts and include, commodity prices, access to sufficient capital resources, mineral resources, mineral reserves, realization of mineral reserves, existence or realization of mineral resource estimates, results of exploration activities, the timing and amount of future production, the timing of construction of the proposed mine and process facilities, the timing of cash flows, capital and operating expenditures, the timing of receipt of permits, rights and authorizations, communications with local stakeholders and community relations, employee relations, settlement of disputes, status of negotiations of joint ventures, availability of financing and any and all other timing, development, operational, financial, economic, legal, regulatory and political factors that may influence future events or conditions. Such forward-looking statements are based on a number of material factors and assumptions, including, but not limited in any manner, those disclosed in any other of Wedge Energy International Inc.'s public filings, and include the ultimate determination of mineral reserves, availability and final receipt of required approvals, licenses and permits, ability to acquire necessary surface rights, sufficient working capital to develop and operate the proposed mine, access to adequate services and supplies, economic conditions, commodity prices, foreign currency exchange rates, interest rates, access to capital and debt markets and associated cost of funds, availability of a qualified work force, positive employee relations, lack of social opposition and legal challenges, ability to settle disputes, and the ultimate ability to mine, process and sell mineral products on economically favorable terms. While Wedge Energy International Inc. considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect. Actual results may vary from such forward-looking information for a variety of reasons, including but not limited to risks and uncertainties disclosed in other Wedge Energy International Inc's filings. Forward-looking statements are based upon management's beliefs, estimate and opinions on the date the statements are made and, other than as required by law, Wedge Energy International Inc. does not intend, and undertakes no obligation to update any forward-looking information to reflect, among other things, new information or future events.

The following provides management's discussion and analysis of the financial condition and the results of operations of Wedge Energy International Inc. ("the Company") constitutes management's review of the factors that affects the Company's financial performance for the three month period ending March 31, 2011. The MD&A was written to comply with National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the annual audited consolidated financial statements for the year ended December 31, 2010 as well as the unaudited interim consolidated financial statements for the three months ending March 31, 2011, which has been posted on SEDAR. Management's Discussion and Analysis was prepared by Company management and approved by the Board of Directors on June 7, 2011.

As of January 1, 2011, Wedge Energy International Inc. adopted International Financial Reporting Standards ("IFRS"). The condensed unaudited interim financial statements for the three month period ending March 31, 2011 have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (IAS 34), and using accounting policies consistent with IFRS.

This MD&A complements and supplements the unaudited interim consolidated financial statements for the three month period ended March 31, 2011, and should be read in conjunction with the consolidated financial statements. All figures are presented in Canadian dollars (unless otherwise indicated) and are in accordance with Canadian generally accepted accounting principles. These statements together with the following management discussion and analysis dated June 7, 2011, are intended to provide investors with a

reasonable basis for assessing the financial performance of the Company as well as forward-looking statements relating to potential future performance. Wedge Energy International Inc.'s interim consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS").

For the purpose of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (1) if such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares; or (ii) there is substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) if it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations is available on SEDAR at www.sedar.com.

All amounts in this MD&A are expressed in Canadian dollars ("CAD"), unless otherwise noted.

Nature of Operations

Wedge Energy International Inc. ("Wedge" or the "Company") was incorporated on July 5, 1996 under the Ontario Business Corporations Act. On February 10, 2006 Wedge Energy Inc was incorporated in Alberta as a wholly owned subsidiary of Wedge Energy International Inc.

On January 31, 2007, Alyattes Enterprises Inc. ("AEI") completed a "three-cornered" amalgamation with 1272639 Alberta Ltd. (a wholly-owned subsidiary of AEI) and Wedge Energy Inc. ("Wedge") pursuant to the Business Corporations Act (Alberta). Wedge and that AEI subsidiary were amalgamated, continuing under the name Wedge Energy Inc., and AEI issued common shares to the former shareholders of Wedge. On February 1, 2007 AEI changed its name to Wedge Energy International Inc.

Wedge is a development stage junior mining company engaged in the identification, acquisition, evaluation and exploration of precious and base metals with mineral properties in Canada. At the date of this management discussion and analysis the Company does not have or own the right to any mineral properties.

These unaudited interim consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. For the three month period ended March 31, 2011, the Company had a shareholders' deficiency of $1,441,431 (December 2010 - $1,331,831) and a working capital deficiency of $1,441,431 (December 2010 - $1,331,831).

The Company's continuation as a going concern is dependent upon its ability to obtain financing and to attain profitability from operations. The Company is pursuing additional financing through public and private equity, debt instruments and collaborative arrangements with potential partners. In the event the Company is unable to arrange additional financing, the Company's ongoing operations would be negatively impacted.

The Company has its common shares listed on the CNSX Canadian National Stock Exchange under the symbol WEG. The primary office located at 2746 St Joseph Blvd Suite 100, Orleans, Ontario, Canada, K1C1G5

General Concerns

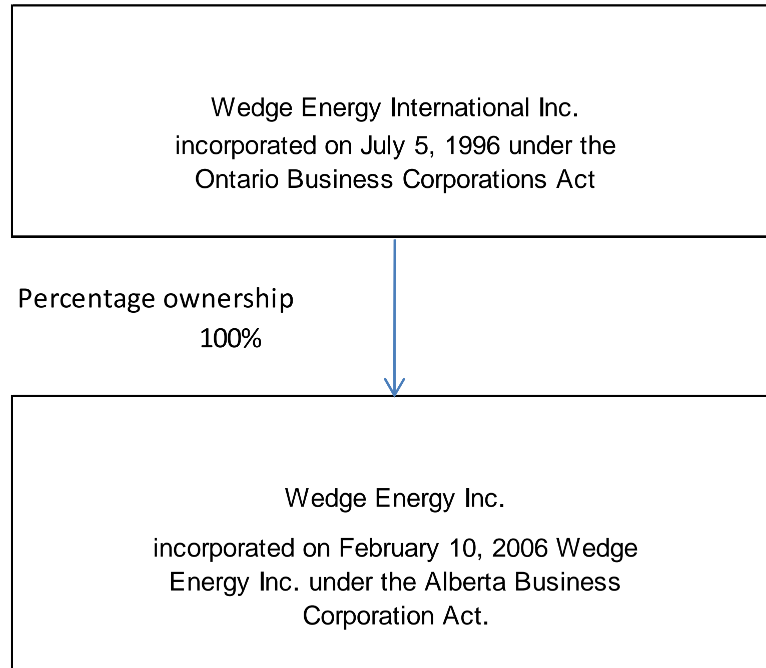
Management is always careful of its operating costs, and a strong but inexpensive back office staff, coupled with a minimal annual rental cost for the office, keeps costs down. The largest operating costs are those related to the legal, audit, stock transfer and CNSX related activity which as a public entity the Company is compelled to pay.

Highlights

Highlights for the three month period ending March 31, 2011 include:

- The Company has continued its search for a favorable exploration property;
- The Company has reached an agreement with the holders of its January 26, 2010 convertible note to extend the maturity period of the notes by 6 months. The new maturity date has been extended to July 26, 2011. The terms of the notes have remained unchanged with the exception of a 2.5% increase in the interest rate which is effective on the six month extension period

Corporate Structure



Board purpose and function

The Directors and management of the parent company have extensive experience operating and taking projects through to various stages of exploration and development. There is a balanced representation of directors with operational, corporate and financial backgrounds.

The board's purpose is to ensure corporate governance, risk, strategy and shareholder interests are priorities at all times. At the end of the financial year under review, the board consisted of four members.

Except as disclosed Wedge Energy International Inc. is not aware of any director, or of the families of any directors, having any interest, direct or indirect, in any transaction during the last financial year or in any proposed transaction with the Company and its subsidiary which has affected or will materially affect Wedge Energy International Inc. or its subsidiary.

Directors and officers, changes

There have been no changes to the directors and officers of the Company for the three month period ending March 31, 2011.

Overall objective

The Company's overall object is to acquire a mineral property and discover an economically viable mineral deposit on it. To date the Company has not identified a property in which to invest in the exploration thereof. As a result managements focus will remain on finding a property for the Company to acquire wholly or an interest in.

Selected annual information

The following table contains selected interim financial information of the Company for the three month period ending March 31, 2011 and 2010 as well as the fiscal years ended December 31, 2010, and 2009. This information is derived from the audited financial statements of the Company.

	Three months-ended March 31, 2011 $	**Three Months-ended March 31, 2010 $**	**Year-ended December 31, 2010 $**	**Year- ended December 31, 2009 $**
Accounting policy	IFRS	IFRS	IFRS	Canadian GAAP
Petroleum and natural gas sales	-	-	-	28,367
Less: royalties	-	-	-	(10,182)
Production costs	-	-	-	(18,906)
Net petroleum income (loss)	**-**	**-**	**-**	(721)
Total expenses	(121,105)	(375,787)	(1,135,033)	(990,865)
Recovery of future income taxes	-	-	-	37,800
Net loss for the year	(109,726)	(56,895)	(828,559)	(1,028,461)
Basic and diluted loss per common share	(0.00)	(0.00)	(0.02)	(0.04)
	As at March 31, 2011 $	**As at December 31, 2010 $**	**As at December 31, 2009 $**	
Total assets	117,359	212,450	41,590	
Total long-term financial liability	-	-	-	
Cash dividends per common share	-	-	-	

Total expenses were lower as at March 31, 2011, compared to the same three month period in the prior year by approximately $254,600. There was an increase in interest expense of approximately $14,600 in 2011 compared to 2010 due an increase in the interest rates on the extension of the convertible notes. In 2010 the Company issued $770,000 convertible debit in January to repurchase the 2009 debt as well as a second convertible debt in July of $440,000 (total debit in March 2010, $770,000 versus $1,170,000 in March 2011). In January 2011 the January 2010 convertible notes were extended and the interest rate increased to 12.5% from the original 10%. Also as at March 31, 2010, there were only the $770,000 convertible notes outstanding, whereas at March 31, 2011, there were $1,170,000 convertible notes outstanding on which interest was incurred. Decrease in general and administrative costs of $8,100 in 2011 compared to 2010. The reason for the increase was due to more activity in 2010 that required additional time by the CFO and controller. Increase in management fees paid in 2011 of $30,000 to Primary Venture Corporation compared to no management fees paid to the prior CEO services over the same period in 2010. Decrease in depletion, depreciation and accretion expense of $2,200 in 2011 compared to 2010. Decrease in professional fees of

approximately $28,000 in 2011 compared to 2010. The decrease is mainly due to the no further requests by the Ontario Securities Commission in 2011 compared to March 2010, as well as the fact that the Company did not participate in a private placement or further issuance of convertible notes in 2011 as a result incurring less professional fees. Decrease in the impairment on notes receivable of approximately $243,873 in 2011 compared to 2010. The decrease in the impairment is due to the fact that in the fourth quarter of 2010 the Framework Agreement was assigned to Desiree Resources Inc., an unrelated third company and no funds were advanced in 2011. Stock based compensation had decrease in 2011 by approximately $10,100 compared to 2010. This was mainly due to the fact that the company did not issue any stock options in 2010, however under IFRS options are only accounted for in the period in which they vest. Of the 400,000 options granted in 2010 only 12,500 of the options vested in 2011 compared to 350,000 which vested in 2010. Promotion and investor conference expense was lower by $6,800 in 2011 compared to 2010 as the Company did not invest any funds into promotion nor attend any investor conferences.

As at March 31, 2010, the company had other income of $316,924 compared to $11,379 for the same three month period in 2011. In 2010 the other income resulted from investors of the company waiving flow through obligations incurred by Wedge for failure to incur eligible exploration expenditures for flow through shares issued. In 2011 the other income is a result of the Neo Exploration settling a lawsuit with the Company in which Neo Exploration paid the Company a cash settlement of $11,379 (half of the amount of the civil claim filed with the Provincial Court of Alberta) in exchange for a full release and settlement of this and all matters between Wedge Energy International Inc. and Neo Exploration.

No cash dividends have been paid by the Company. The Company has no present intention of paying cash dividends on its common shares as it anticipates that all available funds will be invested to finance potential business combinations and working capital.

General and Administrative

The summary of general and administration expenses is as follows:

		March 31 2011		March 31 2010
General and administrative	**$**	**12,260**	$	20,355

General and administrative expenses were lower in 2011 when compared to 2010 due to phone, utilities, office supplies and other office expenditures were $8,000 lower in 2011 when compared to 2010 due to a an initiative by the company to reduce operating expenses 2011.

Summary of Quarterly Results

The following table contains a summary of quarterly information for the last eight quarters:

	Accounting Policy		**Revenue**		**Net loss**		**Loss per share**
Quarter 1 - 2011	IFRS	$	-	$	(121,105)	$	(0.00)
Quarter 4 – 2010	IFRS		775		(481,183)	$	(0.02)
Quarter 3 – 2010	IFRS		329		(5,623)		(0.02)
Quarter 2 – 2010	IFRS		-		(284,858)		(0.01)
Quarter 1 – 2010	IFRS		-		(56,895)		(0.00)
Quarter 4 – 2009	Canadian GAAP		-		(439,473)		(0.02)
Quarter 3 – 2009	Canadian GAAP		24,173		(246,785)		(0.01)
Quarter 2 – 2009	Canadian GAAP		-		(210,285)		(0.01)

Ongoing projects

As at March 31, 2011, the Company does not have any ongoing exploration and evaluation projects.

Note Receivable and Framework Agreement

Since January 2007, the Company has advanced funds to an unrelated third party, Kazenercom LLC, an entity governed by the laws of Kazakhstan (the "Borrower") for purpose of supporting the Borrower's legal proceedings in respect of rights to the Arys Concession project, a concession holding significant oil and gas rights in Kazakhstan. This litigation was first commenced in the United States in April of 2007, with a court action concerning improper acquisition of licence rights to the Arys Concession, amongst other issues, in California. Shortly thereafter another action was commenced in the State of Nevada regarding control of the corporate board of the company that owns the licence rights to the Arys Concession. Funds were initially provided by the Company to the Borrower pursuant to an agreement between the Company and the Borrower dated March 4, 2007 (the "Initial Agreement").

The Framework Agreement – August 31, 2009

Following the Initial Agreement, and further related loan facilities, on August 31, 2009 the Company entered into the Framework Agreement, which served to memorialize the prior terms of cooperation which had been agreed upon by the parties pursuant to the Initial Agreement and subsequent loans. The Company agreed to advance funds to the Borrower with the goal of establishing and perfecting the direct or indirect control of Bektayev over the Subsoil Use Contract and then transferring certain direct or indirect interest controlled by Bektayev in the Subsoil Use Contract to the Company.

By that time the Company had already advanced an aggregate total of US$2,175,386 to the Borrower. The funds advanced by the Company pursuant to the Framework Agreement were used by Bektayev and the Borrower to fund their ongoing litigation to secure and confirm their rights to the Arys Concession via confirmation of their ownership of charter capital in the entity that held the license on the Arys Concession. The terms of the Framework Agreement provided that the Company be entitled to a 70% interest in the Arys Concession project in exchange for the Company's financial contributions in support of the legal actions, if Bektayev and the Borrower were successful in confirming ownership rights to the Arys Concession and if the Borrower did not otherwise repay the debt to the Company in advance of the conclusion of the litigation, which the Borrower was entitled to do pursuant to the Framework Agreement, among other terms and conditions.

The contingent 70% interest in the Arys Concession property claim or related assets that the Company may have received would therefore have only had significant value if the litigation had ultimately been concluded in favour of Bektayev and the Borrower and if the loans made by the Company pursuant to the Framework Agreement were not otherwise repaid. The Framework Agreement provided security to the Company through the pledge of shares of Turan Petroleum Inc., a private Nevada company with an interest in the litigation, held by Bektayev and Trek to the Company.

The Framework Agreement provided that advances provided by the Company are at the Company's discretion up to a total loan facility of US$2,900,000, or such greater loan amount as the parties decide necessary. The loan carries an interest rate of 5% per annum, which accumulates to the balance of the loan.

If Bektayev and the Borrower had been successful in confirming ownership rights to the Arys Concession through the courts and the loan was not otherwise repaid, the Company may have been entitled to a 70% interest in the Arys Concession property claim or related assets, including any equity investment or a joint venture. In such circumstances, pursuant to the Framework Agreement, the Company had agreed to pay 100% of the initial exploration expenses and contribute a minimum of $15 million USD for the project within a two year period.

During the year ended December 31, 2009, the Company advanced $463,800 to the Borrower for the purposes of funding the lawsuit related to the Arys Concession. Management of the Company at that time

believed that the potential value of the property claim justified the continuing advances of funds to the Borrower. However, the notes receivable had been impaired for the full amount of the notes, including principal and interest, for accounting purposes due to the uncertainty of the resolution.

During 2010, the Company had advanced an additional $381,677 to the Borrower, for cumulative advances of $2,716,906 (not including interest on outstanding advances). Due to the uncertainty of the collection, the Company recognized impairment of the full amount of the advances during 2010.

During the first half of 2010, the Company remained hopeful that there would be a favorable resolution to the litigation. However, as management recognized that the outcome could not be determined with any certainty at that time, management took the position that the loan would only be collectable when and if the litigation was successful. Due to the significant uncertainty surrounding the outcome of the litigation, management took a conservative approach and impaired the outstanding balance of the loan on a quarterly basis.

On July 12, 2010, the Company announced that Mr. Robin Dow had resigned as the Chief Executive Officer, Chairman and as a director of the Company.

As of November 1, 2010 there were no additional loans made to the Borrower under the Framework Agreement.

Expiry of the License – October 2010

On October 12, 2010 the Company was informed that the license to explore the Arys Concession in Kazakhstan granted by the Government of Kazakhstan and held by Turan Enerpetroleum LLP, had expired pursuant to its terms.

To date, the Company has advanced $3,010,000 (includes interest on advances) to the Borrower pursuant to the Framework Agreement (the “Loan”). As a result of the termination of the license on the Arys Concession, the Company’s current management sees no reason to continue funding the litigation, and therefore no further advances will be made by the Company under the Framework Agreement. At this time, Management does not intend to continue pursuing an interest in the Arys Concession.

Management had previously taken the position that the Loan would only be collectible when and if the litigation was successful. Due to the significant uncertainty management has taken a conservative approach and impaired the outstanding balance of the loan on a quarterly basis.

Assignment of Framework Agreement – November 2010

On November 16, 2010 the Company has assigned the Framework Agreement with Kazenercom LLP (the “Borrower”), Yerkin Kaldybayevich Bektayev and Trek Resources, Inc. dated August 31, 2009 (the “Framework Agreement”) to Desiree Resources Inc. (a private company, which is an unrelated third party to Wedge).

Under the agreement between Wedge Energy International Inc. and Desiree Resources Inc. the assignment of the framework agreement and loan facility, Desiree Resources Inc. will be assigned the full benefit of the Framework Agreement and the Loans made there under, and the Desiree Resources Inc. has agreed to assume liability for the performance of the obligations of the Company under the Framework Agreement and the Loans. In the event that Desiree Resources Inc. is awarded a new license in Kazakhstan over the Arys Concession (the “License Date”), Desiree Resources Inc. will make a payment to the Company totaling US$1,500,000.00 (the “Purchase Price”), as follows:

(A) US$500,000.00 on the date that is twelve (12) months from the License Date;
(B) US$500,000.00 on the date that is eighteen (18) months from the License Date; and,
(C) US$500,000.00 on the date that is twenty-four (24) months from the License Date.
(D) In the event of non payment of any of the above noted payments the Assignor shall have the right and option to be assigned the License on a pro rata basis in discharge of the Assignees obligations

The principal of the advances by the Company pursuant to the Framework Agreement is summarized below:

	As at March 31, 2011 (CAD $)	As at December 31, 2010 (CAD $)	As at January 1, 2010 (CAD $)
Cumulative advances	**$ -**	**$ 2,556,256**	$ 2,174,579
Unrecorded interest on cumulative advances	**-**	**453,744**	439,867
Cumulative write-off of advances and unrecorded interest	**-**	**(3,010,000)**	(2,614,446)
Balance at year-end	**$ -**	**$ -**	$ -

The Company has not made any additional advancements on loan in 2011. As at December 31, 2010, the Company had advanced a total of $381,677 to the Borrower. Due to the significant uncertainty surrounding the outcome of this litigation, management is taking a conservative approach and is impairing the outstanding balance of the loan on a quarterly basis. The Company recognized impairment in the full amount of the advances during the period and has not accrued any interest.

To date Desiree Resources Inc. has not been successful in obtaining a new license for the Arys concession in Kazakhstan. Due to the significant uncertainty surrounding the outcome of Desiree obtaining a new license, management is taking a conservative approach and not recording any receivables from the assignment of the framework agreement.

Liquidity and Capital Resources

The Company's working capital amounts are as follows:

	March 31 2011	December 31 2010
Cash	**$ 59,231**	$ 182,985
Accounts receivable	**34,731**	23,047
Prepaid expenses	**23,398**	6,418
Accounts payable & accrued liabilities	**(388,791)**	(381,660)
Liability component - convertible debt	**(1,170,000)**	(1,162,621)
	$ (1,441,431)	$ (1,331,831)

The Company, which is involved in early stage exploration, has no sources of revenue, and does not anticipate receiving revenues in the foreseeable future and therefore must utilize its current cash reserves, income from cash held in the bank, funds obtained from the exercise of warrants and stock options, and other financing transactions to maintain its capacity to meet working capital requirements, expected exploration activity and operating activity. The Company anticipates going to the market to raise capital when the opportunity arises. See "Risk and Uncertainties" of this MD&A.

At March 31, 2011, the Company had a working capital deficiency of $1,441,431 (December 2010 - $1,331,831). In the past, Wedge has been able to successfully raise equity to fund its drilling programs and cover operating costs. There can be no assurance to the ability to issue common shares or obtain debt in the future with reasonable terms. The inability to access sufficient capital could have an adverse effect on the Company's financial condition.

At March 31, 2011, the Company had cash and cash equivalents totaling at $59,231 (December 2010 - $182,985). During the three month period ended March 31, 2011, the Company invested cash of $ NIL in

investing activities, and raised $ NIL through financing activities and utilized net cash of $123,754 for operating activities.

To the date of this MD&A, the cash resources of the Company are held in accounts with the Royal Bank of Canada. The Company does not have any asset-backed commercial paper or derivative instruments.

On January 26, 2011 the holders of the January 2010 convertible notes agreed to extend the term of the notes for a period of six months past the maturity date (July 26, 2011). As part of the extension of the holders were granted an increase in the interest rate of 2.5% for the six month extension period. This bringing interest rate on the extension period to 12.5% per annum (not compounded). The interest on the extension is payable on the new maturity date of July 26, 2011. The Company has the right to effectuate the interest payment in common shares.

The Company's use of cash at present occurs, and in the future will occur, principally in two areas, namely funding of its general and administrative expenditures and funding of its investment activities. Those investing activities include the cash components of the cost of acquiring and exploring mineral properties. Currently Company's monthly cash operating costs are approximately $15,500, excluding non-recurring items, for working capital related expenses. The Company is currently not subject to any option payments as well as required exploration on any of its properties. Currently the Company has not budgeted any capital expenditures as it is in the process of reviewing the acquisition of potential mineral exploration projects.

While management has been successful in obtaining sufficient funding for its operating, and capital requirements from the inception of the Company to date there is, however, no assurance that additional future funding will be available to the Company, or that, when it is required it will be available on terms which are acceptable to management and the board of directors of the Company.

Capital management

The Company's objectives when managing capital are:

- To safeguard its ability to continue as a going concern.
- To maintain appropriate cash on hand to meet ongoing operating costs.
- To obtain sufficient funds to acquire and develop mineral claims
- To invest cash on hand in liquid and highly rated financial instruments.

The Company has been funded by the following forms of capital:

	June 7 2011	March 31 2011	December 31 2010
Common Share capital	**$ 7,481,834**	$ 7,481,834	$ 7,481,834
Preferred shares	**350,000**	350,000	350,000
Warrants	**259,122**	259,122	259,122
Convertible debt (total principal)	**1,170,000**	1,170,000	1,170,000
	$ 9,260,956	$ 9,260,956	$ 9,260,956

Share capital as at June 7, 2011 is composed of 39,244,392 common shares outstanding as well as 70,000 preferred shares outstanding. The Company currently has 830,000 stock options outstanding which if exercised by their holders would result in future cash flow of up to $118,000 of financing. The Company currently has 30,805,000 warrants outstanding which if exercised by their holders would result in future cash flow of up to $1,732,750 of financing.

The Company has the option to pay the interest and principal on the convertible debts in cash or common shares of the Company.

The Company manages the capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets in an effort to meet its objectives given the

current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, obtaining additional financing through convertible debenture issuances, refinancing current debt, issuing other financial or equity based instruments such as stock options and warrants, adjusting capital spending, or disposing of assets.

The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. There were no changes in the Company's approach to capital management as at June 7, 2011. The Company is not subject to externally imposed capital requirements.

The capital structure is reviewed by management and the board on an ongoing basis.

Outstanding Share Data and Financing Transactions

Information with respect to outstanding common shares, warrants, and stock options as at June 7, 2011, March 31, 2011 and December 31, 2010 is as follows:

	June 7 2011	March 31 2011	December 31 2010
Common shares	**39,244,392**	39,139,138	39,139,138
Preferred shares	**70,000**	70,000	70,000
Warrants	**30,805,000**	30,805,000	30,805,000
Stock options	**830,000**	830,000	830,000
	70,949,392	70,844,138	70,844,138

In addition, the Company has potential dilution of up to 85,000,000 additional shares based on the January 2010 Notes (as defined below) and the July 2010 Notes (as defined above) with principal amounts of $770,000 and $400,000 respectively. The January 2010 notes have a conversion price of $0.01 per Common Share, while the July 2010 Notes have a conversion price of $0.05 per Common Share.

During 2011, the Company undertook the following financing activities:

- In May 2011, the Company issued 105,254 Common Shares to cover the $1,000 interest payment pursuant to the January 2010 convertible debt agreement (the "January 2010 Notes"). These Common Shares were issued by the Company with an effective price per share of $0.0095 per share.

During 2010, the Company undertook the following financing activities:

- In January 2010, the Company issued 992,647 Common Shares to cover the $6,750 interest payment pursuant to the October 2009 convertible debt agreement (the "October 2009 Notes"). These Common Shares were issued by the Company with an effective price per share of $0.0068 per share.

- In January 2010, the Company issued $770,000 of convertible notes to 15 investors, which notes mature on January 26, 2011 (the "January 2010 Notes"). The January 2010 Notes are convertible into 77,000,000 Common Shares at a conversion price of $0.01 per share. The Company also issued to the investors 33,900,000 warrants entitling the holders thereof to purchase up to 33,900,000 Common Shares until January 26, 2012 at an exercise price of $0.02. Interest on the principal amount of the January 2010 Notes is 10% per annum (not compounded) payable quarterly in advance, which the Company has the right to effectuate the interest payment in Common Shares. Of the total proceeds of $770,000, $270,000 will be used to repurchase the October 2009 Notes as condition of issuance of January 2010 Notes. In addition, all the investors waived the 5,400,000 warrants from the October 2009 Notes and participated in the January 2010 Notes issuance. At the same time as the issuance of the convertible note the Company received waivers for a total of

8,400,000 warrants (5,400,000 warrants related to the October 2009 Notes and an additional 3,000,000 warrants related to Firebird).

- In January 2010, the Company issued 2,755,000 shares to cover the $13,775 interest payment related to the January 2010 Notes. These Common Shares were issued by the Company with an effective price per share of $0.005 per share.

- In March 2010, the Company issued 1,080,000 shares to certain investors in relation to the $316,924 obligations arising from the renouncement shortfalls from flow-through issuances in 2007 and 2008 (see "Nature of Operations and Going Concern"). In the same month the Company issued 400,000 options to officers and employees. The value to the stock-based compensation was $11,680, which was based on the Black-Scholes pricing model with the assumptions of risk-free interest rate of 3.00%, volatility of 118%, and expected life of 5 years. These Common Shares were issued by the Company with an effective price per share of $0.05 per share.

- In April 2010, the Company issued 481,251 Common Shares to cover the $19,250 interest payment pursuant to the convertible debt agreement. The Common Shares were issued by the Company with an effective price per share of $0.04 per share. In the same month the Company issued 1,900,000 Common Shares upon the exercise of 1,900,000 warrants for total proceeds of $38,000. The Common shares were issued by the Company with an effective price per share of $0.02 per share.

- In May 2010, the Company issued 1,450,000 Common Shares upon the exercise of 1,450,000 warrants for total proceeds of $29,000. These Common Shares were issued by the Company with an effective price per share of $0.02 per share.

- In July 2010, 800,000 warrants of the Company with an exercise price of $0.15 expired unexercised.

- In July 2010, 650,000 stock options of the Company were forfeited when the CEO and Chairman of the Board of Directors resigned. The stock options were in 2 tranches with 350,000 expiring on March 15, 2013 and 300,000 expiring on July 29, 2013. The options had exercise prices of $0.50 and $0.25 respectively.

- In July 2010, the Company issued 1,013,159 Common Shares for third quarter interest due on the outstanding notes. $19,250 interest payment pursuant to the convertible debt agreement. The Common Shares were issued by the Company with an effective price per share of $0.019 per share.

- In July 2010, the Company issued the July 2010 Notes in an aggregate principal amount of $400,000. The July 2010 Notes are convertible into 8,000,000 Common Shares at a price of $0.05 per share. The July 2010 Notes mature on November 30, 2011. Interest on the principal amount of the November 2010 Notes accrues at 10% per annum, and will be calculated and payable on November 30, 2010. The Company has the right to effectuate payment of interest in Common Shares of the Company.

- In August 2010, the Company issued 1,013,159 shares to cover the $19,250 interest payment related to the January 2010 Notes. The common shares were issued by the Company with an effective price per share of $0.02 per share.

- On November 9, 2010, the Company announced that the Company had entered into an agreement with Firebird Global Master Fund II Ltd. and issued 70,000 non-voting, non-convertible, and non-participating Series A Preference Shares at $5 per share, for aggregate proceeds to the Company of $350,000. The Series A Preference Shares issued will not be listed on any stock exchange, have no rights to vote at meetings of shareholders of the Company (except as provided by the Business Corporations Act (Ontario)) and are not convertible, but have preferential rights on liquidation, dissolution or winding up over the Company's common shares. The Shares are redeemable by the Company at its sole discretion at the original subscription price.

- In November 2010, the Company issued 1,921,053 Common Shares for third quarter interest due on the outstanding notes. $19,250 interest payment pursuant to the convertible debt agreement. The Common Shares were issued by the Company with an effective price per share of $0.01 per share.

- In November 2010, the Company cancelled 6,480,000 warrants issued to Robin Dow, former CEO and director of the Company as part of the assignment of the framework agreement to Desiree Resources Inc. (refer to the section "Note Receivable and Framework Agreement" for more information).

Related Party Transactions

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

Transactions with key management personnel

Key management of the company includes the members of the board of directors, the chief executive officer, and the chief financial officer. Key management remuneration includes the following:

	March 31, 2011 (CAD)
Short-term employee benefits	
Compensation (1) (2)	$ 38,585
Long-term employee benefits	
Share based payments (1)	$ -
Total remuneration	$ 38,585

During the three month period ending March 31, 2011 key management was not granted any common share options. During 2011 key management did not exercise any shares options, which were granted to them as part of the company's stock option plan in prior periods.

(1) The Company has no employees. Key management remuneration includes the chief executive and chief financial officers management fees. The Board of Directors does not have employment or service contracts with the Company. They are entitled to stock options for their services.
(2) The Company has a consulting contract with Sabino Di Paola, the CFO of Wedge Energy International Inc., whereby the company pays hourly compensation of $100/hour for services rendered as well related expenses. The amounts billed were based on normal market rates and amounted to $ 8,585.

Transactions with related companies

The Company has a management contract with Primary Venture Corporation, a company associated with Don Padgett, a Director and CEO of the Company whereby the Company pays up to $10,000 per month for management and advisory services.

For the three month period ended March 31, 2011, the Company paid Primary Venture Corporation cash of $30,000 (December 2010 - $ 55,000). The Company has a payable to the Primary Venture Corporation as at March 31, 2011 of $ NIL (December 2010 – $ NIL).

During 2011 the Company had a common chief financial officer with Desiree Resources Inc., Pueblo Lithium Inc, Red Ore Gold Inc., and Galahad Metals Inc.

The Company shares office space with Desiree Resources Inc. and Galahad Metals Inc. The Company has signed an agreement in which all shared costs are evenly allocated between the companies. For the three month period ended March 31, 2011, the Company incurred shared costs of $ NIL (December 31, 2010 - $ NIL). At March 31, 2011 the Company has no receivable or payable with Desiree Resources Inc. for shared

costs (December 2010 – payable $ NIL) and a payable from Galahad Metals Inc. of $ 4,416 (December 2010 – receivable of $ 2,654).

2010 transactions

During the first quarter 2010, the Company repaid $67,000 to the Robin Dow, the previous CEO relating to amounts owed from 2009. These amounts were non-interest bearing and had no set repayment terms.

Firebird Global Master Fund, Ltd. and Firebird Global Master Fund II, Ltd. (together as "Firebird") are related parties based on their joint ownership of over 10% of the Company's common shares. In the October 2009 Notes issuance, Firebird invested $200,000 of the total $270,000 principal and received the related interest payment in the form of shares in October 2009 and January 2010. In the January 2010 Notes issuance, Firebird invested $450,000 of the total $770,000 principal and received the related interest payment in the form of shares in January 2010. As described in note 6, the proceeds of the January 2010 Convertible Notes were used to repurchase all of the October 2009 Notes. The interest on the January 2010 Notes was paid in shares and on quarterly basis. In the third quarter Firebird Global Master Fund, Ltd purchased in aggregate $400,000 of additional convertible notes of the Company. The interest on the convertible notes are payable in cash or common shares of the Company at the Company's option based on the weighted average price of the on the maturity date of the convertible note. The Notes are convertible at the option of the holder at any time based on a conversion price of conversion price of $0.05 per common share. The Note matures on Nov 30, 2011.

Firebird Global Master Fund Ltd. purchased 70,000 non-voting, non-convertible, and non-participating Series A Preference Shares at $5 per share, for aggregate proceeds to the $350,000. The Series A Preference Shares issued are not listed on any stock exchange, have no rights to vote at meetings of shareholders of the Company (except as provided by the Business Corporations Act (Ontario)) and are not convertible, but have preferential rights on liquidation, dissolution or winding up over the Company's common shares. The Shares are redeemable by the Company at its sole discretion at the original subscription price.

Related party transactions conducted in the normal course of operations are measured at the exchange value (the amount established and agreed to by the related parties).

Proposed Transactions

As is typical of the mineral exploration and development industry, the Company is continually reviewing potential merger, acquisition, investment and joint venture transactions and opportunities that could enhance shareholder value. Currently, there are no material transactions being pursued or negotiated by the Company that is not otherwise disclosed herein.

Critical Accounting Estimates

Preparing financial statements in conformity with IFRS requires the Corporation to select from possible alternative accounting principles. Estimates also affect classification and reported amounts for various assets, liabilities, equity balances, revenues and expenses. Prior estimates are revised as new information is obtained and are subject to change in future periods. Management believes the accounting policies and estimates used in preparing the consolidated financial statements are considered appropriate in the circumstances, but are subject to numerous judgments and uncertainties inherent in the financial reporting process.

Exploration and evaluation costs – Exploration and evaluation costs of mineral exploration properties together with direct exploration and development expenditures are only capitalized when the Board of Directors is convinced that the Company has an economically feasible mineral reserve located on one of its exploration properties. Until that point all exploration and evaluation costs are considered impaired and the Company records a valuation allowance against costs incurred until an economically feasible reserve is identified. When an economically feasible reserve is identified the allowance will be reversed to the extent that the Company expects to recover past exploration costs. When production is attained, these costs will be amortized. If properties are abandoned they are written off at that time. If properties are considered to be

impaired in value, the costs of the properties and related deferred expenditures will be written down to their estimated fair value at that time. Management uses its best estimates for determining the fair value of mineral properties based on expenditures incurred, the results of any exploration conducted, prevailing market conditions and future plans for the projects.

Income taxes - The Corporation is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Corporation recognizes liabilities based on the Corporation's current understanding of tax laws as applied to the Corporation's circumstances. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Stock option valuation - Issuances and grants of share options are valued using the fair value method. Management uses the Black-Scholes valuation model to estimate the fair value of options determined at grant date. Grants of options result in non-cash charges to expense or development property and a corresponding credit to share-based payment reserves. Charges associated with granted options are recorded over the vesting period. Significant assumptions affecting valuation of options include the trading value of the Corporation's shares at the date of grant, the exercise price, the term allowed for exercise, a volatility factor relating to the Corporation's historical share price, forfeiture rates, dividend yield and the risk-free interest rate.

Off-Balance Sheet Arrangements

The Company has not entered into any material off-balance sheet arrangements such as guarantee contracts, contingent interests in assets transferred to unconsolidated entities, derivative instrument obligations, or with respect to any obligations under a variable interest entity arrangement.

Contractual Obligations

The Company does not have any fixed contractual obligations or commitments for capital or operating leases, purchase obligations or other long-term commitments except for those related to property option agreements. Any commitments under exploration property option agreements are cancellable at the Company's option but would result in forfeiture of rights under those agreements. During the period ending March 31, 2011, the Company had a month to month agreement for the operating lease for the office premises.

The Company has a commitment with its Chief Financial Officer in which the Company guarantees a minimum of 250 billable hours at an hourly rate of $100 per hour over a 3 year term ending December 31, 2013.

Neo Exploration Inc. legal claim

The Company has been in litigation with Neo Exploration, a former joint venture partner, on the Montana property licensed by the joint venture in 2007. In June 2007 Wedge Energy International Inc. advised Neo Exploration that Wedge was no longer interested in pursuing any further expenditures on the jointly held Montana property and that the joint venture would be wound up. Wedge asked Neo to settle the outstanding issue of repayment of the $22,758 cash call paid by Wedge in March of 2007. As at December 31, 2010 Neo has not made any repayment of the outstanding cash call.

On February 4, 2011 the Board of Directors accepted a proposal from Neo Exploration to settle the June 2007 claim whereas Neo Exploration paid Wedge a cash settlement of $11,379 (half of the amount of the civil claim filed with the Provincial Court of Alberta) in exchange for a full release and settlement of this and all matters between Wedge and Neo Exploration.

Financial Instruments and other Instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, and convertible debenture. The fair value of these instruments approximates their carrying value, given their short-term nature. It is management's opinion that the Company is not exposed to significant credit risks arising from these financial instruments.

Risk management

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, and market risk (including interest rate risk, foreign currency risk, commodity and equity price risk).

The Company thoroughly examines the various financial risks to which it is exposed and assesses the impact and likelihood of those risks. Where material, these risks are reviewed and monitored by the Board of Directors.

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Convertible notes accrue interest at a fixed rate of 12.5% and they will be renewable in May and July 2011. Accordingly, in relation with convertible notes, there is an exposure to fair value variation. There is minimal risk that the Company would recognize any loss as a result of an increase in the fair value of the short-term convertible notes due to the short term nature. The Company does not use financial derivatives to decrease its exposure to interest risk.

Foreign currency risk

Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using cash flow forecasting. The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company as at March 31, 2011 and December 31, 2010 had no amount of accounts payable and $ 92 of cash in United States Dollars.

Commodity and price risk

The Company is exposed to a price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's comprehensive earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices as they relate to precious and base metals and other minerals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Commodity price can adversely affect the Company. In particular, the Company's future profitability and viability of development depend upon the world market price of precious and base metals and other minerals. Precious and base metals and other mineral prices have fluctuated widely in recent years. There is no assurance that, even if commercial quantities of precious and base metals and other minerals are produced in the future, a profitable market will exist for them. A decline in the market price of precious and base metals and other minerals may require the Company to reduce mineral resources, which could have a material and adverse effect on its value.

As at March 31, 2011 the Company was not a precious metals, base metals, and other minerals producer. Even so, commodity prices may affect the completion of future equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet ongoing obligations.

Credit risk

Credit risk arises due to the potential for one party to a financial instrument to fail to discharge it obligations and cause the other party to suffer a loss. Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents, and receivables. The maximum credit risk represented by the Company's financial assets is represented by their carrying amounts. The Company holds its cash and cash equivalents with financial institutions that are believed to be creditworthy.

Concentration of credit risk exists with respect to the Company's cash and cash equivalents as all amounts are held at a single major Canadian financial institution.

The Company's maximum exposure to credit risk is limited to the carrying amount of the financial assets recognized at the reporting period, as summarized below.

	March 31, 2011 (CAD)
Classes of financial assets – carrying amounts	
Cash and cash equivalents	$ 59,231
Accounts and other receivables	$ 34,731
Carrying Amount	$ 93,962

The Company continues to monitor default of accounts receivable and other counterparties and incorporates this information into its credit risk control. The company policy is to deal only with creditworthy counterparties.

Key management of Wedge considers all of the above financial assets not to be impaired or past due for the above mentioned reporting date and are of good credit quality. None of the financial assets are secured by collateral or other credit enhancements.

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

In respect of accounts receivable, Wedge is not exposed to a significant credit risk as the principal amounts of the receivable are from sales tax credits with the province of Ontario and the Federal government. Risk of default with the various levels of Canadian government is considered low due to the economic stability of the country.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flows primarily from its financing activities.

The Company's manages its liquidity needs by carefully monitoring scheduled exploration and evaluation activity as well as forecasted cash inflows and outflows due in day to day business. Liquidity is measured in various time bands, on day to day and week to week basis as well as on long term liquidity needs over 180 day to 360 day look out periods.

The Company's maintains cash to meet its liquidity requirements for a 30 day period at a minimum. Funding for long term liquidity needs is based on the ability of the company to successfully complete private placements as well as in certain cases to pay the outstanding balances owed in shares of the company rather than in cash.

As at March 31, 2011 the Company had cash and cash equivalents of $ 59,231 (December 2010 – 182,985) to settle current liabilities of $ 1,558,791 (December 2010 – 1,544,281).

The Company considers expected cash flow from financial assets in managing liquidity risk, in particular its cash resources and accounts receivable. The Company's existing cash resources and amounts receivable currently do not meet the current cash outflow requirements. As a result the company is in risk of a going concern if management is unable to raise the appropriate funds prior to the maturity of the financial liabilities. Appropriate going concern disclosure will be made available in the financial statements.

Fair value of financial instruments

Financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, and convertible debt. At March 31, 2011 and December 31, 2010 there were no significant differences between the carrying amounts reported on the balance sheet and their estimated fair values.

Risks and Uncertainties

The Company is subject to a number of risks and uncertainties due to the nature of its business and the present stage of development of its business. Investment in the natural resource industry in general, and the exploration and development sector in particular, involves a great deal of risk and uncertainty. Current and potential investors should give special consideration to the risk factors involved.

Exploration Stage Company

The Company is engaged in the business of acquiring and exploring mineral properties in the hope of locating economic deposits, with the discovery of gold being the Company's focus. The Company's property interests are in the exploration stage only and are without a known economic mineral deposit. Accordingly, there is little likelihood that the Company will realize any profits in the short to medium term. Any profitability in the future from the Company's business will be dependent upon locating an economic mineral deposit, which itself is subject to numerous risk factors. Further, there can be no assurance, even if an economic deposit of minerals is located, that any of the Company's property interests can be commercially mined. The exploration and development of mineral deposits involve a high degree of financial risk over a significant period of time of which even a combination of careful evaluation, experience and knowledge of management may not eliminate. While discovery of additional ore-bearing structures may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish reserves by drilling and to construct mining and processing facilities at a particular site. It is impossible to ensure that the current exploration programs of the Company will result in profitable commercial mining operations. The profitability of the Company's operations will be, in part, directly related to the cost and success of its exploration programs which may be affected by a number of factors. Substantial expenditures are required to establish reserves which are sufficient to commercially mine and to construct, complete and install mining and processing facilities in those properties that are actually mined and developed.

Economic Risk

The price of minerals fluctuates. The future direction of the price of any mineral will depend on numerous factors beyond the Company's control including international, economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and increased production due to new extraction developments and improved extraction and production methods. The effect of these factors on the price of minerals, and therefore on the economic viability of the Company's properties, cannot accurately be predicted. As the Company is only at the exploration stage, it is not yet possible for it to adopt specific strategies for controlling the impact of fluctuations in the price of gold.

Management

Dependence on Key Personnel, Contractors and Service Providers Shareholders of our Company rely on the good faith, experience and judgment of the Company's management and advisors in supervising and providing for the effective management of the business and the operations of the Company and in selecting and developing new investment and expansion opportunities. The Company may need to recruit additional qualified contractors and service providers to supplement existing management. The Company will be

dependent on a relatively small number of key persons, the loss of any one of whom could have an adverse effect on the Company.

Industry Conditions

The exploration and development of mineral deposits involve significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of a deposit may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish reserves, to develop processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the current exploration and development programs planned by the Company will result in a profitable commercial operation.

Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are the particular attributes of the deposit, such as size, grade and proximity to infrastructure, as well as mineral prices which are highly cyclical and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

Mining operations generally involve a high degree of risk. The Company's operations will be subject to all the hazards and risks normally encountered in the exploration and development of minerals, including unusual and unexpected geology formations, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability.

Value of Our Common Shares

The value of the Company’s common shares could be subject to significant fluctuations in response to variations in quarterly and annual operating results, the success of the Company's business strategy, competition or other applicable regulations which may affect the business of the Company and other factors.

Competition

There is aggressive competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Company competes with other interests, many of which have greater financial resources than it has, for the opportunity to participate in promising projects. Significant capital investment is required to achieve commercial production from successful exploration efforts.

Additional Funding and Financing Risk

Additional funds will be required for future exploration and development. The source of future funds available to the Company is through the sale of additional equity capital or borrowing of funds. There is no assurance that such funding will be available to the Company. Furthermore, even if such financing is successfully completed, there can be no assurance that it will be obtained on terms favorable to the Company or will provide the Company with sufficient funds to meet its objectives, which may adversely affect the Company's business and financial position. In addition, any future equity financings by the Company may result in substantial dilution for existing shareholders.

Environmental Risk

Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There can be no assurance that future changes to environmental regulation, if any, will not adversely affect the Company’s operations. Environmental hazards may exist on the properties in which the Company holds interests that have been caused by previous or existing owners or operators.

Uninsured Hazards

The Company currently carries minimal insurance coverage. The nature of the risks the Company faces in the conduct of its operations are such that liabilities could exceed policy limits in any insurance policy or could be excluded from coverage under an insurance policy. The potential costs that could be associated with any liabilities not covered by insurance or in excess of insurance coverage or compliance with

applicable laws and regulations may cause substantial delays and require significant capital outlays, adversely affecting the Company's financial position.

Conflicts of Interest
Certain directors of the Company also serve as directors of other companies involved in natural resource exploration, development and production. Consequently, there exists the possibility that such directors will be in a position of conflict of interest. Any decision made by such directors involving the Company are made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such directors will declare, and refrain from voting on, any matter in which such directors may have a material conflict of interest.

Permits, Licenses and Approvals
The operations of the Company may require licenses and permits from various governmental authorities. The Company believes it holds or is in the process of obtaining all necessary licenses and permits to carry on the activities which it is currently conducting under applicable laws and regulations. Such licenses and permits are subject to changes in regulations and in various operating circumstances. There can be no guarantee that the Company will be able to obtain all necessary licenses and permits that may be required to maintain its mining activities, construct mines or other facilities and commence operations of any of their exploration properties. In addition, if the Company proceeds to production on any exploration property, it must obtain and comply with permits and licenses which may contain specific conditions concerning operating procedures, water use, the discharge of various materials into or on land, air or water, waste disposal, spills, environmental studies, abandonment and restoration plans and financial assurances. There can be no assurance that the Company will be able to obtain such permits and licenses or that it will be able to comply with any such conditions.

Regulatory Matters
The Company's business is subject to various federal, provincial and local laws governing prospecting and development, taxes, labor standards and occupational health, mine safety, toxic substances, environmental protection and other matters. Exploration and development are also subject to various federal, provincial and local laws and regulations relating to the protection of the environment. These laws impose high standards on the mining industry to monitor the discharge of waste water and report the results of such monitoring to regulatory authorities, to reduce or eliminate certain effects on or into land, water or air, to progressively rehabilitate mine properties, to manage hazardous wastes and materials and to reduce the risk of worker accidents. A violation of these laws may result in the imposition of substantial fines and other penalties.

Mineral Price Fluctuations
The marketability of any mineral is subject to numerous factors beyond the control of the Company. The price of minerals can experience volatile and significant movements over short periods of time. Factors impacting price include, but are not limited to, demand for the particular mineral, political and economic conditions and production levels and costs of production in other areas or countries.

International Financial Reporting Standards ("IFRS")

In February 2008, the Accounting Standards Board of the CICA confirmed that IFRS will replace Canadian GAAP for publicly accountable enterprises for the fiscal years beginning on or after January 1, 2011. As a result, the conversion from Canadian GAAP to IFRS will be applicable to the Company's reporting for the first quarter of fiscal 2011 for which current comparative information will be prepared on an IFRS basis.

The condensed unaudited interim consolidated financial statements for the three months ending March 31, 2011, have been prepared in accordance with IAS 34, using accounting policies consistent with IFRS. These are Wedge Energy International Inc.'s first financial statements prepared in accordance with IAS 34 using accounting policies consistent with IFRS. Previously the Company prepared its annual and interim financial statements in accordance with Canadian GAAP.

The preparation of these condensed unaudited interim consolidated financial statements resulted in changes to the accounting policies compared with the most recent annual financial statements prepared under Canadian GAAP.

The accounting policies listed below have been applied consistently to all of the periods presented in the financial statements. They have also been applied in preparing an opening IFRS statement of financial position as at January 1, 2010, for the purpose of transition to IFRS, as required by IFRS 1, First Time Adoption of International Reporting Standards ("IFRS 1").

Impact of adopting IFRS on the Company's Business

The adoption of IFRS has resulted in some changes to Wedge Energy International Inc.'s accounting systems and business processes. However, the impact has been minimal. The Company has not identified any contractual arrangements that are significantly impacted by the adoption of IFRS.

The Company's staff involved in the preparation of financial statements have been appropriately trained on the relevant aspects of IFRS and the changes to accounting policies.

The Board of Directors and Audit Committee have been regularly updated throughout the Company's IFRS transition process, and are aware of the key aspects of IFRS affecting the Company.

First-time adoption of IFRS

The adoption of IFRS requires the application of IFRS 1 First-time Adoption of International Financial Reporting Standards ("IFRS 1"), which provides guidance for an entity's initial adoption of IFRS. IFRS 1 generally requires retrospective application of IFRS as effective at the end of its first annual IFRS reporting period. However, IFRS 1 also provides certain optional exemptions and mandatory exceptions to this retrospective treatment.

The Company has elected to apply the following optional exemptions in its preparation of an opening IFRS statement of financial position as at January 1, 2010, the Company's "Transition Date":

Optional exemptions to be applied by Wedge Energy International Inc.:

- The Company has elected not to apply IFRS 3 Business Combinations retrospectively to business combinations that occurred before the transition date of January 1, 2010.
- The Company has elected to use facts and circumstances existing at the date of transition to determine whether an arrangement contains a lease. No such assessment was done under the previous GAAP.
- The Company has elected to maintain the designations of its financial instruments at the date of transition. Wedge has also taken the exemption to designate some financial instruments at fair value through profit or loss.
- The Company has elected to apply IFRS 2 for all equity instruments granted after November 7, 2002 that had not vested by January 1, 2010. Further, Wedge will apply IFRS 2 on all liabilities arising from share-based payment transactions that existed at January 1, 2010.
- The Company has elected not to retrospectively recognize changes in existing decommissioning, restoration and similar liabilities under IFRIC 1 which may have occurred before the Transition Date.

IFRS 1 does not permit changes to estimates that have been made previously. Accordingly, estimates used in the preparation of the Company's opening IFRS statement of financial position at the transition date will be consistent with those made under the previous Canadian GAAP. If necessary estimates will be adjusted to reflect any differences in accounting policies.

Impact of adopting IFRS on the Company's accounting policies

The Company has changed certain accounting policies to be consistent with IFRS effective December 31, 2011, the Company's first annual IFRS reporting date. The changes to its accounting policies have resulted in certain changes to the recognition and measurement of assets, liabilities, equity and expenses within its financial statements.

The following provides a summary of the significant changes to the Company's accounting policies on adoption of IFRS. This is not intended to be a complete list of areas where the adoption of IFRS has required a change in accounting policies, but to highlight the areas the Company has identified as having the most potential for a significant change. The International Accounting Standards Board has a number of ongoing projects, the outcome of which may have an effect on the changes required to the Company's accounting policies on adoption of IFRS. At the present time however, the Company is not aware of any significant expected changes prior to its adoption of IFRS that would affect the summary provided below.

1) Impairment of (Non-financial) Assets

In review of the Company's policy for exploration and evaluation expenditures no assessment for impairment is currently required given that all expenditures to date have not indicated a high degree of confidence in the project's viability and hence there is currently no probability that future economic benefits will flow to the company.

As all exploration and evaluation expenditures have been written-off prior to January 1, 2010 there is no requirement for assessment and impairment as Wedge currently does not have any exploration and evaluation assets held on its statement of financial position.

In review of the Company's opening balance sheet as at January 1, 2010 it was noted that the company does not have any property plant and equipment currently capitalized on its statement of financial position. Therefore an assessment for impairment is not required.

The Company's accounting policies related to impairment of non-financial assets have been changed to reflect these differences. There is no impact on the unaudited condensed interim consolidated financial statements.

2) Share-based Payments

The stock option plan provides for the granting of stock options to directors, officers and contractors. The exercise price of each stock option is determined at the closing market price of the common shares on the day prior to the day of grant. Each stock option granted permits the holder to purchase one common share at the stated exercise price. The Company records a charge to the profit and loss account using the Black-Scholes fair valuation option pricing model. The valuation is dependent on a number of estimates, including the risk free interest rate, the level of stock volatility, together with an estimate of the level of forfeiture. The level of stock volatility is calculated with reference to the historic traded daily closing share price at the date of issue.

The Company has elected to apply IFRS 2 for all equity instruments granted after November 7, 2002 that had not vested by January 1, 2010.

Under IFRS Wedge must treat each of the vesting periods as a separate grant, and therefore recomputed the fair value of the newly vested options each time previously granted options vest. Furthermore IFRS differs from Canadian GAAP in which under IFRS Wedge must estimate the percentage of stock options which will expire unexercised as well as forfeited and include this percentage as a reduction in the determination of the stock option expense.

Based on the review of stock options granted prior to January 1, 2010 and not vesting as at the transition date a total of $ 1,460 has been recognized as a restatement in the opening statement of financial position as at January 1, 2010.

3) Asset Retirement Obligations (Decommissioning Liabilities)

IFRS requires the recognition of a decommissioning liability for legal or constructive obligations, while current Canadian GAAP only requires the recognition of such liabilities for legal obligations. A constructive obligation exists when an entity has created reasonable expectations that it will take certain actions.

The Company's accounting policies related to asset retirement obligations have been changed to reflect these differences. There is no impact on the unaudited condensed interim consolidated financial statements.

3) Income Taxes

In certain circumstances, IFRS contains different requirements related to recognition and measurement of future (deferred) income taxes.

The Company's accounting policies related to income taxes have been changed to reflect these differences. There is no impact on the unaudited condensed interim consolidated financial statements.

4) Exploration an evaluation

On transition to IFRS, the Company elected to expense exploration and evaluation expenditures as incurred. Previously under Canadian GAAP, the policy was to capitalize exploration and evaluation expenditures as incurred.

The Company's accounting policies related to exploration and evaluation have been changed to reflect these differences. There is no impact on the unaudited condensed interim consolidated financial statements.

5) Financial Instruments

IFRS allows a company to apply a onetime change in the designation of its financial instruments on the transition date.

The Company has elected not to change the classification of any of its financial instruments from its previous Canadian GAAP financial statements. Therefore no adjustment is required on the January 1, 2010 opening balance sheet upon conversion to IFRS.

6) Flow through shares

On transition to IFRS, the company has elected to follow US GAAP whereby flow-through proceeds should be allocated between the offering of the common shares and the sale of tax benefit when common shares are offered. The allocation is made between based on the difference between the quoted market price of the common shares and the amount the investor pays for the flow through shares. A future tax liability is recognized for the premium paid by investors and is then recognized as a future income tax recovery in the period of renunciation. If flow through shares is sold at a discount, this policy does not apply and the flow through share issuance follows applicable IFRS guidance.

Previously, Wedges Canadian GAAP policy was to adopt the recommendations of EIC 146 with respect to the accounting for flow though shares. This resulted in the company reducing net proceeds of the flow through share issuance by the future tax liability of the Company resulting from the renunciation of the exploration and development expenditures in favor of the flow through subscribers. The future income tax liability was calculated net of any benefit resulting from unrecorded income tax loss carry forwards and income tax pools in excess of the accounting value available for deduction.

Impact on the statement of financial position of reversing the renouncement:

	January 1, 2010
Adjustment to share capital	$ 41,114
Adjustment to deficit	$ (41,114)

Impact on the statement of financial position of applying US GAAP for FIT liability:

	January 1, 2010
Adjustment to share capital	$ NIL
Adjustment to deficit	$ NIL

Reconciliation between IFRS and Canadian GAAP

Please refer to the unaudited notes to the interim consolidated financial statements for the three month period ending March 31, 2011.

Accounting policies applied on the adoption of IFRS

These unaudited condensed interim consolidated financial statements have been prepared on a historical cost basis expect for the revaluation of certain financial instruments. In addition, these unaudited condensed financial statements have been prepared using the accrual basis of accounting expect for cash flow information.

The preparation of the interim consolidated financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

These interim consolidated financial statements include estimates that, by their nature, are uncertain. The impact of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

Significant estimates about the future that management has used in the preparation of these interim consolidated financial statements that could result in a material adjustment to the carrying amount of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- The recoverability of accounts receivable that are included in the interim consolidated statement of financial position;
- The provision for income tax and the composition of future income tax assets and liabilities in the consolidated statement of financial position;
- Management assumption of no material restoration, rehabilitation and environmental obligations, based on the facts and circumstances that existed during this reporting period;
- Managements assumption that activities relating to its exploration and evaluation properties have not yet reached a stage where the Company's activities permits a reasonable assessment of reserves, and therefore all exploration and evaluation expenditures incurred during this reporting period are reflected in consolidated statement of loss;
- The impairment of assets that are included in the interim consolidated statement of financial position;
- Contingencies listed in the notes to the interim consolidated financial statements will only be resolved when one or more future events occur or fail to occur. Management's assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

Basis of Consolidation

The Company's financial statements consolidate those of its wholly owned subsidiary company as at March 31, 2011. Wedge Energy International Inc. obtains exercise and control through holding 100% of the voting rights for its subsidiary. Wedge Energy Inc. (the subsidiary) has a reporting date of March 31.

The subsidiary is fully consolidated from the date of acquisition, being the date on which Wedge Energy International Inc. obtains control, and continues to be consolidated until the date that such control ceases.

The financial statements of the subsidiary are prepared using consistent accounting policies as the parent. All intra-group balances, income and expenses and unrealized gains and losses resulting from intra-group transactions are eliminated in full.

Mineral Exploration and Evaluation Expenditures

Pre-exploration costs

Pre-exploration costs are expensed in the period in which they are incurred.

Exploration and Evaluation Expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and expensed, unless the directors conclude that a future economic benefit is more likely than not to be realized. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

In evaluating if expenditures meet the criteria to be capitalized, several different sources of information are utilized. The information that is utilized to determine the probability of future benefits depends on the extent of exploration and evaluation that has been performed to date.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transfee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as 'mines under construction'. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

Impairment

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. When facts and circumstances suggest that the carrying amount exceeds the recoverable amount, the Company measures, presents and discloses any resulting impairment loss in the consolidated statement of comprehensive 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 the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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 for which the estimates of future cash flows have not been adjusted.

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 (cash-generating unit) in prior periods. A reversal of an impairment loss is recognized as income immediately.

The facts and circumstances indicating impairment include the following:

- the period for which the Company has a right to explore in the specific area has expired or is expected to expire;
- the exploration and evaluation has not led to the discovery of economic reserves;
- the development of the reserves is not economically or commercially viable; and
- the exploration is located in an area that has become politically unstable.

Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Timing or the amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Any reimbursement that the company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However the asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are not recognized for future operating losses.

Restoration, rehabilitation and environmental obligations

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development and ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of each asset, as soon as the obligations to incur such costs arise. Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. The costs are charged against the profit and loss over the economic life of the related asset, through amortization using either a unit-of-production or the straight line method as appropriate.

The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount of timing of the underlying cash flows needed to settle the obligation. Costs of restoration of subsequent site damage that is created by the ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses

The Company had no material provisions as at March 31, 2011 and December 31, 2010.

Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

Equity reserves

Share capital represents the nominal value of the shares issued.

Contributed surplus includes any premiums received on the issuance of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefit as well as stock option charges and other share based remuneration issued to directors, officers and contractors.

Accumulated comprehensive loss includes all transactions recorded in the statement of comprehensive loss on an accumulated basis.

Warrants, includes the issue of warrants to purchase common shares when issuing common share units. The fair value of such warrants is estimated at the time of issuance using the Black-Scholes pricing model and is recorded as warrants in the equity section of the balance sheet and corresponding value is reduced from share capital from the common share issuance. Upon the exercise of warrants, the consideration paid together with the amount previously recognized in warrants is recorded as an increase in share capital. In the event that warrants expire, previously recognized warrant value is adjusted through contributed surplus. In addition, the Company issues broker warrants as compensation related financing activities.

Deficit includes all current and prior period losses.

All transactions with owners of the parents are recorded separately within equity.

Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive loss/income over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss/income over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss/income over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss/income, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

Flow through shares

Flow-through shares are a unique Canadian tax incentive. They are the subject of specific guidance under US GAAP, but there is no equivalent IFRS guidance. Therefore, the Company has adopted a policy whereby flow-through proceeds are allocated between the offering of the common shares and the sale of tax benefits when the common shares are offered. The allocation is made based on the difference between the quoted price of the common shares and the amount the investor pays for the flow-through shares. A future tax liability is recognized for the premium paid by the investors and is then recognized as a future income tax recovery in the period of renunciation if the Company has sufficient unrealized tax losses and deductions.

Income taxes

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Loss per share

Basic earnings/loss per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant period.

Diluted earnings/loss per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

Financial instruments

Financial Assets

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity, available for sale, or held for trading as appropriate. The Company determines the classification of its financial asset at the initial recognition.

All financial assets are recognized initially at fair value plus, in the case of investments not at fair value through profit and loss, directly attributable transaction costs.

Purchases or sales of financial assets that require the delivery of assets within a time frame established by regulation or convention in the marketplace are recognized on the trade date.

The company's financial assets include cash and cash equivalents, and accounts receivables.

Subsequent measurement

a) Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss includes financial assets held for trading, and financial assets designated upon initial recognition at fair value through profit and loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value recognized in finance income or finance cost in the statement of comprehensive income.

The company has designated cash and cash equivalents upon initial recognition as at fair value through profit or loss.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement such financial assets are subsequently measured at amortized cost using the effective interest rate method, less impairment. Amortized cost is accounted by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The amortization is included in finance income in the statement of comprehensive income. The losses arising from impairment are recognized in the statement of comprehensive income in finance costs.

The company has designated accounts receivable as loans and receivables.

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of financial assets) is derecognized when:

The rights to receive cash flows from the asset have expired; and

The Company has transferred its rights to receive cash flows from the asset or has assumed the obligation to pay the received cash flows in full without material delay to a third party under "pass-through" arrangement; and either, a) the company has transferred substantially all of the risks and rewards of the asset, or b) the company has neither transferred nor retained substantially all of the risks are rewards of the asset, but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset or has entered into a "pass-through" arrangement, and has neither transferred not retained substantially all of the risks or rewards of the

asset, nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement with the asset.

In that case, the company will also recognize an associated financial liability. The transferred asset and associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

Impairment of financial assets

The company assess at the reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset and the loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Evidence of impairment may include indicators that the debtor is experiencing significant financial difficulties, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganizations and where observable data indicates that there is a measurable decrease in the estimated cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortized cost the company first assess individually whether objective evidence of impairment exists individually for financial assets which are individually significant, or collectively for financial assets which are not individually significantly. Assets which are individually assessed for impairment for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the carrying amount of the asset and the present value of the estimated cash flows. The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the statement of comprehensive income. If in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or decreased by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the statement of comprehensive loss.

Financial liabilities

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, or as loans and borrowings. The company determines the classification of its financial liabilities at the initial recognition, as appropriate.

All financial liabilities are measured at fair value plus, in the case of loans and borrowings, directly attributable transaction costs.

The company's financial liabilities includes, accounts payable and accrued liabilities, Part XII.6 tax payable, Flow through obligation and convertible notes.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

a) Loans and borrowings

After initial recognition loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the statement of comprehensive income when a financial liability is derecognized, as well as through the amortization process. Amortization process is calculated by taking into account any discount or premium paid on acquisition and fees or costs that are an integral part of the effective interest rate. The amortization is included in finance costs in the statement of comprehensive income.

The company has designated accounts payable and accrued liabilities, Part XII.6 tax payable, Flow through obligation and convertible notes as loans and borrowings.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Fair value of financial instruments

The fair value of financial instruments that are trade in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations, without any deductions for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques, Such techniques may include using recent arms length market transactions, reference to the current fair value of a similar instrument, discounted cash flow analysis or other valuation model.

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – valuation based on quoted market prices in active markets for identical assets and liabilities.
- Level 2 – valuation techniques based on inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data.

Cash and cash equivalents, recognized in the consolidated statement of financial position at fair value, is classified following level 1.

Accounts receivable and accounts payable and accrued liabilities, Part XII.6 tax payable, Flow through obligation and convertible notes are recognized in the consolidated statement of financial position at fair value, is classified following level 2.

Strategy and Outlook

Our objective is to maximize the value of the Company for our shareholders and as part of this strategy the Company is currently looking at acquiring an ownership in Canadian mineral exploration properties. It is management's believe that focusing on exploration in Canada would provide an opportunity for Wedge and result in increased shareholder value. However, there can be no assurances that the Company will be successful in finding economically feasible mineral reserves on any properties it acquires the rights to explore.

Other Information

Other information and additional disclosure of the Company's technical reports, material change reports, new releases, and other information may be found on the SEDAR website at www.SEDAR.com.

Corporate Information

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Don Padgett – Director and CEO
James Passin – Director and Chairman
Sabino Di Paola – CFO

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