Musgrove Minerals Corp.

(formerly Journey Resources Corp.)

November 30, 2010

Consolidated Financial Statements

(Expressed in Canadian Dollars)

Auditors' Report

To the Shareholders of:
MUSGROVE MINERALS CORP.
(formerly Journey Resources Corp.)

We have audited the Consolidated Balance Sheets of **Musgrove Minerals Corp. (formerly Journey Resources Corp.)** as at November 30, 2010 and 2009 and the Consolidated Statements of Shareholders' Equity, Operations and Comprehensive Loss, and Cash Flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2010 and 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

"Watson Dauphinee & Masuch"

Chartered Accountants

Vancouver, B.C.
March 29, 2011

MUSGROVE MINERALS CORP.
(formerly Journey Resources Corp.)

Consolidated Balance Sheets
As at November 30, 2010 and 2009

	2010 $	2009 $
ASSETS		
CURRENT		
Cash	2,418	1,132
Sales Tax Recoverable	79,880	67
Prepaid Expenses	21,362	35,027
	103,660	36,226
Due from Joint Venture Partner (Note 5(b))	-	168,267
Due from Related Party (Note 9(a))	-	52,902
Property and Equipment (Note 4)	11,330	159,378
Mineral Properties (Note 5)	3,381,598	3,143,282
Reclamation Bond (Note 5(a))	6,818	6,818
	3,503,406	3,566,873
LIABILITIES		
CURRENT		
Accounts Payable and Accrued Liabilities	585,059	656,380
Due to Related Parties (Note 9(a))	358,815	270,210
Short-Term Loans (Note 6)	1,207,575	1,333,023
	2,151,449	2,259,613
Deferred Gain on Contribution to Joint Venture (Note 5(b))	164,750	169,334
SHAREHOLDERS' EQUITY		
Share Capital (Note 7)	13,210,762	11,924,219
Share Subscription Advances	-	134,010
Contributed Surplus – Share Purchase Warrants	1,448,746	557,583
Contributed Surplus – Stock Options and Other	1,517,900	1,517,900
Deficit	(14,990,201)	(12,995,786)
	1,187,207	1,137,926
	3,503,406	3,566,873

Nature and Continuance of Business (Note 1)
Commitments (Note 10)
Subsequent Events (Note 14)

Approved by the Directors:

"Jack Bal"	**"Lorne Torhjelm"**
Jatinder (Jack) Bal, Director	Lorne Torhjelm, Director

MUSGROVE MINERALS CORP.

(formerly Journey Resources Corp.)

Consolidated Statements of Shareholders' Equity

For the Years Ended November 30, 2010 and 2009

	Number of Common Shares (Pre-Share Consolidation) (Note 14(a))	Share Capital $	Share Subscription Advances $	Contributed Surplus – Share Purchase Warrants $	Contributed Surplus – Stock Options and Other $	Deficit $	Total Shareholders' Equity $
Balance, November 30, 2008	42,818,687	11,164,757	3,900	105,746	1,276,896	(11,671,689)	879,610
Shares Issued During the Year							
For Cash – Private Placement (Note 7(b)(i))	23,500,000	581,939	(3,900)	358,061	-	-	936,100
For Settlement of Accounts Payable (Note 7(b)(ii))	7,620,075	381,004	-	-	-	-	381,004
Share Issue Costs (Note 7(b)(i))	-	(203,481)	-	93,776	-	-	(109,705)
Stock-Based Compensation	-	-	-	-	241,004	-	241,004
Share Subscription Advance Received	-	-	134,010	-	-	-	134,010
Net Loss for the Year	-	-	-	-	-	(1,324,097)	(1,324,097)
Balance, November 30, 2009	73,938,762	11,924,219	134,010	557,583	1,517,900	(12,995,786)	1,137,926
Shares Issued During the Year							
For Cash							
Private Placement (Note 7(b)(iii))	26,667,000	783,452	(134,010)	549,898	-	-	1,199,340
Private Placement (Note 7(b)(iv))	11,493,334	440,245	-	249,355	-	-	689,600
Exercise of Warrants (Note 7(b)(vi))	3,798,950	364,914	-	(60,998)	-	-	303,916
For Finder's Fee	835,000	50,100	-	-	-	-	50,100
Share Issue Costs (Notes 7(b)(v))	-	(352,168)	-	152,908	-	-	(199,260)
Net Loss for the Year	-	-	-	-	-	(1,994,415)	(1,994,415)
Balance, November 30, 2010	116,733,046	13,210,762	-	1,448,746	1,517,900	(14,990,201)	1,187,207

MUSGROVE MINERALS CORP.

(formerly Journey Resources Corp.)

Consolidated Statements of Operations and Comprehensive Loss

For the Years Ended November 30, 2010 and 2009

	2010 $	2009 $
EXPENSES		
Accounting and Audit	93,904	93,937
Amortization	47,701	66,546
Bad Debts	166,379	-
Consulting Fees	180,929	201,403
Filing and Transfer Agent Fees	24,907	20,885
Interest and Financing Fees on Short-Term Loans (Note 6)	326,002	356,823
Interest on Related Party Loan (Note 9(a))	12,505	20,037
Interest – Other	4,947	350
Investor Relations	149,051	154,868
Legal	53,040	21,985
Management Fees (Notes 9(b))	91,500	84,000
Miscellaneous Exploration	1,375	21,372
Office	170,379	130,205
Rent	32,200	36,465
Stock-Based Compensation (Note 7(f))	-	241,004
Travel	9,392	11,327
	1,364,211	1,461,207
LOSS BEFORE OTHER ITEMS	(1,364,211)	(1,461,207)
Administrative and Office Support Fee Income (Note 9(c))	120,000	120,000
Amortized Gain on Contribution to Joint Venture (Note 5(b))	4,584	4,585
Foreign Exchange (Loss) Gain	(7,265)	12,525
Gain on Sale of Equipment	24,653	-
Loss on Sale of Subsidiary (Note 3(a))	(772,176)	-
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	(1,994,415)	(1,324,097)
BASIC AND DILUTED LOSS PER COMMON SHARE (POST-SHARE CONSOLIDATION)	(0.15)	(0.18)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING (POST-SHARE CONSOLIDATION) (Note 14(a))	13,148,900	7,253,446

MUSGROVE MINERALS CORP.
(formerly Journey Resources Corp.)

Consolidated Statements of Cash Flows
For the Years Ended November 30, 2010 and 2009

	2010 $	2009 $
CASH PROVIDED FROM (UTILIZED FOR):		
OPERATING ACTIVITIES		
Net Loss for the Year	(1,994,415)	(1,324,097)
Non-Cash Items		
Amortization	47,701	66,546
Bad Debts	166,379	-
Stock-Based Compensation	-	241,004
Amortized Gain on Contribution to Joint Venture	(4,584)	(4,585)
Gain on Sale of Equipment	(24,653)	-
Loss on Sale of Subsidiary	772,176	-
	(1,037,396)	(1,021,132)
Change in Non-Cash Working Capital Accounts (Note 8(a))	(135,581)	336,552
	(1,172,977)	(684,580)
FINANCING ACTIVITIES		
Shares Issued for Cash	2,192,856	936,100
Share Subscription Receivable	-	60,000
Share Subscription Advances	-	134,010
Share Issue Costs	(149,160)	(109,704)
Net (Repayments on) Advances from Short-Term Loans	(125,448)	31,523
Net Advances from Related Parties	141,507	82,022
	2,059,755	1,133,951
INVESTING ACTIVITIES		
Mineral Properties Costs	(1,035,394)	(446,409)
Purchase of Equipment	-	(5,887)
Proceeds from Sale of Equipment	125,000	-
Proceeds from Sale of Subsidiary	25,000	-
Cash Disposed on Sale of Subsidiary	(98)	-
	(885,492)	(452,296)
INCREASE (DECREASE) IN CASH	1,286	(2,925)
Cash, Beginning of the Year	1,132	4,057
CASH, END OF THE YEAR	2,418	1,132

Supplemental Cash Flow Information (Note 8)

NOTE 1 – NATURE AND CONTINUANCE OF BUSINESS

Musgrove Minerals Corp. (the "Company") is a mineral exploration resource company incorporated under the laws of the Province of British Columbia, Canada on March 29, 2000 under the name Access West Capital Corporation. On June 12, 2002, the Company changed its name to Journey Unlimited Omni Brand Corporation, on November 04, 2005 to Journey Resources Corp, and on December 17, 2010 to Musgrove Minerals Corp.

The Company is presently in the business of the acquisition, exploration and development of mineral properties. It presently owns mining concessions in Mexico and mineral claims in Idaho, U.S.A.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles on a going concern basis, which assumes the Company will be able to realize assets and discharge liabilities in the normal course of business for the foreseeable future. The Company has not yet achieved profitable operations, and has a consolidated deficit of $14,990,201 and a working capital deficiency of $2,047,789 as at November 30, 2010.

The Company's ability to continue operations is uncertain and is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete exploration and development, and upon future profitable production or proceeds from disposition of these properties. The outcome of these matters cannot be predicted at this time. Although the Company has completed private placements of units raising gross proceeds of $2,698,850 in January 2011 (Note 14(b)), there is no assurance that the Company will be successful with future financing ventures. Should the Company be unable to obtain additional financing, it intends to reduce its mineral property and administrative operations to the minimum required to maintain its mineral properties and its listing on the TSX Venture Exchange (the "Exchange").

These financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements are prepared using Canadian generally accepted accounting principles ("GAAP"), as summarized below.

a) Basis of Consolidation

The consolidated financial statements include the accounts of the Company, its wholly-owned Mexican subsidiary, Minerales Jazz S.A. de C.V. (Note 3(b)) and two wholly-owned inactive subsidiaries, Journey Unlimited Equipment Inc. (Canada) and Journey Unlimited Equipment Inc. (U.S.A.). The Company disposed of its wholly-owned Peruvian subsidiary, Minera Journey Resources Peru S.A.C. on July 28, 2010 (Note 3(a)), and accordingly, these consolidated financial statements only include the accounts of the Peruvian subsidiary up to the date of disposal. All inter-company transactions and balances have been eliminated.

The Company's 50% interest in the Vianey Property joint venture, which is subject to joint control, is consolidated on a proportionate basis, whereby the Company includes in these consolidated financial statement its proportionate share of the assets, liabilities, revenues and expenses of the joint venture. As at November 30, 2010 and 2009, the Company included its 50% share of the capitalized mineral property costs of the joint venture in the consolidated financial statements. The joint venture has no other assets or liabilities, and has no revenues or expenses for the period from inception on December 18, 2006 to November 30, 2010.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Property and Equipment

Property and equipment are recorded at cost and amortized at the following rates, except in the year of acquisition, when one half of the rates are used:

Computer Equipment	30 – 55%	Declining Balance
Exploration Equipment	30%	Declining Balance
Furniture and Fixtures	20%	Declining Balance
Leasehold Improvements	20%	Straight Line
Vehicles	30%	Declining Balance

c) Mineral Properties

The Company's mineral properties are in the exploration stage and therefore, the Company capitalizes all expenditures related to the acquisition, exploration and development of mineral properties until such time as the properties are placed into commercial production, abandoned, sold or considered to be impaired in value. Costs of producing properties are amortized on a unit-of-production basis based on proven and probable reserves.

Costs of abandoned properties are written off to operations. Proceeds received on the sale of interests in mineral properties are credited to the carrying value of the mineral properties, with any excess included in operations. Adjustments to carrying value due to impairment are charged to operations.

Property option payments received are credited against the cost of mineral properties. Where option payments received exceed the recorded acquisition costs of mineral claims, the amount in excess of the capitalized costs is credited to operations.

The Company has not yet determined the amount of reserves available on the properties owned. The recoverability of the capitalized costs for mineral properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties and on future production or proceeds of disposition. The Company assesses the impairment of a mineral property whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. Recoverability of the capitalized costs is then determined by a comparison of the carrying amount of the property to future undiscounted net cash flows expected to be generated by the mineral property. If a mineral property is considered to be impaired, that property is written down to its estimated net realizable value.

Although the Company has taken steps to verify the title to mineral properties in which it has an interest in accordance with general industry standards, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and therefore title may be affected.

d) Asset Retirement Obligation

The Company records the fair value of a liability for an asset retirement obligation, including site closure and reclamation costs associated with exploration activities on its mineral properties, in the period in which it is incurred if a reasonable estimate of fair value can be made. The Company records the estimated present value of future cash flows associated with site closure and reclamation as a liability when the liability is incurred and increases the carrying value of the related assets by that amount. The liability is accreted over time for changes in the fair value through charges to accretion expense. The costs capitalized to the related assets are depleted to earnings in a manner consistent with the underlying assets.

As at November 30, 2010 and 2009, the Company has no material obligations for asset retirement obligations.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Impairment of Long-Lived Assets

Long-lived assets are reviewed by the Company for possible impairment whenever events or changes in circumstances indicate that carrying value of an asset may not be recoverable. An impairment loss is recognized when the carrying amount of an asset exceeds the estimated undiscounted future cash flow expected to result from the use of the asset and its eventual disposition.

f) Loss Per Common Share

Basic loss per common share is calculated using the weighted average number of common shares issued and outstanding during the year. Diluted loss per share is the same as basic loss per share as the effect of issuance of shares on the exercise of stock options and warrants is anti-dilutive.

g) Share Capital and Stock-Based Compensation

The Company records proceeds from share issuances net of related share issue costs. A share purchase warrant attached to a unit issued in a private placement is valued based on the average of the pro-rata method and the Black-Scholes option pricing model.

Shares issued for other than cash consideration are valued at the quoted price on the TSX Venture Exchange based on the earliest of: (i) the date the shares are issued, and (ii) the date the agreement to issue the shares is reached.

The Company grants stock options to management, directors, employees and consultants. The Company recognizes compensation expense for options and broker warrants issued under the fair value based method using the Black-Scholes option pricing model. The fair value of each option grant is estimated on the date of the grant and recognized over the vesting period, with the offsetting amounts credited to contributed surplus.

Consideration received on the exercise of stock options and share purchase warrants is recorded as share capital and the related contributed surplus amount is transferred to share capital.

h) Revenue Recognition

The Company is the operator of the Vianey Property joint venture (Note 5(b)) and charges an operator management fee based on 5% of the joint venture partner's portion of the exploration and development expenditures. Operator management fee income is recognized when the related expenditures are incurred and collection is reasonably assured.

Interest income and administrative and office support fee income is recognized when earned and collection is reasonably assured.

i) Income Taxes

The Company accounts for income taxes using the asset and liability method, whereby future tax assets and liabilities are determined based on differences between the financial reporting and the tax bases of assets and liabilities. These differences are measured using substantially enacted tax rates and laws that will be in effect when the differences are expected to reverse. Income tax assets, including the benefit of income tax losses available for carry-forward, are only recognized to the extent that it is more likely than not that the Company will ultimately realize those assets.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Comprehensive Income

Comprehensive income is the change in net assets from transactions related to non-shareholder sources. The Company presents gains and losses which would otherwise be recorded as part of net earnings in other comprehensive income until it is considered appropriate to recognize them into net earnings.

k) Financial Instruments

The Company's financial instruments are classified into one of the following categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale assets or other financial liabilities.

Financial assets and liabilities held-for-trading are recorded at fair value with gains and losses recognized in net income. Financial assets and liabilities held-to-maturity, loans and receivables, and other financial liabilities are recorded at amortized cost using the effective interest method. Available-for-sale financial instruments are recorded at fair value with unrealized gains and losses recognized in other comprehensive income and reported in shareholders' equity.

Cash is classified as held-for-trading and accordingly carried at its fair value. Amounts due from joint venture partner and related party are classified as loans and receivables, and are carried at their amortized costs. Accounts payable and accrued liabilities, amounts due to related parties, and short-term loans are classified as other financial liabilities and are carried at their amortized cost.

l) Foreign Currency Translation

The Company's foreign operations are determined to be of an integrated nature and are translated into Canadian dollars using the temporal method. Under this method, monetary assets and liabilities are translated at the rate of exchange in effect as at the balance sheet date and non-monetary assets and liabilities are translated at their applicable historical rates. Revenues and expenses are translated at the average rates prevailing for the year, except for amortization which is translated at the historical rates associated with the assets being amortized. Foreign exchange gains and losses from the translation of foreign operations are reflected in the statement of operations for the current year.

m) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant areas requiring the use of management estimates include the assessment of recoverability of mineral properties and property and equipment, the determination of the amortization period of property and equipment, the estimated amount of accrued liabilities and asset retirement obligations, the realization of future tax assets, and the determination of the fair value of stock-based compensation. Actual results may differ from these estimates.

n) Comparative Figures

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year. These reclassifications have no effect on the consolidated net loss for the years ended November 30, 2010 and 2009.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) Future Accounting Change – International Financial Reporting Standards ("IFRS")

In February 2008, the Canadian Institute of Chartered Accountants ("CICA") confirmed that publicly accountable enterprises will be required to adopt IFRS for fiscal years beginning on or after January 01, 2011 with earlier adoption permitted. Accordingly, the conversion to IFRS will be applicable to the Company's reporting no later than in the first quarter ended November 30, 2012, with restatement of comparative information presented. The conversion to IFRS will impact the Company's accounting policies, information technology and data systems, internal control over financial reporting, and disclosure controls and procedures. The transition may also impact business activities, such as foreign currency activities, certain contractual arrangements, capital requirements and compensation arrangements.

The Company is currently evaluating the future impact of IFRS on its financial statements and will continue to invest in training and additional resources to ensure a timely conversion. The financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

NOTE 3 –SALE OF SUBSIDIARIES

a) Sale of Peruvian Subsidiary

On July 28, 2010, the Company sold its wholly-owned Peruvian subsidiary, Minera Journey Resources SAC, which owned a 100% interest in the Silver Mountain Property in Peru (Note 5(d)) to an arm's length party for $25,000. Accordingly, the Company recorded a loss on sale of subsidiary of $772,176.

	$
Cash Consideration	25,000
Assets of Subsidiary:	
Cash	98
Capitalized Acquisition and Exploration Costs of Silver Mountain Property	797,078
Loss on Sale of Subsidiary	(772,176)

b) Proposed Sale of Mexican Subsidiary

On September 22, 2010, the Company entered into a share and loan agreement (the "Agreement") with an arm's length party (the "Purchaser") who agreed to acquire up to a 76% interest in the Company's wholly-owned Mexican subsidiary, Minerales Jazz SA de CV ("Minerales Jazz"). Minerales Jazz is in the business of acquiring and exploring mining concessions in Mexico, with a 100% interest in the Vianey Property (Note 5(b)) and a right to earn a 100% interest in the Charay Property (Note 5(c)).

Pursuant to the terms of the Agreement, the Purchaser agreed to pay $65,000 to the Company and loan $2,000,000 to Minerales Jazz in consideration for a 51% interest in Minerales Jazz and an assignment of the Company's right and interest in the Charay Property. On completion of such acquisition, the Purchaser shall have 18 months to acquire an additional 25% interest in Minerales Jazz by paying $250,000 to the Company and loaning an additional $1,500,000 to Minerales Jazz.

NOTE 3 –SALE OF SUBSIDIARIES (Continued)

b) Proposed Sale of Mexican Subsidiary (Continued)

In addition, the Purchaser has the right to retain the Vianey Property as an asset of Minerales Jazz by paying the Company an additional $250,000 in cash or with shares of the Purchaser within 18 months of the closing of the Agreement. If the purchaser does not exercise such right, the Company may acquire the Vianey Property for $1 within 30 months of the closing of the Agreement.

The proposed sale is subject to regulatory approval. As at the date of the auditors' report, Exchange approval has not yet been obtained.

In connection to the proposed sale, the Purchaser advanced $258,000 to the Company by way of a promissory note (Note 6(c)).

NOTE 4 – PROPERTY AND EQUIPMENT

	Cost $	Accumulated Amortization $	Net Book Value $
2010			
Computer Equipment	10,204	8,559	1,645
Furniture and Fixtures	7,291	4,055	3,236
Leasehold Improvements	6,547	3,600	2,947
Vehicle	5,887	2,385	3,502
	373,197	261,520	111,677
2009			
Computer Equipment	10,204	7,484	2,720
Exploration Equipment	343,268	199,915	143,353
Furniture and Fixtures	7,291	3,246	4,045
Leasehold Improvements	6,547	2,291	4,256
Vehicle	5,887	883	5,004
	373,197	213,819	159,378

MUSGROVE MINERALS CORP.
(formerly Journey Resources Corp.)

Notes to the Consolidated Financial Statements
For the Years Ended November 30, 2010 and 2009

NOTE 5 – MINERAL PROPERTIES

	2008 $	Additions $	2009 $	Additions $	2010 $
Musgrove, U.S.A.					
Acquisition and Lease Costs	497,552	47,275	544,827	50,388	595,215
Exploration Expenditures					
Administrative	62,040	8,129	70,169	15,250	85,419
Assay	63,727	15,517	79,244	-	79,244
Drilling	388,543	45,388	433,931	-	433,931
Field and Exploration	18,185	36,102	54,287	1,035	55,322
Geochemical Survey	201,249	-	201,249	-	201,249
Geological	130,946	29,098	160,044	16,067	176,111
Staking and Maintenance Fees	40,927	13,278	54,205	27,662	81,867
	1,403,169	194,787	1,597,956	110,402	1,708,358
Vianey, Mexico					
Acquisition Costs	223,818	-	223,818	-	223,818
Exploration Expenditures					
Administrative	15,559	971	16,530	6,282	22,812
Engineering	15,000	-	15,000	-	15,000
Fees and Permits	8,068	3,663	11,731	11,091	22,822
Field and Exploration	113,846	4,508	118,354	620	118,974
Geological	42,819	4,675	47,494	-	47,494
	419,110	13,817	432,927	17,993	450,920
Charay, Mexico					
Acquisition Costs	95,000	174,352	269,352	577,842	847,194
Exploration Expenditures					
Assays	-	-	-	13,140	13,140
Engineering	-	25,000	25,000	266,061	291,061
Fees and Permits	-	12,072	12,072	7,115	19,187
Field and Exploration	-	5,968	5,968	18,363	24,331
Geological	8,608	1,574	10,182	17,225	27,407
	103,608	218,966	322,574	899,746	1,222,320
Silver Mountain, Peru					
Acquisition Costs	758,632	-	758,632	(25,000)	733,632
Exploration Expenditures					
Administrative	12,000	6,720	18,720	-	18,720
Assay	354	-	354	-	354
Fees and Permits	-	12,119	12,119	7,253	19,372
Disposal of Subsidiary (Note 3(a))	-	-	-	(772,078)	(772,078)
	770,986	18,839	789,825	(789,825)	-
	2,696,873	446,409	3,143,282	238,316	3,381,598

NOTE 5 – MINERAL PROPERTIES (Continued)

a) Musgrove Property, U.S.A.

On June 13, 2007, the Company fulfilled all of its obligations under an option agreement and acquired all rights, title and interest to unpatented mining claims situated in the Cobalt Mining District, Lemhi County, Idaho, U.S.A.

Under the terms of the option agreement, the Company assumed the underlying lease agreement dated June 12, 2003 with respect to certain mineral claims that comprise the Musgrove Property. The underlying lease has a 10 year term and can be renewed for two successive terms of 10 years provided that the conditions of the lease are met. The Company is required to pay annual lease payments to the underlying lessor which progressively increase from US$25,000 paid on the third anniversary of the lease to a maximum of US$50,000 per year for the duration of the lease.

These claims are subject to an underlying 2% production royalty and a lump sum payment of US$1,000,000 upon completion of a feasibility study. In addition, the Company is required to incur minimum annual exploration expenditures of US$100,000 on the property during the term of the lease, provided in every period of five years the Company may omit to incur US$100,000 of exploration expenditures for a period of one year. Any exploration expenditures incurred in excess of any year may be carried forward and credited to the subsequent year.

As at November 30, 2010, the Company has paid a total of US$184,500 in lease payments to the underlying lessor.

The Company deposited a reclamation bond of US$5,800 (CDN$6,818) with the United States Department of Agriculture Forest Service in April 2006 for future mineral claim site reclamation costs.

b) Vianey Property, Mexico – Joint Venture

The Company has a 100% interest in the Vianey mine concession located in the Guerrero State, Mexico. The Vianey Property is held pursuant to an exploitation concession issued on August 05, 1979 by the government of Mexico and will expire in 2029, unless renewed.

The Vianey Property is operated on a joint venture basis with the Company holding a 50% interest in the joint venture and acting as the operator of the project. The Company accounts for the joint venture using the proportionate consolidation method, which resulted in an initial deferred gain of $183,182 in fiscal 2007 on the contribution of the Company's interest in the Vianey Property to the joint venture. The deferred gain is amortized on a straight line basis over a term of 40 years. For the year ended November 30, 2010, the amortized gain recognized in the statement of operations was $4,584 (2009 – $4,585).

In connection to the Company's acquisition of the Vianey Property in April 2005, the Company agreed to issue 800,000 common shares on or after that date which is seven business days following the earlier of (i) the completion of an economically viable pre-feasibility study on the Vianey Property, and (ii) the commencement of commercial production. This conditional share issuance is considered contingent consideration, the outcome of which cannot be determined without reasonable doubt. Consequently, no amount is recognized for this portion of the acquisition until the contingency is resolved and the shares are issued or become issuable.

As at November 30, 2010, the amount due from the joint venture partner for its share of the exploration expenditures was $186,260 (2009 – $168,267). The Company has recorded a loss provision of $186,260 (2009 – $Nil) due to the uncertainty of collection. Amounts subsequently collected by the Company will be recorded as a recovery in the statement of operations.

NOTE 5 – MINERAL PROPERTIES (Continued)

c) Charay Property, Mexico

On October 15, 2008 (as amended on June 30, 2010), the Company entered into an option agreement to acquire a 100% interest in certain mining claims located in Sinaloa, Mexico. The Company issued 1,000,000 common shares valued at $50,000 to the optionors and 300,000 common shares valued at $15,000 to the finders, and paid a non-refundable fee of $25,000 upon execution of the agreement. Under the terms of the amended agreement, the Company is required to make option payments plus applicable value-added tax and meet minimum exploration expenditure requirements as follows:

	Cash $	Cash US$	Exploration Expenditures US$	
On or before October 15, 2008	-	5,000	-	(Paid)
On or before December 1, 2008	-	25,000	-	(Paid)
On or before April 1, 2009	-	50,000	-	(Paid)
On or before April 15, 2009	-	-	75,000	(Incurred)
On or before August 1, 2009	-	50,000	-	(Paid)
On or before January 1, 2010	-	120,000	-	(Paid)
On or before June 30, 2010	-	112,500	-	(Paid)
On or before July 15, 2010	25,000	-	-	(Note 6(b))
On or before September 1, 2010	5,000	-	50,000	(Note 6(b))
On or before October 1, 2010	-	160,000	-	(Paid)
On or before March 1, 2011	10,000	-	200,000	
On or before April 1, 2011	-	425,000	-	
On or before September 1, 2011	15,000	-	-	
On or before October 1, 2011	-	540,000	-	
On or before March 1, 2012	25,000	-	500,000	
On or before April 1, 2012	-	950,000	-	
On or before September 1, 2012	100,000	-	250,000	
On or before October 1, 2012	-	337,500	-	
	180,000	2,775,000	1,075,000	

The property is subject to a 2% net smelter royalty upon commencement of commercial production.

d) Silver Mountain Property, Peru

On October 18, 2007, the Company acquired a 100% interest in the Silver Mountain Property located in Lima, Peru subject to a 1% net smelter royalty upon commencement of commercial production. The property was disposed of in July 2010 in connection with the sale of the Company's Peruvian subsidiary (Note 3(a)).

NOTE 6 – SHORT-TERM LOANS

	2010 $	2009 $
Promissory Note (a)	494,200	1,241,023
Promissory Note (b)	150,000	-
Promissory Note (c)	261,500	-
Other Short-Term Loans (d)	301,875	92,000
	1,207,575	1,333,023

a) On June 30, 2008, the Company entered into a loan agreement for $1,000,000 by way of a promissory note. The loan was payable on demand and bears interest at a rate of 3% per month until May 31, 2010, and 15% per year on the balance then outstanding. The loan was secured by a pledge of 722,000 common shares of the Company held by the President of the Company and a general security agreement against all assets of the Company. The loan was also guaranteed by the President of the Company.

The Company recorded interest expense totalling $128,177 (2009 – $323,523). As at November 30, 2010 and 2009, accrued interest payable was $35,111 and $473,523 respectively. The loan was subsequently assigned to an arm's length party in December 2010 pursuant to a third party agreement, and was repaid by the Company in full in January 2011.

b) On September 11, 2010, the Company entered into a loan agreement for $150,000 by way of a promissory note with the optionors of the Charay Property (Note 5(c)). The Company was in default of option payments totalling $30,000 required on July 15, 2010 and September 1, 2010, and failed to incur the minimum exploration expenditure requirement of US$50,000 by September 1, 2010. The optionors agreed not to terminate the option agreement by accepting a promissory note of $150,000 issued in favour of the optionors. The non-interest bearing and unsecured loan was due on or before December 31, 2010. The Company repaid the loan in full in February 2011.

c) On September 29, 2010, the Company entered into a loan agreement for $258,000 by way of a promissory note in connection with the proposed sale of Minerales Jazz (Note 3(b)). The loan is payable on demand, bears interest at a rate of 8% per annum, and is secured by all outstanding shares of Minerales Jazz held by the Company. The Company recorded interest expense of $3,500 (2009 – $Nil) which remained outstanding as at November 30, 2010.

d) These loans are unsecured and have no specified terms of repayment. The Company recorded interest and financing fees totalling $194,325 (2009 – $29,550) as agreed with the various lenders.

NOTE 7 – SHARE CAPITAL

a) Authorized Capital

The Company is authorized to issue an unlimited number of common shares without par value.

NOTE 7 – SHARE CAPITAL (Continued)

b) Issued and Outstanding Common Shares

As at November 30, 2010 and 2009, the Company had 116,733,046 and 73,938,762 pre-share consolidation (Note 14(a)) common shares issued and outstanding respectively as presented in the consolidated statement of shareholders' equity.

(i) In March 2009 and May 2009, the Company completed a private placement of 23,500,000 units in two tranches at a price of $0.04 per unit for gross proceeds of $940,000. Each unit consists of one common share and one share purchase warrant exercisable into one common share for a term of two years at an exercise price of $0.08 per share in the first year and $0.10 per share in the second year. A fair value of $358,061 was assigned to these warrants based upon the average of the pro-rata method and the Black-Scholes option pricing model.

The Company paid finders' and legal fees totalling $109,705 and issued a total of 2,022,750 finders' warrants with a fair value of $93,776 (Note 7(f)). These finders' warrants have the same terms as the private placement warrants.

(ii) On September 29, 2009, the Company issued 7,620,075 common shares for settlement of accounts payable totalling $381,004 at a deemed price of $0.05 per share.

(iii) In January and February 2010, the Company completed a private placement of 26,667,000 units in two tranches at a price of $0.05 per unit raising gross proceeds of $1,333,350. Each unit consists of one common share and one share purchase warrant exercisable into one common share for a term of two years at an exercise price of $0.10 per share in the first year and $0.15 per share in the second year. A fair value of $549,898 was assigned to these warrants based upon the average of the pro-rata method and the Black-Scholes option pricing model. The Company issued 2,442,700 finders' warrants with the same terms as the private placement warrants.

(iv) In May 2010, the Company completed a private placement of 11,493,334 units at $0.06 per unit for gross proceeds of $689,600. Each unit consists of one common share and one share purchase warrant exercisable into one common share for a term of two years at an exercise price of $0.12 per share in the first year and $0.18 per share in the second year. A fair value of $249,355 was assigned to these warrants based upon the average of the pro-rata method and the Black-Scholes option pricing model. The Company issued 967,500 finders' warrants with the same terms as the private placement warrants.

(v) In connection with the private placements completed during the year ended November 30, 2010, the Company incurred share issue costs totalling $352,168 which included finders' fees of $180,185, legal and filing fees of $19,075 and a fair value of $152,908 on the finders' warrants issued (Note 7(f)).

(vi) During the year ending November 30, 2010, the Company issued 3,798,950 common shares upon the exercise of share purchase warrants for gross proceeds of $303,916 at an exercise price of $0.08 per share. The fair value of these warrants in the amount of $60,998 was transferred from contributed surplus to share capital accordingly.

c) Stock Options

The Company has established a stock option plan which provides for the granting of incentive stock options up to a maximum of 10% of the Company's issued and outstanding common shares. Terms of the options granted are subject to determination and approval by the Board of Directors. All options granted are subject to a four-month hold period from the date of grant as imposed by the TSX Venture Exchange.

NOTE 7 – SHARE CAPITAL (Continued)

c) Stock Options (Continued)

	Number of Options	Weighted Average Exercise Price $
Balance, November 30, 2008	2,983,373	0.33
Granted	5,000,000	0.10
Expired	(2,283,373)	0.30
Balance, November 30, 2009	5,700,000	0.14
Expired	(3,400,000)	0.13
Balance, November 30, 2010 (Pre-Share Consolidation)	2,300,000	0.15
Balance, November 30, 2010 (Post-Share Consolidation) (Note 14(a))	287,500	1.20

As at November 30, 2010, the Company has the following options outstanding with their terms restated to reflect the share consolidation that took effect on December 17, 2010:

	Options Granted and Outstanding			Options Vested and Exercisable	
Range of Exercise Prices	Number of Options	Weighted Average Remaining Contractual life	Weighted Average Exercise Price	Number of Options Exercisable	Weighted Average Exercise Price
$0.80 to $3.20	287,500	2.98 years	$1.20	287,500	$1.20

The options expire between April 3, 2011 and June 01, 2014.

d) Share Purchase Warrants

	Number of Warrants	Weighted Average Exercise Price $
Balance, November 30, 2008	8,109,704	0.42
Issued	25,522,750	0.08
Expired	(6,085,204)	0.45
Balance, November 30, 2009	27,547,250	0.10
Issued	41,570,634	0.11
Exercised	(3,798,950)	0.08
Expired	(2,024,500)	0.35
Balance, November 30, 2010 (Pre-Share Consolidation)	63,294,434	0.10
Balance, November 30, 2010 (Post-Share Consolidation) (Note 14(a))	7,911,804	0.80

NOTE 7 – SHARE CAPITAL (Continued)

d) Share Purchase Warrants (Continued)

As at November 30, 2010, the Company has the following warrants outstanding with their terms restated to reflect the share consolidation that took effect on December 17, 2010:

	Number of Warrants	Exercise Price (Year 1) $	Exercise Price (Year 2) $
March 23, 2011	1,057,375	0.64	0.80
May 13, 2011	1,658,100	0.64	0.80
January 21, 2012	2,467,500	0.80	1.20
February 11, 2012	1,171,225	0.80	1.20
May 21, 2012	1,557,604	0.96	1.44
	7,911,804		

e) Agent Units

	Number of Units	Exercise Price $
Balance, November 30, 2008, and 2009	69,700	0.20
Expired	(69,700)	(0.20)
Balance, November 30, 2010 (Pre-Share Consolidation)	-	-

f) Stock-Based Compensation

The fair value of stock options and finders' warrants granted is estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

	2010	2009
Risk-Free Annual Interest Rate	1.22 – 1.62%	1.12 – 2.57%
Expected Annual Dividend Yield	0%	0%
Expected Stock Price Volatility	147 – 160%	111 – 137%
Expected Life of Option or Warrant	2 years	2 – 5 years

During the year ended November 30, 2010, there were no stock options granted. The weighted average fair value per option granted in the year ended November 30, 2009 was $0.05 and a total stock- based compensation expense of $241,004 was recognized.

The Company recognized stock-based compensation costs of $152,908 (2009 – $93,776) in share issue costs for finders' warrants granted in connection to the private placements completed. The weighted average fair value per finders' warrant was $0.04 (2009 – $0.05).

Option pricing models require the input of highly subjective assumptions. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models may not necessarily provide a single reliable measure of the fair value of the Company's stock options and finders' warrants.

NOTE 8 – SUPPLEMENTAL CASH FLOW INFORMATION

a) Change in Non-Cash Working Capital Accounts

	2010 $	2009 $
Sales Tax Recoverable	(79,813)	3,515
Prepaid Expenses	13,665	(22,463)
Due from Joint Venture Partner	(17,993)	(13,817)
Accounts Payable and Accrued Liabilities	(51,440)	369,317
	(135,581)	336,552

b) Significant Non-Cash Financing Activities

Shares Issued for Settlement of Accounts Payable	-	381,004
Shares Issued for Finder's Fee	50,100	-
	50,100	381,004

c) Other Items

Interest and Financing Fees Paid	277,647	29,900
Income Taxes Paid	-	-

NOTE 9 – RELATED PARTY TRANSACTIONS

In addition to those transactions disclosed elsewhere in these consolidated financial statements, the Company had the following transactions with related parties:

a) Balances due from and to related parties are unsecured and have no specified terms for repayment. They are non-interest bearing unless otherwise noted. As at November 30, 2010 and 2009, the following related party balances were outstanding:

Due from Related Party – Due from an Officer (also a Director) of the Company for net advances made by the Company.	-	52,902
Due to a company with a director in common for advances made, bearing interest at 10% per annum effective January 01, 2009. The Company recorded interest expense totalling $12,505 (2009 – $20,037). As at November 30, 2010 and 2009, accrued interest payable was $32,542 and $20,037 respectively.	68,287	241,812
Due to an Officer (also a Director) of the Company for net advances made to the Company.	290,528	-
Due to a company controlled by a person related to an Officer (also a Director) of the Company for rent.	-	6,100
Due to a person related to an Officer of the Company for investor relations and consulting fees.	-	22,298
Due to Related Parties	358,815	270,210

NOTE 9 – RELATED PARTY TRANSACTIONS (Continued)

b) During the year ended November 30, 2010, the Company paid management fees of $91,500 (2009 – $84,000) to companies controlled by the Officers (also Directors) of the Company for management and consulting services.

c) During the year ended November 30, 2010, the Company charged fees totalling $120,000 (2009 – $120,000) for administrative support provided to a company with a director and an officer in common.

d) During the year ended November 30, 2010, the Company charged fees totalling $23,800 (2009 – $51,900) for rent and administrative support provided to a company controlled by a person related to an Officer (also a Director) of the Company. These fees have been recorded against rent expense. In addition, the Company paid investor relations and consulting fees totalling $Nil (2008 – $56,400) to this related company.

e) During the year ended November 30, 2010, the Company paid finders' fees of $34,600 (2009 – $32,948) to a person related to an Officer (also a Director) of the Company.

All related party transactions were measured at the exchange value, which represented the amount of consideration established and agreed to by the related parties.

NOTE 10 – COMMITMENTS

In addition to the mineral property option agreement commitments (Note 5), the Company entered into a five-year lease agreement for office premises effective April 1, 2008. The Company is committed to pay operating costs and property taxes of approximately $3,000 per month. Minimum annual payments for basic rent, operating costs and property taxes are as follows:

	$
2011	92,437
2012	94,725
2013	31,829
	218,991

NOTE 11 – INCOME TAXES

a) Provision for Income Taxes

A reconciliation of income taxes at the statutory tax rate is as follows:

	2010 $	2009 $
Expected Income Tax Recovery	(570,901)	(397,978)
Permanent Differences	2,020	72,239
Change in Valuation Allowance	85,145	198,970
Effect of Change in Tax Rates	(45,877)	141,412
Expiration of Non-Capital Losses and Other	529,613	(14,643)
Income Tax Expense (Recovery)	-	-

NOTE 11 – INCOME TAXES (Continued)

b) Future Income Taxes

The tax effects of significant temporary differences that give rise to future income tax assets as at November 30, 2010 and 2009 are as follows:

	2010 $	2009 $
Future Income Tax Assets:		
Non-Capital Losses Carry-Forward	1,764,793	1,264,020
Capital Losses Carry-Forward	33,703	33,703
Property and Equipment	8,810	58,603
Mineral Properties	496,220	879,430
Share Issue Costs	69,805	52,430
Valuation Allowance	(2,373,331)	(2,288,186)
Net Future Income Tax Assets	-	-

As at November 30, 2010, the Company has Canadian non-capital losses of approximately $6,984,642 which may be applied to reduce Canadian taxable income of future years, which expire as follows:

2014	48,557
2015	505,062
2026	974,623
2027	809,236
2028	1,314,813
2029	1,090,591
2030	2,241,760
	6,984,642

Future tax benefits which may arise as a result of tax losses and expenditure pools have not been recognized in these consolidated financial statements and have been offset by a valuation allowance.

NOTE 12 – FINANCIAL INSTRUMENTS AND RELATED RISKS

The Company's financial instruments are exposed to certain financial risks:

a) Liquidity Risk

Liquidity risk refers to the risk that an entity will encounter difficulty meeting obligations associated with financial liabilities. The Company is dependent upon the availability of credit from its suppliers and its ability to generate sufficient funds from equity and debt financing to meet current and future obligations. There can be no assurance that such financing will be available on terms acceptable to the Company.

b) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Management considers that risk related to interest is not significant to the Company at this time. Interest on short-term loans is based on fixed rates.

NOTE 12 – FINANCIAL INSTRUMENTS AND RELATED RISKS (Continued)

c) Credit Risk

Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligations. The Company is in the exploration stage and has not yet commenced commercial production or sales. Therefore, the Company is not exposed to significant credit risk.

d) Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company conducts a significant portion of its business activities in foreign currencies. The Company is exposed to foreign exchange risk to the extent it incurs mineral exploration expenditures and operating costs in foreign currencies including the U.S. Dollar, Mexican Peso, Peruvian New Sol, and the British Pound Sterling. The Company does not use derivatives to manage its exposure to foreign exchange risk.

e) Commodity Price Risk

Commodity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in commodity prices. The ability of the Company to develop its mineral properties and the future profitability of the Company are directly related to the market price of gold and silver. The Company has not hedged any of its future gold sales. Management closely monitors commodity and fuel prices to determine the appropriate course of action to be taken by the Company.

f) Fair Values

The carrying values of cash, accounts payable and accrued liabilities, amounts due to and from related parties, and short-term loans approximate their fair value based on their short-term nature.

NOTE 13 – CAPITAL MANAGEMENT

The Company manages its share capital and short-term loans as capital, which as at November 30, 2010 totalled $14,418,337 (2009 – $13,257,242) The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company may attempt to issue new shares or debt, or dispose assets to raise funds for operational and capital expenditure activities. There can be no assurance that the Company will be able to obtain debt or equity capital in the case of operating cash deficits.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The Company does not pay out dividends in order to conserve cash reserves and to maximize ongoing development efforts. The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with maturities 90 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

NOTE 14 – SUBSEQUENT EVENTS

a) Change of Name and Share Consolidation

Effective December 17, 2010, the Company changed its name to Musgrove Minerals Corp. from Journey Resources Corp. and consolidated its common shares on the basis of eight old common shares for one new common share.

The restated number of common shares issued and outstanding as at November 30, 2010 would be 14,591,631 (116,733,046 pre-share consolidation) if the subsequent share consolidation had been completed on November 30, 2010.

b) Private Placement

On January 21, 2011, the Company completed a private placement of 17,992,332 units at a price of $0.15 per unit raising gross proceeds of $2,698,850. Each unit consists of one common share and a one-half share purchase warrant, with each full warrant exercisable into one common share at a price of $0.20 for a term of one year. The Company incurred finders' fees of $185,935 and issued 619,783 finders' warrants which have the same terms as the private placement warrants.

c) Stock Options

On February 15, 2011, the Company granted 1,800,000 stock options to directors, officers, and consultants of the Company. Each option is exercisable into one common share at $0.20 per share for a term of five years.

d) Empire Mine Property

On December 3, 2010 and January 31, 2011, the Company entered into exploration and lease agreements with two arm's length parties to earn a 100% operating interest in certain mining claims at the Empire Mine Property in Idaho, U.S.A. The terms of the agreements require the Company to pay a total of US$1,072,500 in cash or shares commencing from July 31, 2011 up to the completion of a permit to operate the property. Upon commencement of commercial property, the property is subject to a 2.5 % net smelter returns royalty which may be reduced to 1.5% for US$2,400,000. The Company paid a fee of US$60,000 upon signing of the agreements.

The agreements are subject to regulatory approval. As at the date of the auditors' report, Exchange approval has not yet been obtained.