

Abenteuer Resources Corp.
Condensed Consolidated Interim Financial Statements
Three Months Ended March 31, 2011

Expressed in Canadian Dollars

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements have been prepared by and are the responsibility of the management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Abenteuer Resources Corp.
Consolidated statements of financial position
(Expressed in Canadian dollars – unaudited)

	Notes	March 31, 2011	December 31, 2010 (Note 21)	January 1, 2010 (Note 21)
ASSETS				
Current assets				
Cash and cash equivalents	4	\$ 316,544	\$ 495,569	\$ 462,514
Short-term investments	5	850,000	850,000	800,000
Receivables	6	119,446	133,612	127,235
Prepaid		-	3,685	2,504
		1,285,990	1,482,866	1,392,253
Non-current assets				
Reclamation deposits		32,506	32,506	32,506
Property, plant and equipment	7	-	-	1,092
Petroleum properties & equipment	7	1,005,219	1,036,220	1,023,566
		1,037,725	1,068,726	1,057,164
TOTAL ASSETS		\$ 2,323,715	\$ 2,551,592	\$ 2,449,417
LIABILITIES				
Current liabilities				
Trade payables and accrued liabilities	8	\$ 130,767	\$ 418,690	66,471
		130,767	418,690	66,471
Non-current liabilities				
Deferred tax liabilities	9	-	-	29,987
Provision for restoration and environmental obligations	10	86,663	86,663	82,729
		86,663	86,663	112,716
TOTAL LIABILITIES		217,430	504,753	179,187
SHAREHOLDERS' EQUITY				
Share capital	11	2,791,625	2,618,653	2,105,59
Reserves		219,530	241,752	341,346
Deficit		(904,870)	(814,166)	(176,675)
TOTAL EQUITY		2,106,285	2,046,239	2,270,230
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 2,323,715	\$ 2,551,592	\$ 2,449,417

Statement of compliance and conversion to International Financial Reporting Standards (Note 2)

Approved by:

 “Lewis Dillman”, Director

 “Jamie Lewin”, Director

Abenteuer Resources Corp.
Consolidated statements of comprehensive loss
(Expressed in Canadian dollars – unaudited)

	Notes	Three month periods ended	
		March 31, 2011	March 31, 2010 (Note 21)
Revenue			
Petroleum and natural gas sales		\$ 149,775	\$ 126,897
Less Royalties and free hold mineral tax		(34,075)	(21,508)
		115,700	105,389
Expenses			
Operating		30,702	18,661-
Depletion, accretion and amortization		31,000	24,657
General and administrative		61,579	55,764
		123,281	99,082
Other items			
Property investigations		83,163	-
Other income		40	170
		83,123	170
Net loss for the period		\$ (90,704)	\$ 6,477
Total comprehensive loss for the period		\$ (90,704)	\$ 6,477
Loss per share – basic and diluted	11	\$ (0.01)	\$ (0.06)

Abenteuer Resource Corp.
Consolidated statements of changes in shareholders' equity
(Expressed in Canadian dollars – unaudited)

	Notes	Share capital		Reserves		
		Number of shares	Amount	Stock Option/Wt Reserve	Deficit	Total
Restated balance at January 1, 2010	17	14,583,266	\$ 2,105,559	\$ 341,346	\$ (176,675)	\$ 2,270,230
Comprehensive income:						
Loss for the year		-	-	-	(637,491)	(637,491)
Other comprehensive income (loss)		-	-	-	-	-
Total comprehensive loss for the period		-	-	-	(637,491)	(814,166)
Transactions with owners, in their capacity as owners, and other transfers:						
Shares issued for cash – option exercise		750,000	185,819	(51,319)	-	134,500
Shares issued for cash – warrant exercise		1,860,000	327,275	(48,275)	-	279,000
Total transactions with owners and other transfers		-	-	-	-	-
Restated balance at December 31, 2010		17,193,266	\$ 2,618,653	\$ 241,752	\$ (814,166)	\$ 2,046,239
Restated balance at January 1, 2011	17	17,193,266	\$ 2,618,653	\$ 241,752	\$ (814,166)	\$ 2,046,239
Comprehensive income:						
Loss for the period		-	-	-	(90,704)	(90,704)
Other comprehensive income (loss)		-	-	-	-	-
Total comprehensive loss for the period		-	-	-	(90,704)	(90,704)
Transactions with owners, in their capacity as owners, and other transfers:						
Shares issued for cash – option exercise		200,000	35,418	(2,418)	-	33,000
Shares issued for cash – warrant exercise		785,000	137,554	(19,804)	-	117,750
Total transactions with owners and other transfers		-	-	-	-	-
Restated balance at March 31, 2011		18,178,266	\$ 2,791,625	\$ 219,530	\$ (904,870)	\$ (2,106,285)

See accompanying notes to the condensed consolidated interim financial statements

Abenteuer Resources Corp.
Consolidated statements of cash flows
(Expressed in Canadian dollars – unaudited)

	Three month periods ended	
	March 31, 2011	March 31, 2010 (Note 21)
Operating activities		
Loss before income taxes	\$ (90,704)	\$ 6,477
Adjustments for non-cash items:		
Amortization	31,000	24,657
Changes in non-cash working capital items:		
Accounts receivable	14,166	16,980
Prepaid	3,685	(20,000)
Trade payables and accrued liabilities	(287,923)	(48,984)
Net cash flows from (used in) operating activities	(329,775)	(20,870)
Investing activities		
	-	-
Net cash flows from (used in) investing activities	-	-
Financing activities		
Proceeds on issuance of common shares - net of share issue costs	150,750	3,750
Net cash flows from (used in) financing activities	150,750	3,750
Increase (decrease) in cash and cash equivalents	(179,025)	(17,120)
Cash and cash equivalents, beginning	495,569	462,514
Cash and cash equivalents, ending	\$ 316,544	\$ 445,394

1. Nature and continuance of operations

Abenteuer Resource Corp. (the "Company") was incorporated under the laws of the province of Alberta, Canada and was continued into the province of British Columbia in 2010. The Company is engaged primarily in the exploration for, and the production of, petroleum reserves in a single cost centre being the Western Canadian Sedimentary basin; however, it continues to consider international opportunities. Abenteuer's shares are traded on the TSX Venture Exchange ("TSX-V") under the symbol "ABU".

The head office, principal address, records office and registered address of the Company are located at 555 Burrard Street, Suite 900, Vancouver, British Columbia, Canada, V7X 1M8.

These unaudited condensed consolidated interim financial statements have been prepared on the assumption that the Company and its subsidiaries (the "Group") will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations.

The Company's continuation as a going concern is dependent upon the successful results from its gas and oil exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital. Management intends to finance operating costs over the next twelve months with internally generated funds and or private placement of common shares.

2. Significant accounting policies and basis of preparation

The financial statements were authorized for issue on May 25, 2012 by the directors of the Company.

Statement of compliance and conversion to International Financial Reporting Standards

The consolidated interim financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). Therefore, these financial statements comply with International Accounting Standard ("IAS") 34 "Interim Financial Reporting".

This interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2010. However, this interim financial report, being the first IFRS financial report, provides selected significant disclosures that are required in the annual financial statements under IFRS. The disclosures concerning the transition from Canadian Generally Accepted Accounting Principles ("Canadian GAAP") to IFRS are provided in Note 21.

Basis of preparation

The consolidated financial statements of the Group have been prepared on an accrual basis and are based on historical costs, modified where applicable. The consolidated financial statements are presented in Canadian dollars unless otherwise noted.

Significant accounting policies and basis of preparation (cont'd)

Consolidation

The consolidated financial statements include the accounts of the Company and its controlled entities. Details of controlled entities are as follows:

	Country of incorporation	Percentage owned*	
		March 31, 2011	March 31, 2010
Roughrider Energy Corp.	Canada	100%	N/A

*Percentage of voting power is in proportion to ownership.

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

Significant accounting judgments, estimates and assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation and judgment relate to the determination of the useful lives of property, plant and equipment, the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments and stock-based compensation and other equity-based payments, the recognition and valuation of provisions for restoration and environmental liabilities, and the recoverability and measurement of deferred tax assets and liabilities. Actual results may differ from those estimates and judgments.

Foreign currency translation

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Canadian dollars which is the parent company's functional and presentation currency.

Transactions and balances:

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of comprehensive income in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Significant accounting policies and basis of preparation (cont'd)

Foreign currency translation (cont'd)

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in the statement of comprehensive income to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

Group companies:

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at that reporting date; and
- income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of comprehensive income. These differences are recognized in the profit or loss in the period in which the operation is disposed.

Exploration and evaluation expenditures

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

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

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

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

Share-based payments

The Group operates an employee stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using a Black-Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services

received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Significant accounting policies and basis of preparation (cont'd)

Financial instruments

The Group classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a Group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the group commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

The Group does not have any derivative financial assets and liabilities.

Significant accounting policies and basis of preparation (cont'd)

Impairment of assets

The carrying amount of the Group's assets (which include property, plant and equipment and exploration and evaluation assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of income and comprehensive income.

The recoverable amount of assets is the greater of an asset's fair value less cost 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 the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Income taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Significant accounting policies and basis of preparation (cont'd)

Income taxes (cont'd)

Deferred income tax:

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

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

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

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Flow-through shares:

Any premium received by the Group on the issuance of flow-through shares is initially recorded as a liability ("flow-through tax liability") and included in trade payables and accrued liabilities. Upon renouncement by the Group of the tax benefits associated with the related expenditures, a deferred tax liability is recognized and the flow-through tax liability will be reversed. To the extent that suitable deferred tax assets are available, the Group will reduce the deferred tax liability and record a deferred tax recovery.

Restoration and environmental obligations

The Group recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other mining assets.

The Group's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the restoration provision. The Group's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Group's estimates of reclamation costs, are charged to profit and loss for the period.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred. The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Group's accounting policy for exploration and evaluation assets.

Significant accounting policies and basis of preparation (cont'd)

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of income and comprehensive income during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

Depreciation and amortization are calculated on a straight-line method to write off the cost of the assets to their residual values over their estimated useful lives. The depreciation and amortization rates applicable to each category of property, plant and equipment are as follows:

Class of property, plant and equipment	Depreciation rate
Computers	30%

Accounting standards issued by not yet effective

Amendments to IFRS 7 "Financial Instruments: Disclosures"

This amendment increases the disclosure required regarding the transfer of financial assets, especially if there is a disproportionate amount of transfer transactions that take place around the end of a reporting period. This amendment is effective for annual periods beginning on or after July 1, 2011

3. Accounting standards issued by not yet effective

New standard IFRS 9 "Financial Instruments"

This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". This new standard is effective for annual periods beginning on or after January 1, 2013.

The Group has not early adopted these revised standards and is currently assessing the impact that these standards will have on the consolidated financial statements.

4. Cash and cash equivalents

The components of cash and cash equivalents are as follows:

	March 31, 2011	December 31, 2010
Cash at bank	\$ 316,544	\$ 495,569
Guaranteed investment certificates	850,000	850,000
	\$ 1,166,544	\$ 1,345,569

5. Short-term investments

The Company has \$850,000 (2009 - \$800,000) invested in a variable rate GIC, based on the Bank of Montreal's prime rate of 1.95%, with a maturity date of August 03, 2011.

6. Accounts receivable

	March 31, 2011	December 31, 2010
Value-added tax receivables	\$ 81,725	\$ 63,440
Sale of crude petroleum	48,267	78,561
	\$ 86,552	\$ 142,001

7. Property, plant and equipment

	Computers		Computers
Cost:		Cost:	
At December 31, 2010	\$ 10,405	At January 1, 2010	\$ 10,504
Additions	-	Additions	-
Disposals	-	Disposals	-
At March 31, 2011	10,405	At December 31, 2010	10,504
Depreciation:		Depreciation:	
At December 31, 2010	10,405	At January 1, 2010	9,412
Charge for the period	-	Charge for the period	1,092
Eliminated on disposal	-	Eliminated on disposal	-
At March 31, 2011	10,405	At December 31, 2010	10,405
Net book value:		Net book value:	
At December 31, 2010	-	At January 1, 2010	1,092
At March 31, 2011	\$ -	At December 31, 2010	\$ -

Abenteuer Resources Corp.
Notes to the Condensed Consolidated Interim Financial Statements
(Expressed in Canadian dollars - unaudited)
For the three month periods ended March 31, 2011 and 2010

7. Petroleum properties & equipment ¹

	Well #1	Well #2	Well #3	Well #4	Well #5	Total
Cost:						
At December 31, 2010	\$ 391,585	\$ 77,691	727,719	\$ 341,462	\$ 514,634	\$ 2,053,091
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
At March 31, 2011	391,585	77,691	727,719	341,462	514,634	2,053,091
Depletion:						
At December 31, 2010	(203,373)	(40,679)	(376,238)	(172,867)	(223,713)	(1,016,871)
Charge for the period	(6,201)	(1,240)	(11,470)	(5,270)	(6,820)	(31,001)
Eliminated on disposal	-	-	-	-	-	-
At March 31, 2011	(209,574)	(41,919)	(387,708)	((178,137)	(230,533)	(1,047,872)
Net book value:						
At December 31, 2010	188,212	37,012	351,481	168,594	290,921	1,036,220
At March 31, 2011	\$ 182,011	\$ 35,772	340,011	\$ 163,324	\$ 284,101	\$ 1,005,219

	Well #1	Well #2	Well #3	Well #4	Well #5	Total
Cost:						
At January 1, 2010	\$ 209,771	\$ 41,786	\$ 387,148	\$ 177,374	\$ 239,993	\$ 1,056,072
Additions	181,814	35,905	340,571	164,088	274,641	997,019
Disposals	-	-	-	-	-	-
At December 31, 2010	391,585	77,691	727,719	341,462	514,634	2,053,091
Depletion:						
At January 1, 2010	(179,379)	(35,875)	(331,852)	(152,476)	(197,318)	(896,900)
Charge for the period	(23,994)	(4,804)	(44,386)	(20,392)	(26,395)	(119,971)
Eliminated on disposal	-	-	-	-	-	-
At December 31, 2010	(203,373)	(40,679)	(376,238)	(172,867)	(223,713)	(1,016,871)
Net book value:						
At January 1, 2010	188,212	37,012	351,481	168,594	290,921	1,036,220
At December 31, 2010	\$ 188,212	\$ 37,012	351,481	\$ 168,594	\$ 290,921	\$ 1,036,220

Abenteuer Resources Corp.
Notes to the Condensed Consolidated Interim Financial Statements
(Expressed in Canadian dollars - unaudited)
For the three month periods ended March 31, 2011 and 2010

¹ The Company has working interests in five wells in south east Saskatchewan at Kingsford. Two of these are horizontal wells (HZ).

#	Well	WI %	#	Well	WI %
1	King 141/08-13-004-07 W2M	45.09	4	King 4D8-14/2A11-13-004-07 W2	10.5
2	King 91/06 HZ 1D08-13-1D06-18-04-06 W2M	13	5	King 01-27-004-07 W2	100
3	King 92/07 HZ 2C5-18-1D7-13-04-07 W2M	45			

8. **Trade payables and accrued liabilities**

	March 31, 2011	December 31, 2010
Trade payables	\$ 70,623	\$ 355,746
Accrued liabilities	60,144	62,944
	\$ 130,767	\$ 418,690

9. **Income tax expense and deferred tax assets and liabilities**

	Three month period ended March 31, 2011	Year ended December 31, 2010
Current income tax expense	\$ -	\$ -
Deferred income tax recovery	-	(29,987)
	\$ -	\$ (29,987)

	Three month period ended March 31, 2011	Year ended December 31, 2010
Net loss	\$ -	\$ (667,477)
Statutory tax rate	30.0%	30.0%
Expected income tax recovery at the statutory tax rate	\$ -	\$ (200,243)
Non-deductible items and other	-	41,736
Effect of reduction in tax rates	-	15,851
Change in valuation allowance	-	112,669
Income tax recovery	\$ -	\$ (29,987)

Abenteuer Resources Corp.
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(Expressed in Canadian dollars - unaudited)
For the three month periods ended March 31, 2011 and 2010

The components of the Group's future income tax are as follows:

	March 31, 2011	December 31, 2010
Share issuance costs	\$ -	\$ 1,995
Asset retirement obligation	-	23,399
Non capital losses	-	70,787
Eligible capital and other	-	110,892
	-	207,072
Valuation allowance	-	(125,368)
Net future income tax asset	-	81,704
<i>Future income tax liabilities (long term)</i>		
Property and equipment	-	81,704
Future income tax liabilities	-	81,704
Future income tax liability	\$ -	\$ -

10. **Restoration and environmental obligations**

	Three month period ended March 31, 2011	Year ended December 31, 2010
Balance, beginning of period	\$ -	\$ 82,729
Accretion expense	-	3,934
Balance, end of period	\$ -	\$ -

The Group's provision for restoration and environmental obligations consists of costs accrued based on the current best estimate of reclamation activities that will be required at the completion of petroleum extraction activity. The Group's provision for future site closure and reclamation costs is based on the level of known disturbance at the reporting date, known legal requirements and estimates prepared by a third party specialist. It is not currently possible to estimate the impact on operating results, if any, of future legislative or regulatory developments.

In addition to the liability, which is indicated in the above table, the Company also has a reclamation bond having a value of \$32,506 (\$20,000 Well and \$12,506 Battery) that is held by the Saskatchewan Industry and Resources in the event that well King 03-27-004-07 W2 becomes orphaned. Interest is paid at 0.85% on the reclamation bond.

The Company has calculated the fair value of the asset retirement obligation using a discount rate of 5% and an inflation rate of 1.5%. The estimated total future undiscounted cash flows to settle the asset retirement obligations are \$203,476 (2009 - \$203,476) and are expected to be incurred over a period of approximately 7 to 13 years.

11. **Share capital**

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At March 31, 2011 there were 18,178 issued and fully paid common shares (December 31, 2010 – 17,193,266).

Shares issued for cash

During the 3 month period ended March 31, 2011 both options and warrants were exercised. One hundred thousand options at \$0.10 and one hundred thousand options at \$0.23 were exercised for a cash payment of \$33,000. In all, 635,000 warrants at \$0.15 were exercised for a cash payment of \$117,750.

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the three month period ended March 31, 2011 was based on the weighted average number of common shares outstanding of 17,439,516 (2010 – 14,860,764).

Stock options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the Company's issued and outstanding common shares. Such options will be exercisable for a variable period from the date of grant. In connection with the foregoing, the number of

Stock options (cont'd)

common shares reserved for issuance to any one optionee will not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed two percent (2%) of the issued and outstanding common shares.

Options may be exercised no later than 90 days following cessation of the optionee's position with the Company.

Options granted typically vest fully when granted.

The changes in options during the three month period ended March 31, 2011 and the year ended December 31, 2010 are as follows:

	March 31, 2011		December 31, 2010	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning of period	200,000	\$ 0.16	1,000,000	\$ 0.17
Options granted	-	-	250,000	0.23
Options exercised	200,000	0.16	750,000	0.18
Options expired	-	-	300,000	0.20
Options forfeited	-	-	-	-
Options outstanding, end of period	-	\$ -	200,000	\$ 0.16
Options exercisable, end of period	-	\$ -	200,000	\$ 0.16

The weighted average share price of options exercised during the three month period ended March 31, 2011 was \$0.36 (2010 - \$ Nil).

Share purchase warrants

Balance December 31, 2008	Nil	Nil
Private Placement October 2009	3,850,000	\$ 100,000
Issuance costs	-	(2,867)
Balance at December 31, 2009	3,850,000	97,133
Exercise of warrants	(1,860,000)	(48,275)
Balance December 31, 2010	1,990,000	\$48,858
Exercise of warrants	(785,000)	(19,808)
Balance March 31, 2011	1,205,000	\$29,050

The value of the warrants, which expire October 7, 2011, was calculated using the Black Scholes option pricing model with risk free interest rate of (1.36%), expected life of (2 years) and expected volatility of (62.3%).

12. Reserves

Stock option reserve

The stock option reserve records items recognized as stock-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital. If the options expire unexercised, the amount recorded is transferred to deficit.

Balance December 31, 2008	217,963
Stock-based compensation (Note 8)	26,250
Balance December 31, 2009	244,213
Exercise of options during 2010	(51,319)
Balance December 31, 2010	192,894
Exercise of options 2011	(2,418)
Balance at March 31, 2011	\$ 190,476

As at March 31, 2011 the option/warrant reserve was valued at \$219,530 (Dec. 31 2010 - \$241,752).

13. Related party transactions

Related party transactions

The Group incurred the following transactions with companies that are controlled by directors of the Company.

	Three month periods ended	
	March 31, 2011	March 31, 2010
Professional fees	\$ 24,090	\$ 53,674
	\$ 24,090	\$ 53,674

Key management personnel compensation

	Three month periods ended	
	March 31, 2011	March 31, 2010
Short-term employee benefits – management fees	\$ 7,500	\$ 7,500
	\$ 7,500	\$ 7,500

14. Financial risk management

The Group is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with major banks in Canada and Mexico. As most of the Company's cash is held by two banks there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The Company's secondary exposure to risk is on its other receivables. This risk is minimal as receivables consist primarily of refundable government goods and services taxes.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group has a planning and budgeting process in place to help determine the funds required to support the Group's normal operating requirements on an ongoing basis. The Group ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

Historically, the Group's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Group's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

The following is an analysis of the contractual maturities of the Group's non-derivative financial liabilities as at March 31, 2011:

	Within one year	Between one and five years	More than five years
Trade payables	70,623	-	-
	\$ 70,623	\$ -	\$ -

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk on its cash equivalents as these instruments have original maturities of three months or less and are therefore exposed to interest rate fluctuations on renewal. A 1% change in market interest rates would have an impact on the Group's net loss of \$8,500.

15. Financial risk management (cont'd)

Capital Management

The Group's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Group consists of equity, comprising share capital, net of accumulated deficit.

There were no changes in the Group's approach to capital management during the year.

The Group is not subject to any externally imposed capital requirements.

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

	March 31, 2011	December 31, 2010
Cash and cash equivalents	\$ 316,544	\$ 495,569
Loans and receivables:		
Other receivables	119,446	133,612
Available-for-sale financial instruments:		
Short-term investments	850,000	850,000
	\$ 1,285,990	\$ 1,482,866

Financial liabilities included in the statement of financial position are as follows:

	March 31, 2011	December 31, 2010
Non-derivative financial liabilities:		
Trade payables	130,767	418,690
	\$ 130,767	\$ 418,690

Fair value

The fair value of the Group's financial assets and liabilities approximates the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The following is an analysis of the Group's financial assets measured at fair value as at March 31, 2011 and December 31, 2010:

	As at March 31, 2011		
	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ -	\$ 316,544	\$ -
Short-term investments	-	850,000	-
	\$ -	\$ 1,166,544	\$ -

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	As at December 31, 2010		
	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ -	\$ 495,569	\$ -
Short-term investments	-	850,000	-
	\$ -	\$ 1,345,569	\$ -

16. Segmented information

Operating segments

The Group operates in a single reportable operating segment – the acquisition, exploration and development of resource properties.

Geographic segments

The Group's non-current assets are located in the following countries:

	March 31, 2011	
	Canada	Total
Reclamation deposits	\$ 32,506	\$ 32,506
Property, plant and equipment	-	-
Petroleum properties & equipment	1,005,219	1,005,219
	\$ 1,037,715	\$ 1,037,715

	March 31, 2010	
	Canada	Total
Reclamation deposits	\$ 32,506	\$ 32,506
Property, plant and equipment	1,092	1,092
Petroleum properties & equipment	1,056,072	1,056,02
	\$ 1,089,670	\$ 1,089,670

17. Transition to IFRS

As result of the Accounting Standards Board of Canada's decision to adopt IFRS for publicly accountable entities for financial reporting periods beginning on or after January 1, 2011, the Group has adopted IFRS in these financial statements, making them the first interim financial statements of the Group under IFRS. The Group previously applied the available standards under previous Canadian GAAP that were issued by the Accounting Standards Board of Canada.

As required by IFRS 1 "First-time Adoption of International Financial Reporting Standards", January 1, 2010 has been considered to be the date of transition to IFRS by the Group. Therefore, the comparative figures that were previously reported under previous Canadian GAAP have been restated in accordance with IFRS.

Exemptions applied

The Group has applied the following optional transition exemptions to full retrospective application of IFRS:

- IFRS 3 “Business Combinations” has not been applied to acquisitions of subsidiaries or of interests in associates and joint ventures that occurred before January 1, 2010.
- IAS 21 “The Effects of Changes in Foreign Exchange Rates” has not been applied to cumulative translation differences that existed at the date of transition to IFRS. The Group has eliminated the cumulative translation difference and adjusted retained earnings by the same amount at the date of transition to IFRS. If, subsequent to adoption, a foreign operation is disposed of, the translation differences that arose before the date of transition to IFRS will not affect the gain or loss on disposal.
- IFRS 2 “Share-based Payment” The Group has elected not to apply IFRS 2 to awards that vested prior to January 1, 2010, which have been accounted for in accordance with Canadian GAAP.
- IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” has been applied prospectively to all provisions for restoration and environmental obligations that are within the scope of International Financial Reporting Interpretations Committee (“IFRIC”) “Changes in Existing Decommissioning, Restoration and Similar Liabilities”. The Group has:
 - o re-measured the liabilities as at January 1, 2010 in accordance with IAS 37;
 - o estimated the amount that would have been included in the cost of the related asset when the liability first arose, by discounting the liability to that date using its best estimate of the historical risk-adjusted discount rates that would have applied for that liability over the intervening period; and
 - o calculate the accumulated depreciation on that amount, as at January 1, 2010, on the basis of the current estimate of the useful life of the asset, using the depreciation policy adopted by the entity.
- The Group has applied the transitional provision in IFRIC 4 “Determining whether an Arrangement contains a Lease” and has assessed all arrangements as at January 1, 2010.

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17. Transition to IFRS (cont'd)

Reconciliation of assets

	Notes	As at December 31, 2010			As at January 1, 2010		
		Canadian GAAP	Effect of Transition	IFRS	Canadian GAAP	Effect of Transition	IFRS
ASSETS							
Current assets							
Cash and cash equivalents		\$ 495,569	\$ -	\$ 495,569	\$ 462,514	\$ -	\$ 462,514
Short-term investments		850,000	-	850,000	127,235	-	127,235
Prepaid		3,685	-	3,685	2,504	-	2,504
Accounts receivable		133,612	-	133,612	800,000	-	800,000
		1,482,866	-	1,482,866	1,392,253	-	-
Non-current assets							
Reclamation deposits		32,506	-	32,506	32,506	-	32,506
Property, plant and equipment		-	-	-	-	-	-
Petroleum properties & equipment	17 (a), (b), (c), (d) and (f)	1,036,220	-	1,036,220	1,024,658	-	1,024,658
		1,068,726	-	1,068,726	1,057,164	-	1,057,164
TOTAL ASSETS		\$ 2,551,592	\$ -	\$ 2,551,592	\$ 2,449,417	\$ -	\$ 2,449,417

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17. Transition to IFRS (cont'd)

Reconciliation of liabilities

	Notes	As at December 31, 2010			As at January 1, 2010		
		Canadian GAAP	Effect of Transition	IFRS	Canadian GAAP	Effect of Transition	IFRS
LIABILITIES							
Current liabilities							
Trade payables and accrued liabilities	17©	418,690	-	418,690	66,471	-	66,471
		418,690	-	418,690	66,471	-	66,471
Non-current liabilities							
Deferred tax liabilities	17© and (d)	-	-	-	29,987	-	29,987
Provision for restoration and environmental obligations	17(b)	86,663	-	86,663	82,729	-	82,729
		86,663	-	86,663	112,716	-	112,716
TOTAL LIABILITIES		505,353	-	505,353	179,187	-	179,187
SHAREHOLDERS' EQUITY							
Share capital	17© and (f)	2,618,653	-	2,618,653	2,105,559	-	2,105,559
Warrants		48,858	-	-	97,133	-	-
Contributed surplus	17 (f)	192,894	-	-	244,213	-	-
Reserves	17 (a), (f) and (g)	-	241,752	-	-	341,346	341,213
Deficit	17 (a), (b), (c), (d) and (f)	(814,166)	-	-	(179,675)	-	(176,675)
TOTAL EQUITY		2,046,239	241,752	2,046,239	2,270,230	-	2,270,230
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		\$ 2,551,592	\$ 241,752	\$ 2,551,592	\$ 2,449,417	\$ 341,346-	\$ 2,449,417

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17. Transition to IFRS (cont'd)

Reconciliation of loss and comprehensive loss for the three month period ended March 31, 2010

	Notes	Canadian GAAP	Effect of Transition	IFRS
Revenue				
Oil and gas sales, net of royalties		\$ 149,775	-	\$ 149,775
Less royalties & freehold mineral tax		(34,075)	-	(34,075)
		115,700		115,700
Expenses				
Operating	17(a)	31,000	-	31,000
Depletion, amortization and accretion	17(b)	30,702	-	30,702
General and administrative		61,579	-	61,579
		123,281	-	123,281
		-	-	-
Other items				
Property investigations		83,163	-	83,163
Interest income		40	-	40
		83,123	-	83,123
Total comprehensive loss for the period		\$ (90,704)	\$ -	\$ (90,704)
Loss per share – basic and diluted		\$ (0.01)	\$ -	\$ (0.01)

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17. Transition to IFRS (cont'd)

Reconciliation of cash flows for the three month period ended March 31, 2010

Notes	Canadian GAAP	Effect of Transition	IFRS
Operating activities			
Loss before income taxes	\$ (90,704)	\$ -	\$ (90,704)
Adjustments for non-cash items:			
Amortization	31,000	-	31,000
Changes in non-cash working capital items:			
Accounts receivable	14,166	-	14,166
Prepaid	3,685	-	3,685
Trade payables and accrued liabilities	(287,923)	-	(287,923)
Net cash flows from (used in) operating activities	(329,775)	-	(329,775)
Investing activities			
	-	-	-
Net cash flows from (used in) investing activities	-	-	-
Financing activities			
Proceeds on issuance of common shares – net of share issue costs	150,750	-	150,750
Net cash flows from (used in) financing activities	150,750	-	150,750
Increase (decrease) in cash and cash equivalents	(179,025)	-	(179,025)
Cash and cash equivalents, beginning	495,569	-	495,569
Cash and cash equivalents, ending	\$ 316,544	\$ -	\$ 316,544

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17. Transition to IFRS (cont'd)

Reconciliation of equity

	Notes	December 31, 2010	January 1, 2010
Equity previously reported under Canadian GAAP		\$ 2,046,239	\$ 2,270,230
Adjustments upon adoption of IFRS:			
Differences arising from applying the foreign exchange rate in effect at the balance sheet date to non-monetary items of foreign operations	17(a)	-	-
Difference due to a different discount rate being applied to the provision for restoration and environmental obligation provision	17(b)	-	-
Reversal of deferred tax liabilities recorded on the acquisition of exploration and evaluation assets	17(c)	-	-
Difference in the accounting treatment of flow-through shares	17(d)	-	-
Reclassification of warrants that are denominated in a currency other than the Company's functional currency as a derivative liability	17(e)	-	-
Equity reported under IFRS		\$ 2,046,239	\$ 2,270,230

Reconciliation of comprehensive loss for the three month period ended March 31, 2010

	Notes	
Comprehensive loss previously reported under Canadian GAAP		\$ (90,704)
Adjustments upon adoption of IFRS:		
Differences arising from applying the foreign exchange rate in effect at the balance sheet date to non-monetary items of foreign operations	17(a)	-
Difference due to a different discount rate being applied to the provision for restoration and environmental obligation provision	17(b)	-
Difference in the accounting treatment of flow-through shares	17(c)	-
Adjustment to income tax recovery resulting from the reversal of deferred tax liabilities recorded on the acquisition of exploration and evaluation assets	17(d)	-
Fair value adjustment of warrants that are denominated in a currency other than the Company's functional currency as a derivative liability	17(e)	-
Difference in accounting for share-based payments	17(f)	-
Comprehensive loss reported under IFRS		\$ (90,704)

17. Transition to IFRS (cont'd)

Notes to reconciliations

(a) Functional and presentation currency

IFRS requires that the functional currency of each entity in the consolidated Group be determined separately in accordance with the indicators as per IAS 21 "The Effects of Changes in Foreign Exchange Rates" and should be measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Canadian dollars which is the Group's presentation currency.

Under IFRS, the results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of comprehensive income and are recognized in the profit or loss in the period in which the operation is disposed.

Under IFRS, the cash flow statement of the group must be prepared in the functional currency and then translated to the presentation currency at the exchange rates at the date of the cash flows or an average rate in line with the income statement treatment. As permitted under IFRS 1, the cumulative impact as at January 1, 2010 was recorded as an adjustment to deficit.

(b) Provision for restoration and environmental obligations

Under Canadian GAAP, asset retirement obligations are measured at fair value, incorporating market assumptions and discount rates based on the entity's credit-adjusted risk-free rate. Adjustments are made to asset retirement obligations for changes in the timing or amount of the cash flows and the unwinding of the discount. However, changes in discount rates alone do not result in a re-measurement of the provision. Changes in estimates that decrease the liability are discounted using the discount rate applied upon initial recognition of the liability while changes that increase the liability are discounted using the current discount rate.

IFRS requires decommissioning provisions to be measured based on management's best estimate of the expenditures that will be made and adjustments to the provision are made in each period for changes in the timing or amount of cash flow, changes in the discount rate, and the accretion of the liability to fair value (unwinding of the discount). Furthermore, the estimated future cash flows should be discounted using the current rates.

(c) Flow-through shares

Flow-through shares are a unique Canadian tax incentive which is the subject of specific guidance under Canadian GAAP. Under Canadian GAAP the Company accounted for the issue of flow-through shares in accordance with the provisions of CICA Emerging Issues Committee Abstract 146 "Flow-through Shares". At the time of issue, the funds received are recorded as share capital. At the time of the filing of the renunciation of the qualifying flow-through expenditures to investors, the Company recorded a future income tax liability with a charge directly to shareholders' equity. Also under Canadian GAAP the Company recorded any deferred tax recovery eligible to be recognized to offset the deferred tax charge to equity as a tax recovery in the statement of operations.

17. Transition to IFRS (cont'd)

Notes to reconciliations (cont'd)

IFRS does not contain explicit guidance pertaining to this tax incentive. Therefore, the Company has adopted a policy whereby the premium paid for flow-through shares in excess of the market value of the shares without the flow-through features at the time of issue is initially recorded as a flow-through tax liability and included in trade payables and accrued liabilities. Upon renouncement by the Group of the tax benefits associated with the related expenditures, a deferred tax liability is recognized and the flow-through tax liability will be reversed. To the extent that suitable deferred tax assets are available, the Group will reduce the deferred tax liability and record a deferred tax recovery.

(d) Deferred tax liabilities

The Group has previously purchased assets where the carrying value of the asset on initial recognition differs from the tax value of the asset on initial recognition. Under Canadian GAAP, a deferred tax liability is recognized for the resulting temporary difference, with a corresponding increase to the value of the asset recorded. IAS 12 "Income Taxes" does not permit the recognition of a deferred income tax asset or liability resulting from differences between the carrying value and tax value of an asset or liability on initial recognition, unless acquired as part of a business combination.

(e) Warrants

Under Canadian GAAP the Group classified warrants it issued in Canadian dollars to purchase common shares as equity instruments. Under IFRS, warrants issued by the Group to purchase common shares, for a fixed price stated in a currency other than the functional currency of the issuing entity and not offered pro rata to all existing shareholders of the same class at the time of issuance, are considered derivative financial liabilities. Such warrants are required to be measured and recognized at fair value with changes subsequent to initial recognition charged to profit or loss. The Company determined fair value of the warrants using the Black-Scholes option pricing model.

(f) Share-based payments

The Group grants stock options that have a graded vesting schedule. Under Canadian GAAP, the Group accounted for grants of options with graded vesting as a single award and determined the fair value using the average life of the options granted. Stock-based compensation was recognized on a straight-line basis over the total vesting period. Under IFRS, the Group treats each installment as its own award. Therefore, each installment is measured and recognized separately.

On transition to IFRS the Company elected to change its accounting policy for the treatment of share-based payments whereby amounts recorded for expired unexercised stock options are transferred to deficit. Previously, the Company's Canadian GAAP policy was to leave such amounts in contributed surplus.

(g) Reserves

Under Canadian GAAP, amounts recorded in relation to the fair value of stock options granted and warrants issued were recorded to contributed surplus. Under IFRS, these amounts have been reclassified as reserves.

(h) Interest income

Under Canadian GAAP, the Group classified interest income as operating activities. Under IFRS, interest income has been reclassified as an investing activity.