

ST-GEORGES PLATINUM AND BASE METALS LTD.

FINANCIAL STATEMENTS

DECEMBER 31, 2010

ST-GEORGES PLATINUM AND BASE METALS LTD.

FINANCIAL STATEMENTS

DECEMBER 31, 2010

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FINANCIAL STATEMENTS

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INDEPENDENT AUDITORS' REPORT

Shareholders of
ST-GEORGES PLATINUM AND BASE METALS LTD.,

We have audited the accompanying financial statements of ST-GEORGES PLATINUM AND BASE METALS LTD., which comprise the balance sheets as at December 31, 2010 and 2009, and the statements of income, deficit and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making this risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of ST-GEORGES PLATINUM AND BASE METALS LTD. as at December 31, 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.

*Guimond Lavallée Inc.*¹

Chartered Accountants

April 29, 2011
Brossard (Quebec)

¹ Chartered Accountant auditor permit No. 23358

ST-GEORGES PLATINUM AND BASE METALS LTD.

STATEMENT OF INCOME AND DEFICIT

YEARS ENDED DECEMBER 31, 2010 AND 2009

(A Development Stage Company)

	2010	(Restated) 2009
OPERATING EXPENSES		
Subcontractors	-	22 919
Administrative expenses	374 466	70 542
Mineral rights	16 000	-
Brokerage fees	43 613	105 930
Internet platform	-	52 623
Travel expenses	40 050	63 608
Professional fees	392 217	153 025
Bank charges	2 970	306
Depreciation - fixed assets	229	135
Depreciation - intangible asset	-	137 392
Stock based compensation	320 550	59 100
Write-down of intangible assets	<u>150 000</u>	<u>552 608</u>
	<u>1 340 095</u>	<u>1 218 188</u>
INTEREST REVENUES	7 500	162
NET LOSS BEFORE INCOME TAXES	<u>(1 332 595)</u>	<u>(1 218 026)</u>
INCOME TAXES		
Future (recovered)	<u>(599 242)</u>	<u>-</u>
NET LOSS	(733 353)	(1 218 026)
DEFICIT, BEGINNING OF YEAR	<u>(2 267 652)</u>	<u>(1 049 626)</u>
DEFICIT, END OF YEAR	<u>\$(3 001 005)</u>	<u>\$(2 267 652)</u>
LOSS PER SHARE,		
Basic and diluted loss per share (note 20)	(0.01)	(0.15)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING		
Basic	74 757 093	8 247 517
Diluted	74 861 984	8 247 517

ST-GEORGES PLATINUM AND BASE METALS LTD.

BALANCE SHEET

AS AT DECEMBER 31, 2010 AND 2009

(A Development Stage Company)

	2010	(Restated) 2009
ASSETS		
CURRENT ASSETS		
Cash	\$ 49 144	\$ 648
Cash in trust	1 218 418	903 251
Restricted cash (note 4)	30 000	-
Accounts receivable (note 5)	843 556	7 507
Advance to a company with common directors (note 16)	<u>17 989</u>	<u>-</u>
	2 159 107	911 406
SECURED DEBENTURE (note 6)	100 000	-
MINING PROPERTY COSTS AND FIXED ASSETS (note 7)	4 546 504	2 948 275
INTANGIBLE ASSET (note 8)	<u>-</u>	<u>150 000</u>
	<u>\$ 6 805 611</u>	<u>\$ 4 009 681</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (note 9)	\$ 485 897	\$ 104 282
Due to a director (note 10)	<u>-</u>	<u>16 500</u>
	<u>485 897</u>	<u>120 782</u>
SHAREHOLDERS' EQUITY		
Share capital (note 11, 12 and 13)	8 113 192	5 765 565
Contributed Surplus (note 14)	1 207 527	390 986
Deficit	(3 001 005)	(2 267 652)
Accumulated other comprehensive income	<u>-</u>	<u>-</u>
	<u>6 319 714</u>	<u>3 888 899</u>
	<u>\$ 6 805 611</u>	<u>\$ 4 009 681</u>
COMMITMENTS (note 15)		
SUBSEQUENT EVENTS (note 23)		

ON BEHALF OF THE BOARD OF DIRECTORS:

ON BEHALF OF THE BOARD OF DIRECTORS:

 Frank Dumas
 Chief Executive Officer

 Mark Billings
 Chief Financial Officer

ST-GEORGES PLATINUM AND BASE METALS LTD.

CASH FLOWS

YEARS ENDED DECEMBER 31, 2010 AND 2009

(A Development Stage Company)

	2010	(Restated) 2009
OPERATING ACTIVITIES (note 17)		
Net loss	\$(733 353)	\$(1 218 026)
Items not affecting cash :		
Depreciation - fixed assets	229	135
Depreciation - intangible asset	-	137 392
Stock-based compensation	320 550	59 100
Write-down of intangible asset	150 000	552 608
Future income taxes	<u>(599 242)</u>	<u>-</u>
	(861 816)	(468 791)
Net change in non-cash working capital items (note 18)	<u>(502 423)</u>	<u>91 359</u>
	<u>(1 364 239)</u>	<u>(377 432)</u>
INVESTING ACTIVITIES		
Secured debenture	(100 000)	-
Temporary investment	-	179 849
Acquisition of fixed assets	-	(900)
Mining property exploration costs	(1 533 458)	-
Mining property acquisition costs	<u>(20 000)</u>	<u>-</u>
	<u>(1 653 458)</u>	<u>178 949</u>
FINANCING ACTIVITIES		
Shares and warrants issued for cash, net	3 397 860	1 047 473
(Decrease) increase of amount due to administrator	<u>(16 500)</u>	<u>16 500</u>
	<u>3 381 360</u>	<u>1 063 973</u>
INCREASE IN CASH AND CASH EQUIVALENTS	363 663	865 490
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>903 899</u>	<u>38 409</u>
CASH AND CASH EQUIVALENTS, END OF YEAR (note 19)	<u>\$ 1 267 562</u>	<u>\$ 903 899</u>

ST-GEORGES PLATINUM AND BASE METALS LTD.

NOTES TO THE FINANCIAL STATEMENTS

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(A Development Stage Company)

1. DESCRIPTION OF THE BUSINESS AND GOING CONCERN

ST-GEORGES PLATINUM AND BASE METALS LTD. ("ACFAW" or the "Company") was incorporated on June 21, 2002 under the Canada Business Corporation Act. On February 13, 2003, the Corporation became a public company. On June 2nd 2009, the Corporation, then operating under the name Emergence Resort Canada Inc. ("Emergence"), acquired 100% of the common shares of ACFAW.COM Inc, a social entrepreneurship company developing high-tech platforms. The acquisition was Emergence's Qualifying Transaction. Following Emergence's request, its common shares were delisted from the NEX to be listed on the CNSX under the symbol: ACW. Immediately following the completion of the acquisition, Emergence changed its business name to ACFAW.COM Inc.

On May 4, 2010, ACFAW.COM consolidated its existing capital on the basis of two (2) current ACFAW.COM common shares for one (1) new common share of ST-GEORGES PLATINUM AND BASE METALS LTD. Moreover, the Company changed its business name to ST-GEORGES PLATINUM AND BASE METALS LTD.

St-Georges Platinum and Base Metals Ltd. (the "Company") is engaged in the acquisition, exploration and development of mining properties in Canada. The Company has not yet determined whether a sufficient proportion of its mineral resources are economically exploitable and, accordingly, has not yet determined whether the mining properties contain economic mineral reserves. The Company is a publicly traded company, continued under the Canada Business Corporation Act and its common shares are listed on the Canadian National Stock Exchange (CNSX: SX).

These financial statements have been prepared on a going concern basis, which assumes that the Company will, in the ordinary course of business, be able to realize its assets and discharge its liabilities. The recoverability of the accumulated costs shown for mining properties and related deferred costs is dependent upon the existence of economically recoverable reserves, future profitable production and on the Company's ability to obtain the necessary financing to fund its operations.

ST-GEORGES PLATINUM AND BASE METALS LTD.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2010

(A Development Stage Company)

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies followed by the Company are summarized as follows:

a) Accounting estimates

The preparation of financial statements, in conformity with generally accepted accounting principles requires that management makes estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and reported amount of expenses and other income during the year. Significant estimates and assumptions include those related to the recoverability of mining and exploration properties, determination of income tax assets and liabilities, the equity component of the stock-based compensation expense. Certain estimates relating to tax credits on exploration activities have been revised during the year, however, determination of the estimated impact on future periods is not practicable. While management believes that these estimates and assumptions are reasonable, actual results could vary significantly. The carrying value of the Company's principal assets could be subject to material adjustment in the event that the Company is not successful in generating operating cash flow and financing for its development and exploration activities.

b) Mineral Property Costs and Deferred Exploration Costs

The amounts recorded as mining properties and deferred exploration costs represent exploration, development and associated operating costs incurred to date and are not intended to reflect present or future values. These costs are deferred until the discovery of economically exploitable reserves and the start-up of the production phase on a property-by-property basis or until the property is abandoned. Mining properties are abandoned when management allows property interest to lapse or when they determine those properties are not economically viable. Costs accumulated relating to projects that are abandoned are written-off the year in which a decision to discontinue the project is made.

ST-GEORGES PLATINUM AND BASE METALS LTD.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2010

(A Development Stage Company)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Mineral Property Costs and Deferred Exploration Costs (continued)

When it has been determined that a mining property can be economically developed as a result of establishing proven and probable reserves, costs incurred prospectively to develop the property are capitalized as incurred and are amortized using the units-of-production method over the estimated life.

The Company is in the development stage and definitive commercial production has not yet commenced. Commercial production occurs when an asset or property is substantially complete, is fully permitted and ready for its intended use. No amortization of mining properties has been charged in these financial statements.

Where there is an indication that impairment may exist, senior management reviews the carrying values of mining properties and deferred exploration expenditures with a view to assessing whether there has been any impairment in value. In the event that it is determined there is an impairment in the carrying value of any property, the carrying value will be written down or written off, as appropriate. There was no impairment write-down required at December 31, 2010.

c) Intangible asset

Web technology is accounted for at cost. Amortization is based on its useful life using the diminishing balance method. The recorded cost of Web Technology is based on shares issued in consideration of the web technology. The cost recorded is not an indication of fair market value or recoverable amounts.

The carrying value of web technology is reviewed by management at least annually to determine if it has become impaired. Impairment is considered to exist if total estimated future cash flows on an undiscounted basis are less than the carrying amount for the assets.

	Rate
Web technology	30%

ST-GEORGES PLATINUM AND BASE METALS LTD.

NOTES TO THE FINANCIAL STATEMENTS

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(A Development Stage Company)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Financial instruments

All financial assets and financial liabilities are classified as either: held-for-trading, available-for-sale, held-to-maturity, loans-and-receivable or other liabilities. Financial assets classified as held-for-trading or available-for-sale, are measured at fair value. Held-to-maturity and loans-and-receivables are measured initially at fair value then at amortized cost over their term. Financial liabilities are measured at their fair value when they are classified as held-for-trading otherwise they are measured at amortized cost over their term. Initial differences between fair value and maturity value are amortized using the effective interest method.

Holding gains and losses from available-for-sale assets are included in other comprehensive income until realized at which time they are transferred to net income (loss).

Transaction costs such as arrangement and advance fees charged by the Company's principal lender in connection with long term debt are expensed at the time they are incurred.

e) Loss per Share

The basic loss per share is calculated using the weighted average number of shares outstanding during the period. We follow the treasury stock method in calculating diluted earnings per share. Under this method, the weighted average number of shares includes the potentially dilutive effects of the conversion of in-the-money stock options and warrants into common shares. The effect of potential issuances of shares under options and warrants would be anti-dilutive when a loss is reported, and therefore basic and diluted losses per share are the same.

f) Stock-based compensation

Stock options granted to employees and non-employees have been accounted for using the fair value method. Under this method, the compensation cost is measured as at the date of the grant by applying the Black-Scholes option pricing model. The determined fair value is recognized as a cost over the vesting period with a corresponding increase to contributed surplus. On the exercise of stock options, consideration paid and the associated contributed surplus is credited to common shares.

g) Cash and cash equivalents

The entity's policy is to disclose bank balances under cash and cash equivalents, including temporary investments with a maturity period of three months or less from the date of acquisition.

ST-GEORGES PLATINUM AND BASE METALS LTD.

NOTES TO THE FINANCIAL STATEMENTS

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(A Development Stage Company)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Income and Mining Taxes

The Company uses the liability method to account for income taxes. Under this method of Section 3465, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured by using enacted or substantively enacted tax rates expected to apply to taxable income in the years during which those temporary differences are expected to be recovered or settled. Under Section 3465, the effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

i) Flow-Through Shares

The Company has financed a portion of its exploration activities through the issuance of flow-through shares. Under the terms of flow-through share agreements, the tax attributes of the related expenditures are renounced to subscribers. To recognize the tax benefits foregone by the Company, the carrying value of the shares issued is reduced by the tax effect of the tax benefits renounced to subscribers. The liability relating to the foregone tax benefit is recognized at the time of the renunciation provided there is reasonable assurance that the expenditures will be incurred.

j) Adoption of International Financial Reporting Standards

The Canadian Institute of Chartered Accountants has announced that publicly accountable enterprises will be required to adopt International Financial Reporting Standards ("IFRS") effective January 1, 2011. At the effective date, the balance sheet as at January 1, 2010 will require conversion to IFRS to establish opening balances which will form the basis for comparative information to be reported in 2011. Accordingly, this is the last set of financial statements for the Company using pre-IFRS.

ST-GEORGES PLATINUM AND BASE METALS LTD.

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3. RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS

These financial statements were restated to reflect corrections of errors and missing information has been disclosed under the notes.

To comply with Section 1581 and EIC-124 of the Canadian Institute of Chartered Accountants (CICA), the Company adjusted the presentation of the ACFAW.COM shares acquisition on June 2, 2009. The Company now believes that the ACFAW.COM shares acquisition should be presented as an acquisition of assets. Thus, the Company corrected its balance sheet, its income statement and cash flow for the year ended December 31, 2009. This presentation adjustment resulted in the removal of the goodwill account of \$ 172 340 with an increase in net loss of \$ 172 502. The increase in net loss is made up of an increase in amortization of intangible assets of \$ 67 115 and an increase in goodwill depreciation of \$ 314 615.

The Company changed the components of 2008 cash and cash equivalents to comply with Section 1540 CICA. The Company now presents the temporary investment of \$ 179,849 as an element of an investment on the cash flow statement.

The Company modified the presentation of the cash flow statement to comply with the nature of the non monetary share exchange issued for the mining rights.

The Company now presents the due to a director of \$ 16,500 under short-term liabilities.

The Company now presents a new accounting policy under note 2(h) regarding income and mining taxes to comply with section 3465 CICA.

The Company modified the description of the accounting policy regarding financial instruments under note 2(d) to comply with section 3861 CICA.

The Company now includes the "accumulated other comprehensive income" under shareholders' equity to comply with section 1530 CICA.

The Company revised the accounting policy regarding cash and cash equivalents under note 2(g) to exclude temporary investments of the cash and cash equivalents.

4. RESTRICTED CASH

As of December 31, 2010, the Company had \$ 30 000 of restricted cash. This balance is restricted to pay legal fees associated with the Company's financings in 2011.

ST-GEORGES PLATINUM AND BASE METALS LTD.

NOTES TO THE FINANCIAL STATEMENTS

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(A Development Stage Company)

5. ACCOUNTS RECEIVABLE

	2010	2009
Taxes recoverable	\$ 51 056	\$ 7 507
Subscriptions receivable	785 000	-
Interest receivable from a company with common directors	<u>7 500</u>	<u>-</u>
	<u>\$ 843 556</u>	<u>\$ 7 507</u>

6. SECURED DEBENTURE

On May 27, 2010, the Company issued a secured debenture to LiteWave Corp., which is a company with common directors. This secured debenture shall bear interest at the rate of 15% per annum, payable semi-annually and maturing on May 27, 2011.

7. MINING PROPERTY COSTS AND FIXED ASSETS

	2010		2009	
	Cost	Accumulated Amortization	Net book value	Net book value
Mining properties	\$ 4 545 968	\$ -	\$ 4 545 968	\$ 2 947 510
Computer equipment	<u>900</u>	<u>364</u>	<u>536</u>	<u>765</u>
	<u>\$ 4 546 868</u>	<u>\$ 364</u>	<u>\$ 4 546 504</u>	<u>\$ 2 948 275</u>

Expenditures on mining properties are as follows:

	2010		
	Acquisition costs	Deferred costs	Total costs
Villebon	\$ 1 882 631	\$ 1 072 617	\$ 2 955 248
Lac Julie-Isukoustouk Complex	786 003	305 378	1 091 381
Manicouagan Constellation	<u>343 876</u>	<u>155 463</u>	<u>499 339</u>
	<u>\$ 3 012 510</u>	<u>\$ 1 533 458</u>	<u>\$ 4 545 968</u>

ST-GEORGES PLATINUM AND BASE METALS LTD.

NOTES TO THE FINANCIAL STATEMENTS

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(A Development Stage Company)

7. MINING PROPERTY COSTS AND FIXED ASSETS (CONTINUED)

	2009		
	Acquisition costs	Deferred costs	Total costs
Villebon	\$ 1 817 631	\$ -	\$ 1 817 631
Lac Julie-Isukoustouk Complex	786 003	-	786 003
Manicouagan Constellation	<u>343 876</u>	<u>-</u>	<u>343 876</u>
	<u>\$ 2 947 510</u>	<u>\$ -</u>	<u>\$ 2 947 510</u>

As of December 31, 2010, the Company cannot estimate proven and probable reserves of the mines. Thus, no amortization was taken.

On July 14, 2010, the Company issued 450 000 ordinary shares at a unit price of \$ 0.10 and a cash consideration of \$ 20 000 in exchange for 3 claims adjacent to the Villebon property. These 3 next claims cover a total area of 78 hectares. A 1% Net Smelter Royalty ("NSR") is payable on all production from these properties. The 1% NSR can be bought back by the Company for a payment of \$ 500 000 on or before July 13, 2011 and thereafter for a total amount of \$ 1 000 000.

Villebon

The Villebon property is located in the Abitibi region of Northern Quebec close to the north boundary of the La Vérendry Provincial Park and the Reserve in Villebon Township, proximal to Val-d'Or. The Property is located less than 2 kilometres east of Highway #117, about 21 kilometres south of the community of Louvicourt and about 45 kilometres southeast of Val-d'Or. The Villebon property consists of 26 claims covering 1,060 hectares.

Lac Julie-Isukoustouk Complex

The Lac Julie-Isukoustouk Complex properties are located in the North-Shore region of the St. Lawrence River, in proximity to the communities of Baie-Comeau and Sept-Îles. The Manic-3 and Mathilda and Isukoustouk Properties are located less than 10 kilometres west of the Manic-3 hydro generating station within the Manicouagan Reservoir. The Lac Julie-Isukoustouk Complex properties are located approximately 65 kilometres further to the east, close to Lac La Blache. The Lac Julie-Isukoustouk Complex properties are composed of 49 claims covering 2,455 hectares.

Manicouagan Constellation

The Manicouagan Constellation properties are located along Quebec's North Shore region of the St. Lawrence River, in the Manicouagan sector. The Lac en Dentelle Property is 65 kilometres northwest of Labrieville, and about 200 kilometres from Forestville. The Fraquelin Property is located about 14 kilometres from Baie-Comeau. The Ste-Anne Property is located east of Manicouagan. The Manic-5 Property is located in the centre of Manicouagan. The five other properties (Lac Ste-Anne, Bois-Long, Indian Summer, Katshi and Tetepisca) are located in the northwestern sector of Manicouagan. The Manicouagan Constellation properties are composed of 29 claims covering 1,453 hectares.

ST-GEORGES PLATINUM AND BASE METALS LTD.

NOTES TO THE FINANCIAL STATEMENTS

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8. INTANGIBLE ASSET

	2010			Net book value	2009
	Cost	Accumulated Amortization	Write-off		Net book value
Web technology	<u>\$ 840 000</u>	<u>\$(137 392)</u>	<u>\$(702 608)</u>	<u>\$ -</u>	<u>\$ 150 000</u>

On June 2, 2009, the Company acquired 100% of the voting shares of ACFAW.COM, a Company which offered development, promotion and support to fundraising websites. The Company issued 6 000 000 common shares for a total value of \$ 840 000. This transaction was accounted for at the market value of the issued shares. Numbers provided by the Company have been audited. According to the EIC-124, this transaction was recorded as an asset acquisition.

On December 1, 2010, the Company sold its web technology for one (1) dollar. The Company will received a royalty of 10% on sales related to this web technology during the next three (3) years.

9. ACCOUNTS PAYABLE

	2010	2009
Accounts payable	\$ 463 397	\$ 92 282
Accrued liabilities	<u>22 500</u>	<u>12 000</u>
	<u>\$ 485 897</u>	<u>\$ 104 282</u>

10. DUE TO A DIRECTOR

During the year, the Company reimbursed its non-interest-bearing amount due to a director.

ST-GEORGES PLATINUM AND BASE METALS LTD.

NOTES TO THE FINANCIAL STATEMENTS

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11. SHARE CAPITAL

Authorized

Common Shares

Unlimited number of Common Shares without nominal or par value.

Preferred Shares

Unlimited number of Preferred Shares without nominal or par value.

Changes in the Company's common shares capital are as follows as at December 31, 2010:

	2010		2009	
	Quantity	Amount	Quantity	Amount
Balance, beginning of period	144 639 556	5 765 565	6 387 532	1 189 115
Issued for cash:				
Private Placement (i)	13 333 333	973 333	14 351 624	788 940
Tax effect related to the flow-through shares	-	(599 242)	-	-
Issued for the acquisition of the web technology	-	-	6 000 000	840 000
Issued for the acquisition of mining properties	-	-	117 900 400	2 947 510
Issuance costs	533 333	(112 000)	-	-
Balance pre-consolidation - May 4, 2010	158 506 222	6 027 656	144 639 556	5 765 565
Share consolidation (ii)	79 253 111	6 027 656	-	-
Issued for cash:				
Private placement (iii, iv)	13 984 000	2 368 493	-	-
Issued for acquisition of mining properties (note 7)	450 000	45 000	-	-
Issuance costs	-	(327 957)	-	-
	<u>93 687 111</u>	<u>\$ 8 113 192</u>	<u>144 639 556</u>	<u>\$ 5 765 565</u>

ST-GEORGES PLATINUM AND BASE METALS LTD.

NOTES TO THE FINANCIAL STATEMENTS

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(A Development Stage Company)

11. SHARE CAPITAL (CONTINUED)

- i) On March 22, 2010, a non-brokered private placement was closed for gross aggregate proceeds of \$ 1 000 000 through the sale of 13 333 333 flow-through units at \$ 0.075 per unit. Each flow-through unit is comprised of one common share, to be issued as a flow-through share, and one non-flow-through common share purchase warrant, exercisable at a price of \$ 0.25 per share no later than 36 months following the closing date. Moreover, 533 333 non-flow-through common shares were issued as a finder's fee, as well as options to purchase 1 333 333 non-flow-through units at a price of \$ 0.05 no later than 24 months following the closing date, and a cash fee equal to 10% of the subscription proceeds. The gross proceeds of \$ 973 333 for the units were assigned to common shares and \$ 26 667 to warrants, using the Black-Scholes pricing model.
- ii) On May 4, 2010, the Company consolidated the existing capital on the basis of two common shares for one new common share of ST-GEORGES PLATINUM AND BASE METALS LTD.
- iii) On May 14, 2010, a non-brokered private placement was closed for gross aggregate proceeds of \$ 352 000 through the sale of 3 520 000 units at \$ 0.10 per unit. Each unit is comprised of one common share and one common share purchase warrant, exercisable at a price of \$ 0.50 per share no later than 36 months following the closing date. Moreover 72 000 warrants at \$ 0.50 for 36 months were issued as a finder's fee, plus \$ 5 760 cash. The gross proceeds of \$ 274 560 for the units were assigned to common shares and \$ 77 440 to warrants, using the Black-Scholes pricing model.
- iv) On December 31, 2010, the Company completed a brokered private placement for gross aggregate proceeds of \$ 2 387 000 through the sale of 153 A units at \$ 1 000 per unit, 1 471 B units at \$ 1 000 per unit and a non-brokered private placement of 763 C units at \$ 1 000 per unit.

The A units consist of 5 000 common shares at a price of \$ 0.20 per share and 5 000 common share purchase warrants. Each warrant will entitle the holder to purchase one additional common share of the capital stock of the Company at an exercise price of \$ 0.50 per share at any time on or before the date that is 36 months from the date issuance of the warrant. The gross proceeds of \$ 117 381 for the units A were assigned to common shares and \$ 35 619 to warrants, using the Black-Scholes pricing model.

The B units consist of 4 000 flow-through common shares at a price of \$ 0.25 per share and 4 000 common share purchase warrants. Each warrant will entitle the holder thereof to purchase one additional common share of the capital stock of the Company at an exercise price of \$ 0.50 per common share at any time on or before the date that is 12 months from the date of issuance of the warrant, and thereafter at an exercised price of \$ 0.55 per share at any time on or before the date that is 24 months from the date of issuance of the warrant, and thereafter at an exercise price of \$ 0.60 per share, at any time on or before the date that is 36 months from the date of issuance of the warrant. The gross proceeds of \$ 1 391 581 for the units B were assigned to common shares and \$ 79 419 to warrants, using the Black-Scholes pricing model.

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(A Development Stage Company)

11. SHARE CAPITAL (CONTINUED)

The C units consist of 5 000 common shares at a price of \$ 0.20 per share and 5 000 common share purchase warrants. Each warrant will entitle the holder to purchase one additional common share of the capital stock of the Company at an exercise price of \$ 0.50 per share at any time on or before the date that is 36 months from the date of issuance of the warrant. The gross proceeds of \$ 584 971 for the units C were assigned to common shares and \$ 178 029 to warrants, using the Black-Scholes pricing model.

The Company has paid a total cash commission of \$ 235 380 and issued a total of 1 201 400 agent's options. 731 400 agent's options entitle the holder thereof to purchase one agent's unit of the Company (an "Agent's Unit") at a price of \$ 0.20 per Agent's Unit for a period of 36 months following the closing date. Each Agent's Unit consists of one common share and one non-transferable common share purchase warrant of the Company (an "Agent's Unit Warrant"). Each Agent's Unit Warrant entitles its holder thereof to acquire one additional common share at a price of \$ 0.50 per share during a period of 36 months following the closing date.

Moreover, the Company also issued 470 000 agent's options as a finder's fee (each an "Agent's Option"). Each Agent's Option entitles its holder thereof to purchase one agent's unit of the Company (an "Agent's Unit") at a price of \$ 0.25 per Agent's Unit for a period of 24 months following the closing date. Each Agent's Unit consists of one common share (an "Agent's Unit Share") and one non-transferable common share purchase warrant (an "Agent's Unit Warrant"). Each Agent's Unit Warrant entitles its holder thereof to acquire one additional common share at an exercise price of \$ 0.50 per common share at any time on or before the date that is 12 months from the date of issuance of the warrant, and thereafter at an exercise price of \$ 0.55 per share at any time on or before the date that is 24 months from the date of issuance of the warrant, and thereafter at an exercise price of \$ 0.60 per share, at any time on or before the date that is 36 months from the date of issuance of the warrant.

As of December 31, 2010, 10 464 000 common shares were subject to a hold period in accordance with Canadian securities law.

ST-GEORGES PLATINUM AND BASE METALS LTD.

NOTES TO THE FINANCIAL STATEMENTS

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12. STOCK OPTIONS

Stock option plan

On June 1st, 2009, the Company established a stock-based compensation plan. Under the stock-based compensation plan, the board of Directors of the Company may, from time to time, at its discretion, and in accordance with CNSX requirements, grant to directors, officers, and technical consultants of the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed ten percent (10%) of the issued and outstanding common shares exercisable for a period of up to five (5) years from the date of grant. The number of common shares reserved for issuance to any individual director or officer 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, provided that if the cessation of office, directorship, or technical consulting arrangement was by reason of death, the option may be exercised with a maximum period of one year after such death, subject to expiry date of such option.

The subscription price of the shares which may be issued under the plan must not be lower than the closing price of the last regular board lot (not less than \$ 0.10) sold on the CNSX on the trading day immediately preceding the date of grant. The option price is payable in full at the time the option is exercised. The vesting periods in respect of the options are determined by the Board of Directors at the time of each grant of options.

During the year, the Corporation granted 3 650 000 stock options with an estimated fair value of \$ 320 550 to directors and consultants. This value was recorded in the contributed surplus. The exercise price of each of the options granted was greater than the market price at the date of grant. The fair value of stock options issued was estimated at the grant date based on the Black-Scholes options pricing model using the following weighted average assumptions:

	2010	2009
Risk-free interest rate	1.92% to 2.81%	6%
Expected life (years)	5	1.58 to 1.75
Expected volatility	62% to 65%	80% to 90%
Expected dividend yield	nil	nil

Option pricing models including the Black-Scholes model require the input of highly subjective assumptions that can materially affect the fair value estimate and therefore do not necessarily provide a reliable measure of the fair value of the Company's stock options.

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12. STOCK OPTIONS (CONTINUED)

The following table summarizes the information related to the share purchase options as at December 31, 2010 :

	2010	
	Quantity	Weighted average exercise price \$
Balance, beginning of period	950 000	0.13
Granted	800 000	0.10
Cancelled	950 000	0.13
Exercised	-	-
Expired	-	-
	<hr/>	<hr/>
Balance pre-consolidation	800 000	0.10
Stock options consolidated (i)	400 000	0.20
Granted	3 650 000	0.15
Cancelled	-	-
Exercised	-	-
Expired	-	-
	<hr/>	<hr/>
	<u>4 050 000</u>	<u>0.15</u>

(i) On May 4, 2010, the Company consolidated the stock options on the basis of two stock options for one new stock option of ST-GEORGES PLATINUM AND BASE METALS LTD.

Expiry date	Exercise price (\$)	Number of options outstanding	Number of options exercisable	Weighted average remaining contractual life (year)
January 6, 2015	0.20	400 000	400 000	4.02
October 20, 2015	<u>0.15</u>	<u>3 650 000</u>	<u>3 650 000</u>	<u>4.81</u>
	<u>0.15</u>	<u>4 050 000</u>	<u>4 050 000</u>	<u>4.73</u>

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12. STOCK OPTIONS (CONTINUED)

The following table summarizes the information related to the share purchase options as at December 31, 2009 :

	2009	
	Quantity	Weighted average exercise price
Balance, beginning of period	445 850	\$ 0.25
Granted	950 000	0.13
Cancelled	445 850	0.25
Exercised	-	-
Expired	-	-
	<u>950 000</u>	<u>\$ 0.13</u>
Balance, end of period	<u>950 000</u>	<u>\$ 0.13</u>
Exercisable options, end of period	<u>950 000</u>	<u>\$ 0.13</u>

Expiry date	Exercise price (\$)	Number of options outstanding	Number of options exercisable	Weighted average remaining contractual life (year)
August 6, 2011	0.13	800 000	800 000	1.60
September 30, 2011	<u>0.13</u>	<u>150 000</u>	<u>150 000</u>	<u>1.75</u>
	<u>0.13</u>	<u>950 000</u>	<u>950 000</u>	<u>1.62</u>

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NOTES TO THE FINANCIAL STATEMENTS

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13. WARRANTS

This following table summarizes the share purchase warrants outstanding at December 31, 2010 :

	Exercise price (\$)	Number of warrants outstanding	Number of warrants exercisable	Remaining contractual life (year)
December 29, 2011	\$ 0.16	664 981	664 981	1.00
December 29, 2011	0.50	6 649 819	6 649 819	1.00
March 22, 2012	0.15	666 667	666 667	1.23
December 31, 2012	0.20	731 400	731 400	2.01
December 31, 2012	0.25	470 000	470 000	2.01
March 22, 2013	0.50	6 666 667	6 666 667	2.23
May 14, 2013	0.50	3 592 000	3 592 000	2.38
December 31, 2013	<u>0.50</u>	<u>10 464 000</u>	<u>10 464 000</u>	<u>3.00</u>
	<u>\$ 0.47</u>	<u>29 905 534</u>	<u>29 905 534</u>	<u>2.19</u>

Changes during the year in share purchase warrants issued are as follows :

	2010	
	Quantity	Weighted average exercise price
Balance, beginning of period	15 149 602	\$ 0.23
Granted	14 666 666	0.24
Cancelled	-	-
Exercised	-	-
Expired	-	-
Balance pre-consolidation	29 816 268	0.23
Warrants consolidation (i)	14 908 134	0.46
Granted	15 257 400	0.48
Cancelled	-	-
Exercised	-	-
Expired (ii)	<u>(260 000)</u>	<u>(0.40)</u>
	<u>29 905 534</u>	<u>\$ 0.47</u>

ST-GEORGES PLATINUM AND BASE METALS LTD.

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(A Development Stage Company)

13. WARRANTS (CONTINUED)

- (i) On May 4, the Company consolidated the warrants on the basis of two warrants for one new warrant of ST-GEORGES PLATINUM AND BASE METALS LTD.
- (ii) On September 15, 2010, 260 000 warrants (520 000 pre-consolidation) expired.

Changes during the prior year in share purchase warrants issued are as follows :

	<u>2009</u>	
	Quantity	Weighted average exercise price
Balance, beginning of period	-	\$ -
Granted	15 149 602	0.23
Cancelled	-	-
Exercised	-	-
Expired	-	-
	<hr/>	<hr/>
Balance, end of period	<u>15 149 602</u>	<u>\$ 0.23</u>

This following table summarizes the share purchase warrants outstanding at December 31, 2009 :

	Exercise price (\$)	Number of warrants outstanding	Number of warrants exercisable	Remaining contractual life (year)
September 15, 2010	\$ 0.18 (i)	20 000	20 000	0.8
September 15, 2010	0.20	500 000	500 000	0.8
December 29, 2011	0.08	1 329 963	1 329 963	2.0
December 29, 2012	<u>0.25</u>	<u>13 299 639</u>	<u>13 299 639</u>	<u>3.0</u>
	<u>\$ 0.23</u>	<u>15 149 602</u>	<u>15 149 602</u>	<u>2.83</u>

- (i) Represents the average exercise price. The exercise price during the first 6 months is \$ 0.15 and \$ 0.20 during the last six (6) months.

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NOTES TO THE FINANCIAL STATEMENTS

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(A Development Stage Company)

14. CONTRIBUTED SURPLUS

Changes during the year in contributed surplus are as follows :

	2010	2009
Balance as of December 31, 2009	\$ 390 986	\$ 73 353
Stock-based compensation	320 550	59 100
Warrants issued in private placements	397 174	258 533
Warrants issued for finder's fees	<u>98 817</u>	<u>-</u>
Balance as of December 31, 2010	<u>\$ 1 207 527</u>	<u>\$ 390 986</u>

15. COMMITMENTS

In order to maintain the Company's claims in good standing, the Company must pay an annual rent of \$ 53 per claim and incur minimum exploration expenditures equivalent to \$ 1 200 per claim before March 2013.

	Annual rent	Expenditures obligations
Villebon	\$ 1 378	\$ 31 200
Lac Julie-Isukoustouk Complex	\$ 2 597	\$ 58 800
Manicouagan Constellation	\$ 1 537	\$ 34 800

As a result of the flow-through shares issuance dated March 22, 2010, should the Company not comply with the minimum of \$ 652 940 in exploration expenditures before April 19, 2012, the Company could have to pay a maximum penalty to the government of 2% per month.

On December 1, 2010, the Company sold its web technology for one (1) dollar. The Company will receive a royalty of 10% on sales related to this web technology during the next three (3) years.

ST-GEORGES PLATINUM AND BASE METALS LTD.

NOTES TO THE FINANCIAL STATEMENTS

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(A Development Stage Company)

16. RELATED PARTIES

As of December 31, 2010, the Company paid fees to the former chairman of the board of directors for a total of \$ 67 000. These fees were made in the normal course of business and are measured at the fair value.

On May 17, 2010, the Company issued a secured debenture to LiteWave Corp. for a total amount of \$ 100 000. LiteWave Corp. and the Company are related parties as François Dumas and Mark Billings are President/CEO and CFO, respectively, of both companies and both individuals sit on the boards of directors of both companies. LiteWave Corp. has an option to earn a 50% interest in the Manicouagan Constellation properties with the Company. This advance was not made in the normal course of business and is measured at the exchange amount.

17. CASH FLOWS

There have been no cash flows related to interest, dividends or income taxes during the years ended December 31st, 2010 and 2009.

18. NET CHANGE IN NON-CASH WORKING CAPITAL ITEMS

	2010	2009
Restricted cash	\$(30 000)	\$ -
Accounts receivable	(836 049)	(3 883)
Advance to a company with common directors	(17 989)	-
Payables	<u>381 615</u>	<u>95 242</u>
	<u>\$(502 423)</u>	<u>\$ 91 359</u>

19. CASH AND CASH EQUIVALENTS

	2010	2009
Cash	\$ 49 144	\$ 648
Cash in trust (note 4)	<u>1 218 418</u>	<u>903 251</u>
	<u>\$ 1 267 562</u>	<u>\$ 903 899</u>

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NOTES TO THE FINANCIAL STATEMENTS

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20. LOSS PER SHARE

The computations of basic and diluted loss per share are as follows:

	2010	2009
Loss for the period	(726 353)	(1 218 026)
Basic weighted average number of common shares	74 757 093	8 247 517
Dilutive potential from options and warrants	<u>104 891</u>	<u>-</u>
Dilutive weighted average number of common shares	<u>74 861 984</u>	<u>8 247 517</u>
Loss per share, basic and diluted	<u>\$(0.01)</u>	<u>\$(0.15)</u>

21. MANAGEMENT OF CAPITAL

The Company's objectives in managing its capital resources are to ensure the entity's ability to continue as a going concern. The Company satisfies its capital requirements through careful management of its cash resources and by issuing equity, as necessary, based on the prevalent economic conditions of both the industry and the capital markets and the underlying risks characteristics of the related assets. As at December 31, 2010, the Company had no long-term debt.

Based on current plans and estimates, management believes that its operations can be funded through working capital, potential future credit facilities, and cash flow expected to be generated from the issuance of shares. As discussed in note 1, the Company is dependent on its ability to raise the necessary capital to fund its operations and management cannot provide assurance that it will ultimately be able to complete the required funding transactions. Furthermore, since we do not have proven and probable reserves, we cannot predict with confidence of cash flows.

The Company is not subject to any externally imposed capital requirements as of December 31, 2010.

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22. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of the following:

	2010		2009	
	Carrying value	Fair value	Carrying value	Fair value
Financial Assets				
- Held-for-trading				
Cash and cash equivalent	1 297 562	1 297 562	903 899	903 899
- Loans and receivable				
Accounts receivable	842 655	842 655	7 507	7 507
Advance to a company with common directors	17 989	17 989	-	-
Secured debentures	100 000	100 000	-	-
Financial Liabilities				
- Loans and receivable				
Accounts payable and accrued liabilities	289 071	289 071	104 282	104 282
Due to a director	-	-	16 500	16 500

Cash and cash equivalents are recognized at their fair value and the fair value of all other financial instruments approximate their carrying values, either due to their short-term maturity or capacity of prompt liquidation.

23. SUBSEQUENT EVENTS

On March 1, 2011, the Company completed the second tranche of its December 31, 2010 brokered private placement.

The Company received a total of \$ 700 000 for subscriptions to 700 flow-through units at a price of \$ 1 000 per unit (the "B Units"). Each B Unit consists of 4 000 flow-through common shares at a price of \$ 0.25 per share and 4 000 common share purchase warrants (each being a "Warrant"). Each warrant entitles the holder thereof to purchase one additional common share of the capital stock of the Company at an exercise price of \$ 0.50 per common share at any time on or before March 1, 2012, and thereafter at an exercise price of \$ 0.55 per share at any time on or before March 1, 2013, and thereafter at an exercise price of \$ 0.60 per share, at any time on or before March 1, 2014.

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23. SUBSEQUENT EVENTS (CONTINUED)

The Company paid a cash commission of \$ 25 000 and issued 100 000 agent's options (the "Agent's Options"). Each Agent's Option entitles its holder thereof to purchase one agent's unit of the Company (an "Agent's Unit") at the price of \$ 0.20 per Agent's Unit for a period of 24 months following the closing date. Each Agent's Unit consists of one common share (an "Agent's Unit Share") and one non-transferable common share purchase warrant of the Company (an "Agent's Unit Warrant"). Each Agent's Unit Warrant entitles its holder thereof to acquire one additional common share at a price of \$ 0.50 per share during a period of 36 months following the closing date.

The Company also paid finders' fees for a cash consideration of \$ 22 500 and issued a total of 180 000 flow-through agent's options (each a "FT Agent's Option"). Each FT Agent's Option entitles its holder thereof to purchase one agent's unit of the Company (an "FT Agent's Unit") at a price of \$ 0.25 per FT Agent's Unit for a period of 24 months following the closing date. Each FT Agent's Unit consists of one common share and one non-transferable Warrant.

The Company completed the second and final tranche of a non-brokered private placement previously announced of C Units on December 31, 2010. For this tranche a total of 475 C units at a purchase price of \$ 1 000 per unit have been issued for total gross proceeds of \$ 475 000. Each C unit consists of 5 000 common shares at a price of \$ 0.20 per share and 5 000 common share purchase warrants. Each warrant entitles the holder to purchase one additional common share of the capital stock of the Company at an exercise price of \$ 0.50 per share at any time on or before the date that is 36 months from the date of issuance of the warrant.

The Company paid an aggregate of \$ 34 000 in finder's fees on the non-brokered private placement.

All securities issued pursuant to this second and final tranche of the offerings will be subject to a hold period of four (4) months and one day ending July 2, 2010.

On March 1, 2010, the Company also acquired 19 claims covering 7 231 hectares located in the Villebon property in exchange of a cash consideration of \$ 25 000 and 500 000 common shares at an unit price of \$ 0.18.

On April 13, 2011, the Company registered 152 other claims on the Lac Julie-Isukoustouk Complex.