RESINCO™
CAPITAL PARTNERS

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2011

(Unaudited)

These unaudited interim financial statements of Resinco Capital Partners Inc. for the nine months ended September 30, 2011 have been prepared by management and approved by the Board of Directors. These interim financial statements have not been review by the Company's external auditors.

RESINCO CAPITAL PARTNERS INC.
CONSOLIDATED BALANCE SHEETS
AS AT SEPTEMBER 30, 2011 AND DECEMBER 31, 2010
(IN THOUSANDS OF CANADIAN DOLLARS)
(Unaudited – Prepared by Management)

	September 30, 2011 ***(Unaudited)***	December 31, 2010 *(Audited)*
ASSETS		
Investments (Note 4)	**$ 11,757**	$ 28,428
Cash and cash equivalents	**275**	200
Due from related parties (Note 10)	**680**	553
Accounts receivable	**76**	34
Deposits and prepaid expenses	**51**	59
Loans receivable	**136**	-
Related party loans receivable (Note 10(d))	**260**	75
Property and equipment (Note 6)	**57**	90
	$ 13,292	$ 29,439
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Accounts payable and accrued liabilities	**$ 1,058**	$ 1,746
Shareholders' equity		
Share capital (Note 8)	**40,086**	39,681
Contributed surplus (Note 8)	**8,666**	8,624
Deficit	**(36,518)**	(20,612)
	12,234	27,693
	$ 13,292	$ 29,439

Measurement uncertainty – Investments (Note 2a)
Commitments (Note 13)

On behalf of the Board:

"John Icke" Director *"Ron Shorr"* Director

- See accompanying notes to the consolidated financial statements -

RESINCO CAPITAL PARTNERS INC.
CONSOLIDATED STATEMENTS OF OPERATIONS, COMPREHENSIVE INCOME (LOSS) AND DEFICIT
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2011 AND 2010
(IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT FOR PER SHARE AMOUNTS)
(Unaudited – Prepared by Management)

	Three Months Ended		Nine months Ended	
	September 30, 2011	September 30, 2010	**September 30, 2011**	September 30, 2010
REVENUES				
Gain on disposal of investments, net	**$ 547**	$ 62	**$ 2,040**	$ 795
Unrealized (loss) gain on investments, net	**(2,653)**	416	**(16,713)**	(3,535)
Interest, rental and other revenue	**(2)**	62	**71**	103
Service revenue	**67**	74	**303**	231
	(2,041)	614	**(14,299)**	(2,406)
EXPENSES				
General and administrative	**243**	530	**1,371**	1,458
Transaction costs	**18**	8	**31**	41
Stock-based compensation (Notes 8 and 9)	**50**	40	**288**	183
Project investigation and due diligence costs	**3**	27	**32**	37
Write down	**-**	16	**-**	17
Impairment of loan	**-**	5	**-**	26
Reversal of loan impairment	**-**	-	**(158)**	-
Recovery of bad debts	**-**	(18)	**-**	(44)
Amortization	**29**	7	**41**	21
Foreign exchange (gain) loss	**(1)**	1	**1**	(2)
Total expenses	**342**	616	**1,606**	1,737
Income before income taxes	**(2,383)**	(2)	**(15,905)**	(4,143)
Net income tax – recovery (Note 7)	**-**	-	**-**	81
Net income (loss) for the period	**(2,383)**	(2)	**(15,905)**	(4,062)
Deficit, beginning of period	**(34,134)**	(34,812)	**(20,612)**	(30,752)
Deficit, end of period	**$ (36,518)**	$ (34,814)	**$ (36,518)**	$ (34,814)
Basic and diluted earnings (loss) per share	**$ (0.02)**	$ 0.00	**$ (0.13)**	$ (0.03)
Weighted average number of common shares outstanding (Note 2)				
Basic	**121,494,852**	112,383,885	**121,822,145**	120,674,996
Diluted	**121,675,805**	112,383,885	**122,344,549**	121,149,314

- See accompanying notes to the consolidated financial statements -

RESINCO CAPITAL PARTNERS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2011 AND 2010
(IN THOUSANDS OF DOLLARS)
(Unaudited – Prepared by Management)

	Three Months Ended		**Nine months Ended**	
	September 30, 2011	September 30, 2010	**September 30, 2011**	September 30, 2010
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES				
Net (loss) income for the period	**$ (2,383)**	$ (2)	**$ (15,905)**	$ (4,062)
Items not affecting cash:				
Gain on disposal of investments, net	**(547)**	(62)	**(2,040)**	(795)
Unrealized loss/(gain) on investments, net	**2,653**	(416)	**16,713**	3,536
Expense paid by transfer of investment	**-**	-	**-**	90
Stock-based compensation	**50**	40	**288**	183
Reversal of loan impairment	**-**	-	**(158)**	-
Impairment loss / write downs	**-**	16	**-**	38
Amortization	**29**	7	**41**	21
Loan fee	**-**	50	**-**	50
Changes in non-cash working capital items:				
Increase in accounts receivable	**(2)**	(108)	**(42)**	(256)
(Increase) decrease in due from related parties	**(46)**	-	**(127)**	(59)
(Increase) decrease in deposits and prepaid expenses	**(3)**	15	**7**	15
(Increase) decrease in bonus payable	**(75)**	-	**(75)**	-
Increase (decrease) in accounts payable and accrued liabilities	**(379)**	193	**(467)**	(235)
Net cash used in operating activities	**(703)**	(267)	**(1,765)**	(1,414)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES				
Advances on warrants	**-**	-	**(250)**	-
Purchase of investments	**(1,082)**	(233)	**(2,794)**	(963)
Proceeds from disposal of investments	**1,967**	538	**5,042**	2,738
Loans made by the Company	**(310)**	(182)	**(635)**	(559)
Loans repaid to the Company	**375**	-	**450**	-
Purchase of property and equipment	**-**	(5)	**(8)**	(7)
Net cash from investing activities	**950**	118	**1,805**	1,209
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES				
Proceeds from exercise of stock options	**20**	-	**35**	139
Net cash from financing activities	**20**	-	**35**	139
Increase in cash and cash equivalents during the period	**267**	(149)	**75**	(66)
Cash and cash equivalents, beginning of period	**9**	261	**200**	178
Cash and cash equivalents, end of period	**$ 275**	$ 112	**$ 275**	$ 112

- See accompanying notes to the consolidated financial statements -

1. NATURE OF OPERATIONS

Resinco Capital Partners Inc. ("Resinco" or "the Company") is a global investment company which specializes in providing early-stage financing to private and public exploration and mining companies in the hard rock minerals, precious metals, rare-earth minerals, oil, gas, water and renewable energy markets.

On March 3, 2006, the Company began trading as a Tier 1 listed issuer on the TSX Venture Exchange ("TSX-V") and graduated to the Toronto Stock Exchange ("TSX") on September 24, 2007, and began trading under the ticker symbol: "RIN".

2. SIGNIFICANT ACCOUNTING POLICIES

Management has prepared these consolidated financial statements of the Company in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"). These consolidated financial statements include inactive subsidiaries. The Company is considered an Investment Company under the guidelines set out in the Canadian Institute of Chartered Accountants ("CICA") Accounting Guideline 18, *Investment Companies* ("AcG-18").

(a) Investments

At the end of each financial reporting period, the Company's management estimates the fair value of its investments based on the criteria below and records such valuations in the consolidated financial statements.

(i) Public Investments

Investments in shares of public companies traded on an active market are recorded at fair values based upon the closing bid prices at the balance sheet date. If an active market does not exist the investments are recorded at fair value using a valuation technique based upon Management's estimates which consider reliable, observable market inputs.

The amounts at which investments in public companies could be disposed of may differ from fair values based upon market bid prices, as the value at which significant ownership positions are sold is often different from a quoted market price due to a variety of factors such as premiums paid for large blocks or discounts due to a lack of liquidity.

(ii) Private Investments

All investments in private companies are initially recorded at cost, being the fair value at the time of acquisition. Thereafter, at each reporting period, the fair value of an investment may, depending upon the circumstances, be adjusted using one or more of the valuation indicators described below.

The determinations of fair value of the Company's investments in private companies at other than initial cost are subject to certain limitations. Financial information for private companies in which the Company has investments may not be available or, if available, that information may be limited and/or unreliable. Use of the valuation approach described below may involve uncertainties and determinations based on Management's judgment and any value estimated from these techniques may not be realized or realizable.

The following circumstances are used to determine if the fair value of an investment in a private company should be adjusted upward or downward at the end of each reporting period. In addition to the events described below, which may affect a specific investment, Management will take into account general market conditions when valuing the Company's investments. Absent the occurrence of any of these events or any significant change in general market conditions, the fair value of the investment is left unchanged.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

The fair value of an investment in a private company may be adjusted upward if:

1) There has been a significant subsequent equity financing provided by outside investors at a valuation above the current fair value of the investee company. In this instance, the fair value of the investment is adjusted to the value at which the financing took place; or

2) There has been significant corporate, political, operating and/or economic events affecting the investee company that, in Management's opinion, have a positive impact on the investee company's prospects and, therefore, its fair value.

In the circumstances where general market conditions so warrant, an adjustment to the fair value of an investment will be based on Management's judgment and any value estimated may not be realized and may differ from values that might be determined if a ready market existed.

The fair value of an investment in a private company may be adjusted downward if:

1) There has been a significant subsequent equity financing provided by outside investors at a valuation below the current fair value of the investee company. In this instance, the fair value of the investment is adjusted to the value at which the financing took place; or

2) The investee company is placed into receivership or bankruptcy; or

3) Based on financial information received from the investee company it is apparent to Management that the investee company is unlikely to be able to continue as a going concern; or

4) There has been significant corporate, political, operating and/or economic events affecting the investee company that, in Management's opinion, have a negative impact on the investee company's prospects and, therefore, its fair value.

In the circumstances where general market conditions so warrant, an adjustment to the fair value of an investment will be based on Management's judgment and any value estimated may not be realized and may differ from values that might be determined if a ready market existed. Warrants and options not traded on a recognized securities exchange are recorded at fair value using a valuation technique that considers the exercise price, the closing bid price of the underlying shares, time value adjustment, volatility and liquidity.

Accordingly, the amounts at which investments in privately-held companies could be disposed of may differ from the carrying value determined due to the uncertain reliability of information available to, and determinations reached by, Management. These differences may be material. Any fair value determined by these techniques may or may not be realized in the future.

The fair value of any options or warrants that the Company holds, for both private and publicly traded companies, is calculated each reporting period using the Black-Scholes pricing model.

Transaction costs incurred in the purchase and sale of investments, such as brokerage commissions, are recorded as an expense in the consolidated statements of operations. Purchases and sales of securities are accounted for on a trade-date basis.

The Company also incurs costs to investigate certain early stage projects and other potential investment opportunities to determine whether an investment will be made. These costs are expensed as incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

(b) Cash and cash equivalents

Cash and cash equivalents are reported at fair value and consist of highly liquid investments that are readily convertible into known amounts of cash and have original maturities of three months or less.

(c) Property and equipment

Property and equipment are recorded at cost, less accumulated amortization. Expenditures for additions are capitalized. Expenditures for maintenance and repairs are charged to earnings. Upon retirement, or disposal, the cost and related amortization are removed from the accounts and any gain or loss is reflected in earnings. Property and equipment are amortized over the asset's estimated useful life as follows:

Computer equipment	30% declining balance
Furniture and fixtures	20% declining balance

Leasehold improvements are amortized over the term of the lease.

Management assesses the carrying value of long-lived assets for recoverability whenever events or changes in circumstances indicate that the carrying value may not be recoverable from future undiscounted cash flows. An impairment loss equal to the difference in the asset's carrying value and its fair value is recognized in the period in which the determination is made.

(d) Revenue recognition

Security transactions are recorded on a trade-date basis. Realized gains and losses on the disposal of investments and unrealized gains and losses in the fair value of investments are reflected in the consolidated statement of operations and are calculated on an average-cost basis. Upon disposal of an investment, previously recognized unrealized gains or losses are reversed, so as to recognize the full realized gain or loss in the period of disposition.

Interest is recorded on an accrual basis when reasonable assurance exists regarding measurement and collectability.

Revenue for corporate and advisory services is recognized when persuasive evidence of an arrangement exists, services have been rendered, the price is fixed or determinable and collectability is reasonably assured.

(e) Loan impairment

Loans are accounted for at their face value net of any allowance for loan impairment. When a loan is deemed to be impaired, its carrying amount is reduced to its estimated realizable amount which is measured by discounting expected future cash flows at the effective interest rate inherent in the loans, if such future cash flows can be reasonably estimated. Otherwise the net realizable amount is measured as the net recoverable value of any security pledged as collateral for the loan. The amount initially recognized as impairment, together with any subsequent change, is charged to the allowance for loan impairment. A write-off of the loan will occur when the loan is believed to have no reasonable expectation of collectability.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

(f) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the rate of exchange prevailing at the balance sheet date. Non-monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at historical rates. Revenues and expenses denominated in foreign currencies are translated into Canadian dollars at rates of exchange prevailing at the transaction dates. Gains or losses arising from the translation of foreign currencies are included in the determination of net income for the period.

(g) Non-monetary transactions

Transactions in which shares or other non-cash consideration are exchanged for assets or services are valued at the fair value of the assets or services involved in accordance with Section 3831, "Non-monetary Transactions", of the Canadian Institute of Chartered Accountants Handbook ("CICA Handbook").

(h) Stock-based compensation

The Company has a stock option plan as described in Note 9. Management uses the Black-Scholes option pricing model to estimate the fair value of each stock option at the date of grant. The value of stock options granted to employees, directors and consultants is recorded as stock-based compensation expense and credited to contributed surplus. The value of any stock options issued as compensation for private placements and other financings is recorded as share issue costs and credited to contributed surplus. Any consideration received from the exercise of stock options is credited to share capital and the appropriate amount of the options' fair value is reallocated from contributed surplus to share capital.

(i) Earnings (loss) per share

Basic Earnings (loss) Per Share ("EPS") is computed by dividing the net income (loss) for the period by the weighted average number of common shares outstanding during the year. To compute diluted earnings (loss) per share, adjustments are made to common shares outstanding. The weighted average number of common shares outstanding is adjusted to include the number of additional common shares that would be outstanding if, at the beginning of the period or at time of issuance, all options and warrants were exercised. The proceeds from exercise would be used to purchase the Company's common shares at their average market price during the period, which would reduce the weighted average number of common shares outstanding as calculated under basic earnings per share. If this computation is anti-dilutive, diluted loss per share is the same as basic loss per share.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

(j) Income taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, the estimated income taxes payable for the current period are recognized. Future income tax assets and liabilities are recognized when a temporary difference between the tax basis and the accounting basis of an asset and/or liability exists. Future income tax assets and liabilities are recorded using substantively-enacted tax rates.

(k) Financial instruments

1) Classification

Financial instruments of a company are classified into one of five categories: "Held-for-trading", "Held-to-maturity", "Loans and receivables", "Available-for-sale" and "Other financial liabilities". All financial instruments are measured at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and accounting for changes in the value of these instruments will depend on their initial classification as follows: a) "Held-for-trading" financial assets are measured at fair value with changes in fair value recognized in the statement of operations, and b) "Available-for-sale" financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the change in value is realized or the instrument is derecognized or permanently impaired.

The Company has classified its cash and cash equivalents as "Held-for-trading". The accounting method for the Company's investments under AcG-18 is consistent with a classification as "Held-for-trading", as investments are accounted for at fair value with changes in fair value recognized in the statement of operations. Accounts receivable, amounts due from related parties, loans receivable and related party loans receivable are classified as "Loans and receivables" and are initially measured at amortized cost with a subsequent measurement reduction for an allowance for doubtful accounts or a provision for impairment, if necessary, accounts payable and accrued liabilities are classified as "Other financial liabilities".

2) Fair value

The Company has determined the fair value of its financial instruments as follows:

(i) The carrying values of cash and cash equivalents, amounts due from related parties, accounts receivable, related party loans receivable, and accounts payable and accrued liabilities in the consolidated balance sheets approximate their fair values due to the short-term nature of these instruments.

(ii) The carrying value of loans receivable approximates their fair value as the amounts presented are stated net of an impairment provision.

(iii) Investments are carried at fair value in accordance with the Company's accounting policies.

(iv) The Company does not have any "Other Comprehensive Income (Loss)" components and, as such, comprehensive income (loss) is equal to net income (loss).

(l) Use of estimates and measurement uncertainty

The preparation of consolidated financial statements in conformity with Canadian GAAP requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Significant areas requiring the use of estimates and assumptions include the determination of the fair value of investments and loans, the allowance for doubtful accounts, loan impairment provisions, recognition of future income tax assets and stock-based transactions. Actual results may differ materially from those estimates.

3. ADOPTION OF NEW ACCOUNTING STANDARDS

New Accounting Pronouncements

The recent accounting pronouncements that have been issued as new sources of GAAP, but are not yet in effect, are described below:

International Financial Reporting Standards

Canadian publicly listed enterprises are generally required to adopt IFRS in replacement of Canadian GAAP on January 1, 2011. This transition would require the Company to present its financial statements under IFRS starting with its first quarterly report dated March 31, 2011, with restated comparative information for the comparative quarter of March 31, 2010, also under IFRS. The conversion to IFRS will impact the Company’s accounting policies, information technology processes and financial reporting systems, including internal controls over financial reporting, data systems and disclosure controls and procedures. The transition may also impact certain business processes, accounting for contractual agreements, debt covenants and compensation arrangements.

The Company has elected to defer adoption of IFRS until no later than January 1, 2013. This election is permitted by the Canadian Accounting Standards Board (“AcSB”) and applies to Investment Companies and Segregated Accounts of Life Insurance Enterprises. The decision is in response to the International Accounting Standards Board's announcement in late 2010 that its Investment Company project is delayed and will not likely be issued before January 1, 2012. The current rules under IFRS are inconsistent with the rules followed by the Company pursuant to Accounting Guideline 18.

(IN THOUSANDS OF CANADIAN DOLLARS)

4. INVESTMENTS

At September 30, 2011, the Company held the following investments:

Investee	Shares	Warrants	Options	Cost	Fair Value
Public companies:					
Woulfe Mining Corp. (formerly Oriental Minerals Inc.) (i)	25,792,353	1,250,000	-	$ 5,752	$4,725
Lions Gate Metals Inc. (i)	3,883,437	1,567,887	-	4,656	1,895
Terreno Resources Corp. (formerly Mega Moly Inc.) (i)	8,621,600	2,333,333	120,000	1,342	1,363
Salmon River Resources Ltd. (i)	3,355,343	-	-	377	1,057
Teslin River Resources (was Wind River Resources Ltd.) (i)	16,716,420	3,125,000	-	1,554	1,006
Cue Resources Ltd. (i)	18,901,850	7,010,715	-	5,055	670
Mesa Exploration Corp. (formerly Mesa Uranium Corp.)	540,000	187,500	-	117	242
Galena Capital Corp.	666,666	2,000,000	-	200	189
Total of 11 other public company investments, each valued under $150				2,458	259
Advance against warrants - Cue Resources Ltd.				250	250
Total value of public company investments				$ 21,761	$11,656
Private companies:					
Tarim Resources Company Inc.	2,500,000	-	-	625	45
Atlantis Gold Mines Corp.	200,000			50	41
Total of 14 other private company investments, each valued under $30				6,632	14
Total value of private company investments				$ 7,307	$ 101
Total value of investments				$ 29,068	$11,757

(i) Director or officer of Resinco is also a director or officer of the investee company.

(IN THOUSANDS OF CANADIAN DOLLARS)

4. INVESTMENTS (cont'd...)

At December 31, 2010, the Company held the following investments:

Investee	Shares	Warrants	Options	Cost	Fair Value
Public companies:					
Woulfe Mining Corp. (formerly Oriental Minerals Inc.) (i)	25,792,353	1,250,000	-	$ 5,752	$ 7,461
Terreno Resources Corp. (formerly Mega Moly Inc.) (i)	7,288,267	1,666,667	120,000	1,142	5,176
Cue Resources Ltd. (i)	18,901,850	8,860,715	-	5,055	3,991
Lions Gate Metals Inc. (i)	3,167,437	1,225,387	-	4,104	3,034
Pacific Coast Nickel Corp. (i)	12,268,500	-	-	1,034	2,147
Salmon River Resources Ltd. (i)	3,370,338	-	-	386	1,449
Tanzania Minerals Corp. (i)	1,248,000	-	-	69	911
Macarthur Minerals Ltd.	-	500,000	-	-	910
Shoal Point Energy Ltd.	2,470,000	625,000	-	247	904
Teslin River Resources Corp. (i)	10,216,420	1,000,000	-	908	725
Mesa Exploration Corp. (formerly Mesa Uranium Corp.)	575,000	187,500	-	125	673
Source Exploration Corp.	-	594,360	-	-	216
Galena Capital Corp.	6,000,000	2,000,000	-	300	216
Finavera Renewables Inc. (i)	2,070,522	-	-	113	176
Total of 6 other public company investments, each valued under $150				2,529	331
Total value of public company investments				$ 21,764	$ 28,320
Private companies:					
Tarim Resources Company Inc.	2,500,000	-	-	625	54
Altus Agritech Inc.	100,000	-	-	100	32
Total of 14 other private company investments, each valued under $30				6,536	22
Total value of private company investments				$ 7,261	$ 108
Total value of investments				$ 29,025	$ 28,428

(i) Director or officer of the investee company is also a director or an officer of Resinco.

(IN THOUSANDS OF CANADIAN DOLLARS)

5. LOAN RECEIVABLE

During the year a loan receivable of $158 initially advanced in 2008 was reinstated. The loan receivable is unsecured, due on demand and bears interest at 6%, during the quarter the $2 was repaid ($22 year to date).

6. PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	Net Book Value
Balance, September 30, 2011			
Computer equipment	$ 168	$ 150	$ 18
Furniture and fixtures	163	128	35
Leasehold improvements	6	2	4
	$ 337	$ 280	$ 57
Balance, December 31, 2010			
Computer equipment	$ 161	$ 116	$ 45
Furniture and fixtures	162	122	40
Leasehold improvements	6	1	5
	$ 329	$ 239	$ 90

7. INCOME TAXES

Income tax attributable to income before taxes differs from the amounts computed by applying the combined Federal and B.C. Provincial estimated tax rate of 26.5% in 2011 (2010 – 28.5%) on pre-tax income. The differences are mainly due to non-deductible expenses, changes in statutory rates and changes in future income tax asset valuation allowance. Current income tax payable for the nine month period ended September 30, 2011 is $301 (2010 – $209) and has been fully offset by a prior year's loss carry forward.

(IN THOUSANDS OF CANADIAN DOLLARS)

8. SHARE CAPITAL

	Number of Shares	Amount
Authorized:		
An unlimited number of common voting shares without par value		
Issued:		
As at December 31, 2008	112,383,885	$ 38,599
Issued for share exchange (a)	6,250,000	460
Issued for exercise of stock options (b)	320,000	67
As at December 31, 2009	118,953,885	$ 39,126
Issued for exercise of stock options (c)	2,000,000	555
As at December 31, 2010	120,953,885	$ 39,681
Issued for exercise of stock options (d)	1,766,000	405
As at September 30, 2011	122,719,885	$ 40,086

(a) On November 17, 2009, the Company acquired 360,000 shares of Pinetree Capital Ltd. at an aggregate price of $640, in exchange for 6,250,000 units of the Company in a private placement. Each unit consists of one common share and one common share purchase warrant with each warrant exercisable at $0.15 for a period of 24 months from the date of closing. $180 was reallocated to contributed surplus representing the fair value of the warrants issued. Fair value was determined using the following parameters under the Black-Scholes pricing model:

	2009
Risk-free interest rate	1.05%-1.50%
Expected life of option	2.5 years
Annualized volatility	115%-130%
Dividend rate	0%

(b) On December 14, 2009, 320,000 stock options were exercised at $0.055 and $0.060 per share for total proceeds of $18. Pursuant to the exercise of these stock options, $49 was reallocated from contributed surplus to share capital.

(c) On January 15, 2010, and May 31, 2010, 1,620,000 stock options and 380,000 stock options, respectively, were exercised at prices from $0.055 to $0.11 per share for total proceeds of $139, including $6 of cash and $133 as a reduction in the Company’s accrued liabilities. Pursuant to the exercise of these stock options, $416 was reallocated from contributed surplus to share capital.

(d) During the nine month period 1,766,000 stock options were exercised at $0.055 and $0.155 per share for total proceeds of $161, including $36 of cash and $125 as a reduction in the Company’s accrued liabilities. Pursuant to the exercise of these stock options, $244 was reallocated from contributed surplus to share capital.

(IN THOUSANDS OF CANADIAN DOLLARS)

8. SHARE CAPITAL (cont'd...)

Contributed Surplus

	Amount
Balance, December 31, 2008	$ 8,451
Stock-based compensation	234
Fair Value of warrants issued	180
Exercise of stock options	(49)
Balance, December 31, 2009	$ 8,816
Stock-based compensation	224
Exercise of stock options	(416)
Balance, December 31, 2010	$ 8,624
Stock-based compensation	288
Exercise of stock options	(246)
Balance, September 30, 2011	$ 8,666

Warrants

The Company issued 6,250,000 warrants in respect of a private placement in 2009 (Note 7(a)). The warrants, exercisable at $0.15 per share and expiring on November 17, 2011, remain unexercised as at September 30, 2011.

(IN THOUSANDS OF CANADIAN DOLLARS)

9. STOCK OPTIONS

In its discretion, the Board of Directors of the Company may from time-to-time and in accordance with Exchange requirements, grant to directors, officers, employees and consultants of the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares, exercisable for a period of up to five years from the date of grant. The Company's Stock Option Plan requires that options vest 20% immediately, with 20% vesting every nine months thereafter; however, the Board may change such provisions at its discretion or as required on a grant-by-grant basis.

The following is a summary of the stock option transactions during 2009, 2010 and 2011:

	Number of options	Weighted average exercise price
Outstanding at December 31, 2008	5,990,000	$ 0.49
Granted	9,095,000	0.08
Exercised	(320,000)	0.06
Expired / forfeited	(6,265,000)	0.36
Outstanding at December 31, 2009	8,500,000	$ 0.08
Granted	1,710,000	0.11
Exercised	(2,000,000)	0.07
Expired / forfeited	(1,000,000)	0.10
Outstanding at December 31, 2010	7,210,000	$ 0.10
Granted	4,240,00	0.14
Exercised	(1,766,000)	0.09
Expired / forfeited	(704,000)	0.09
Outstanding at September 30, 2011	8,980,000	$ 0.12

(IN THOUSANDS OF CANADIAN DOLLARS)

9. STOCK OPTIONS (cont'd...)

At September 30, 2011, the Company had outstanding stock options enabling the holders to acquire 8,980,000 shares as follows:

	Number of Options	Number Vested and Exercisable	Exercise Price	Expiry Date	Life Remaining
	75,000	75,000	0.055	July 2, 2013*	1.76
	235,000	235,000	0.060	February 8, 2014	2.36
	300,000	300,000	0.055	July 1, 2014*	2.75
	1,150,000	890,000	0.080	October 19, 2014	3.05
	1,740,000	1,200,000	0.110	November 25, 2014	3.16
	30,000	24,000	0.110	December 15, 2014	3.21
	400,000	340,000	0.100	January 5, 2015	3.27
	300,000	240,000	0.130	January 22, 2015	3.32
	250,000	200,000	0.100	February 1, 2015	3.34
	100,000	80,000	0.090	March 1, 2015	3.42
	100,000	60,000	0.090	June 1, 2015	3.67
	340,000	106,000	0.135	December 18, 2015	4.22
	50,000	20,000	0.155	January 5, 2016	4.27
	2,800,000	1,000,000	0.155	January 24, 2016	4.32
	100,000	40,000	0.145	February 7, 2016	4.36
	460,000	196,000	0.110	March 15, 2016	4.46
	350,000	70,000	0.105	April 13, 2016	4.54
	75,000	15,000	0.085	May 16, 2016	4.63
	25,000	5,000	0.080	June 1, 2016	4.67
	100,000	20,000	0.085	August 8, 2016	4.86
Total	8,980,000	5,116,000	0.117		3.70

*Note – options exercisable between $0.15 and $1.23 were repriced to $0.055 per share on January 30, 2009.

The weighted average exercise price for options exercisable is $0.117.

The weighted average fair value of stock options granted during the nine month period ended September 30, 2011 was $0.14 (2010 - $0.11), based on the fair value of the options at the date of grant using the Black-Scholes option pricing model with the following assumptions:

	2011	2010
Risk-free interest rate	**1.45%-1.75%**	**1.15%-1.50%**
Expected life of option	**0.5 years**	**2.5 years**
Annualized volatility	**120%-140%**	**115%-130%**
Dividend rate	**0%**	**0%**

(IN THOUSANDS OF CANADIAN DOLLARS)

10. RELATED PARTY TRANSACTIONS

(a) For the nine months ended September 30, 2011, the Company received or accrued revenue from related companies for rent, administrative and accounting services, and loan fees totaling $212 (2010 – $165).

(b) At September 30, 2011, the Company was owed $680 (December 31, 2010 – $553) from related parties, comprised of two components: 1) service fees earned as noted in Note 10(a) above, in the current and prior periods totaling $223 (December 31, 2010 – $130), and 2) an amount of $457 (December 31, 2010 – $423) due from the former CEO and Chairman of the Company. The Company and the former CEO and Chairman have signed a Debt Agreement in respect of the total amount owing and the amount is due on demand, unsecured, and accrues interest at 5% as of December 1, 2010 and increases five percentage points each nine months thereafter, until the interest rate is 60% per annum.

(c) Companies where a director or officer of the investee company is or was also a director, officer or a member of management of the Company, and the Company holds greater than 10% of the outstanding share capital of the investee company, are as follows: Cue Resources Ltd., Lions Gate Metals Inc., Terreno Resources Corp. (formerly Mega Moly Inc.) and Teslin River Resources Ltd.

(d) Loans Receivable

At September 30, 2011, the Company had related party loans receivable as follows:

Related party	Balance December 31, 2010	New loans provided	Loans repaid in shares	Loans repaid in cash	Impairment	Balance September 30, 2011
Teslin River Resources Inc.	$ 75	$ 375	$ -	$ (450)	$ -	$ -
Cue Resources Ltd.*	-	260	-	-	-	260
	$ 75	$ 635	$ -	$ (450)	$ -	$ 260

* The loan receivable from Cue Resources Ltd. is unsecured, due on July 31, 2012 and bears interest at prime + 4%, compounded annually with a onetime administration fee of $25 and 1,000,000 bonus shares.

(IN THOUSANDS OF CANADIAN DOLLARS)

At December 31, 2010, the Company had related party loans receivable as follows:

Related party		**Balance December 31, 2009**		**New loans provided**		**Loans repaid in shares**		**Loans repaid in cash**		**Amount offset against accounts payable and accrued liabilities**		**Impairment**		**Balance December 31, 2010**
Cue Resources Ltd.	$	-	$	777	$	(51)	$	(726)	$	-	$	-	$	-
John Icke		-		145		-		(75)		(70)		-		-
Sheen Resources Ltd.		-		7		-		-		-		(7)		-
Teslin River Resources Inc. *		-		125		-		(50)		-		-		75
	$	-	$	1,054	$	(51)	$	(851)	$	(70)	$	(7)	$	75

* The loan receivable from Teslin River Resources Inc. is unsecured, due on July 15, 2012 and bears interest at prime + 3.5%, compounded annually.

(e) The Company provided $250,000 of advances to Cue Resources Ltd., as an irrevocable commitment towards the exercise of warrants.

(f) The Company has a committed obligation, effective January 1, 2008, whereby the Board of Directors and corporate officers have the option to collectively participate in up to 20% of any founding stock in all new private company investments.

Transactions with related parties were conducted at the exchange amount.

11. MANAGEMENT OF CAPITAL

The Company considers the following to comprise its capital, which is equal to its net assets:

		September 30, 2011		December 31, 2010
Share capital	**$**	**40,086**	$	39,681
Contributed surplus		**8,666**		8,624
Deficit		**(36,518)**		(20,612)
Total Capital	**$**	12,234	**$**	27,693

The Company's objectives when managing capital are:

(a) To ensure that the Company maintains the level of capital necessary to meet its operational requirements;
(b) To allow the Company to respond to changes in economic and/or marketplace conditions by maintaining its ability to purchase new investments;
(c) To create sustained growth in shareholder value by increasing shareholders' equity and minimizing shareholder dilution; and
(d) To maintain a flexible capital structure this optimizes the cost of capital at acceptable levels of risk.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its underlying assets. The Company maintains or adjusts its capital level to meet its objectives, in order of preference, by:

(IN THOUSANDS OF CANADIAN DOLLARS)

11. MANAGEMENT OF CAPITAL (cont'd)

(a) Realizing proceeds from the disposition of investments and provision of corporate services; and
(b) Raising funds through equity financings.

The Company has been able to avoid shareholder dilution by maintaining its capital and liquidity through the sale of investments and has not needed to raise funds by the issuance of equity since 2007.

The Company is not subject to any externally imposed capital requirements. Management monitors the Company's capital to ensure capital resources will be sufficient to discharge its liabilities on an on-going basis.

12. FINANCIAL INSTRUMENTS

The financial instruments measured at fair value on the Company's balance sheet were classified as follows (refer to Notes 3 and 4):

September 30, 2011	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Investments	$10,822	$834	$101	$11,757

December 31, 2010	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Investments	$24,640	$3,680	$108	$28,428

The following table reconciles the Company's Level 2 fair value measurements from December 31, 2010, to September 30, 2011:

	Level 2 Investments
Balance at December 31, 2010	$ 3,680
Purchases/ added / (sold)	396
Realized gain	1,162
Unrealized (loss)	(4,404)
Balance at September 30, 2011	$ 834

During the period ended September 30, 2011, $1,000 of the investments which were held in Level 2 as at December 31, 2010, were exercised into shares and sold.

The following table reconciles the Company's Level 3 fair value measurements from December 31, 2010, to September 30, 2011:

	Level 3 Investments
Balance at December 31, 2010	$ 108
Purchases/ added	50
Unrealized losses	(57)
Balance at September 30, 2011	$ 101

During the period ended September 30, 2011, there was no transfer between level 3 to level 2 or level 1.

12. FINANCIAL INSTRUMENTS (cont'd...)

(l) Risk management

The Company is or may be subject to certain risks including interest rate risk, currency risk, credit risk and market risk. Risk management strategies may expose the Company to further gains or losses, but serve to stabilize future cash flows, reduce the volatility of operating results and increase overall financial strength.

Individual risks are discussed as follows:

Interest rate risk

The Company has loans receivable and, therefore, may be subject to interest rate risk. Management believes the interest amounts are immaterial given the size of the loans outstanding and the current low global interest rate environment. This risk is further mitigated by fixing interest rates at the inception of the loans where possible.

Currency risk

The Company has foreign investments and is therefore subject to currency risk. Management believes these investment and transaction amounts are not significant and there are no material foreign currency commitments. The currency risk is therefore manageable and not significant. The Company does not currently use any derivative instruments to reduce its exposure to fluctuations in foreign currency exchange rates.

Credit risk

Credit risk is the risk associated with the inability of a third party to fulfil its payment obligations. The Company is exposed to the risk that third parties that owe money or securities in connection with services provided, or for other purposes, will default on their underlying obligations.

Credit risk from accounts receivable and loans receivable encompasses the default risk of the customers. Prior to accepting any service engagement or providing any loan, the Company assesses future recoverability by examining the entities' financial conditions, properties and assets, business development activities and management. The Company manages its exposure to credit risk by reviewing the outstanding balances on an ongoing basis, monitoring the amount attributable to each customer and the length of time taken for amounts to be settled. Where necessary, Management takes appropriate action to follow up on those balances considered overdue.

The Company is also exposed, in the normal course of business, to credit risk from the sale of its investments and on amounts receivable and loans receivable. The maximum exposure to losses arising from accounts receivable amounts due from related parties and loans receivable are equal to their carrying amounts.

12. FINANCIAL INSTRUMENTS (cont'd...)

Liquidity risk

Liquidity risk is the risk that the Company will have insufficient cash resources to meet its financial obligations as they become due. The Company's liquidity and operating results may be adversely affected if the Company does not have access to the capital markets, whether as a result of a downturn in general market conditions or related to matters specific to the Company, or if the value of the Company's investments decline, resulting in lower proceeds and/or losses on disposition. The Company generates cash flows primarily from the disposition of its investments and from its financing activities. The Company's investments focus on early-stage natural resource and renewable energy companies which can at times be relatively illiquid and if the Company decides to dispose of certain securities, it may not be able to do so at favourable prices at that time, or at all. However, the Company has sufficient marketable securities which are freely tradable and relatively liquid to fund its obligations as they become due under normal operating conditions such that, in the absence of overall market disruptions or exceptional circumstances, liquidity risk can be minimized.

Market Risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of the financial instruments can be affected by changes in interest rates, foreign exchange rates and equity and commodity prices. The Company is exposed to market risk in trading its investments and unfavourable market conditions could result in dispositions of investments at less than favourable prices. The Company manages market risk by having a portfolio which is not singularly exposed to any one issuer or class of issuers. The Company's investments are primarily concentrated in the natural resource industry, which results in exposure to higher volatility than broader market investments and indexes. The Company's investments are accounted for at estimated fair values and are sensitive to changes in market bid prices, such that changes in market prices result in a proportionate change in the carrying value of the Company's investments. A 10% change in the fair values of the Company's investments at September 30, 2011, would have a $1,205 impact on net income.

Concentration Risk

The Company is subject to concentration risk due to the nature of the Company's operations as an investment company and the number of investments held in the portfolio. The Company invests primarily in early-stage natural resource and renewable energy companies and their related technologies. As a result, the investment portfolio is directly exposed to the risks associated with companies operating in this industry sector.

As at September 30, 2011, approximately 93% (June 30, 2011 - 89%) of the fair value of the Company's investment portfolio consisted of investments in seven companies with the largest single investment comprising 40% (June 30, 2011 - 36%) of the total portfolio value.

(IN THOUSANDS OF CANADIAN DOLLARS)

13. COMMITMENTS

The Company has a five year office lease agreement with the following lease commitments remaining:

	$
2011	11
2012	50
2013	54
2014	54
2015	54
2016	18

14. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current method of presentation. Operating results for the comparative periods remain unchanged.