NEWTON GOLD CORP.

(formerly New High Ridge Resources Inc.)

CONDENSED INTERIM FINANCIAL STATEMENTS

For The Three Months Ended March 31, 2011

(expressed in Canadian dollars)

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Table of Contents

FINANCIAL STATEMENTS

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION 3
CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS 4
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY 5
CONDENSED INTERIM STATEMENTS OF CASH FLOW 6

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS AND GOING CONCERN 7
2. BASIS OF PREPARATION 7
3. SIGNIFICANT ACCOUNTING POLICIES 9
4. EXPLORATION AND EVALUATION ASSETS 14
5. SHARE CAPITAL 15
6. LOSS PER SHARE 18
7. RELATED PARTY TRANSACTIONS 18
8. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS 20
9. CONTINGENT LIABILITY 20
10. FINANCIAL INSTRUMENTS 20
11. MANAGEMENT OF CAPITAL 22
12. TRANSITION TO INTERNATIONAL REPORTING STARDARDS 22
13. SEGMENTED INFORMATION 27
14. SUBSEQUENT EVENTS 27

As at		**March 31, 2011**		December 31, 2010 (Note 12)		January 1, 2010 (Note 12)
ASSETS						
Non-current assets						
Exploration and evaluation assets (Note 4)	**$**	**96,782**	$	45,536	$	25,000
		96,782		45,536		25,000
Current assets						
Cash		**453,878**		2,935		27,462
Accounts receivable		**17,213**		4,693		7,025
Prepaid expenses		**26,191**		2,500		-
		497,282		10,128		34,487
TOTAL ASSETS	**$**	**594,064**	$	55,664	$	59,487
LIABILITIES						
Current liabilities						
Accounts payable and accrued liabilities (Note 7)	**$**	**123,907**	$	135,259	$	333,631
		123,907		135,259		333,631
SHAREHOLDERS' EQUITY (DEFICIT)						
Share capital (Note 5)		**9,622,992**		8,991,059		8,391,614
Reserves		**412,779**		139,850		44,661
Deficit		**(9,565,614)**		(9,210,504)		(8,710,419)
		470,157		(79,595)		(274,144)
TOTAL EQUITY (DEFICIT) AND LIABILITIES	**$**	**594,064**	$	55,664	$	59,487

Nature of operations and going concern (Note 1)
Contingent liability (Note 9)
Subsequent events (Note 14)

These condensed interim financial statements were authorized for issue by the board of directors on June 20 2011. They are signed on the Company's behalf by:

Mark McLeary
Director

Ian Foreman
Director

The accompanying notes are an integral part of these condensed interim financial statements.

Newton Gold Corp.
(formerly New High Ridge Resources Inc.)
Condensed Interim Statements of Comprehensive Loss (Unaudited)
(Expressed in Canadian Dollars)

	For the three months ended	
	March 31, 2011	March 31, 2010 (Note 12)
EXPENSES		
Share-based compensation (Note 5(d))	**$ 236,401**	$ 133,482
Consulting and management (Note 7(a))	**34,000**	24,983
Legal	**21,901**	11,008
Investor Communication	**18,834**	142
Regulatory and transfer agent fees	**9,411**	8,186
Accounting and audit (Note 7(a))	**9,322**	12,900
Salaries and benefits (Note 7(a))	**-**	30,000
Insurance	**3,250**	1,284
Office and sundry (recovery)	**9,690**	(221)
Travel and business development	**484**	1,726
	343,293	223,490
OTHER EXPENSES (INCOME)		
Mining exploration tax credit disallowed	**11,817**	-
Recovery on settlement of accounts payable	**-**	(11,644)
Interest income	**-**	(94)
	11,817	(11,738)
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	**$ 355,110**	$ 211,752
Basic and diluted loss per common share (Note 6)	**$ 0.02**	$ 0.02
Weighted average number of common shares outstanding (note 6)		
- basic and diluted	**19,052,212**	10,244,268

The accompanying notes are an integral part of these condensed interim financial statements.

Newton Gold Corp.
(formerly New High Ridge Resources Inc.)
Condensed Interim Statement of Changes in Equity (Deficit) (Unaudited)
(Expressed in Canadian Dollars)

	Number Of Common Shares	Common Shares	Equity settled employee benefit reserve	Reserve for warrants	Deficit	Total Shareholders' Equity (Deficit)
Balance, January 1, 2010	10,244,268	$ 8,391,614	$ 44,661	$ -	$ (8,710,419)	$ (274,144)
Net loss for the year	-	-	-	-	(544,746)	(544,746)
Private placements	5,000,000	650,000	-	-	-	650,000
Shares issued for finder's fee	200,000	26,000	-	-	-	26,000
Share issuance costs, cash	-	(50,555)	-	-	-	(50,555)
Share issuance costs, non-cash	-	(26,000)	-	-	-	(26,000)
Share-based compensation	-	-	139,850	-	-	139,850
Cancellation of options	-	-	(44,661)		44,661	-
Balance, December 31, 2010	15,444,268	8,991,059	139,850	-	(9,210,504)	(79,595)
Net loss for the period	-	-	-	-	(355,110)	(355,110)
Private placement	5,000,000	650,000	-	-	-	650,000
Share issuance costs, cash	-	(25,289)	-	-	-	(25,289)
Share issuance costs, agent's warrants	-	(36,528)	-	36,528	-	-
Exercise of warrants	175,000	43,750	-	-	-	43,750
Share-based compensation	-	-	236,401	-	-	236,401
Balance, March 31, 2011	**20,619,268**	**$ 9,622,992**	**$ 376,251**	**$ 36,528**	**$ (9,565,614)**	**$ 470,157**
Balance, January 1, 2010	10,244,268	$ 8,391,614	$ 44,661	$ -	$ (8,710,419)	$ (274,144)
Net loss for the year	-	-	-	-	(211,752)	(211,752)
Share-based compensation	-	-	133,482	-	-	133,482
Balance, March 31, 2010	**10,244,268**	**$ 8,391,614**	**$ 178,143**	**$ -**	**$ (8,922,171)**	**$ (352,414)**

The accompanying notes are an integral part of these condensed interim financial statements.

Newton Gold Corp.
(formerly New High Ridge Resources Inc.)
Condensed Interim Statements of Cash Flows (unaudited)
(Expressed in Canadian Dollars)

	For the three months ended	
	March 31, 2011	March 31, 2010 (Note 12)
CASH PROVIDED BY (USED FOR):		
OPERATING ACTIVITIES		
Net loss for the period	**$ (355,110)**	$ (211,752)
Items not requiring (providing) cash:		
Share-based compensation	**236,401**	133,482
	(118,709)	(78,270)
Net change in non-cash working capital items:		
Accounts receivable	**(12,520)**	2,974
Prepaid expenses	**(23,691)**	(257)
Accounts payable and accrued liabilities	**(17,597)**	76,009
CASH (USED FOR) PROVIDED BY OPERATING ACTIVITIES	**(172,517)**	456
FINANCING ACTIVITIES		
Issuance of common shares	**693,750**	-
Share issuance costs	**(25,289)**	-
CASH PROVIDED BY FINANCING ACTIVITIES	**668,461**	-
INVESTING ACTIVITIES		
Expenditure on exploration and evaluation assets	**(45,001)**	(20,536)
CASH USED FOR INVESTING ACTIVITIES	**(45,001)**	(20,536)
INCREASE (DECREASE) IN CASH	**450,943**	(20,080)
CASH, BEGINNING OF PERIOD	**2,935**	27,462
CASH, END OF THE PERIOD	**$ 453,878**	$ 7,382

Supplemental disclosure with respect to cash flows (note 8)

The accompanying notes are an integral part of these condensed interim financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Newton Gold Corp.. ("the Company") was incorporated on June 24, 2004 pursuant to the Business Corporations Act (British Columbia) and is listed on the TSX Venture Exchange ("TSX-V"). The Company's primary business is the acquisition and exploration of mineral properties. The Company is considered to be in the exploration stage. On February 9, 2011, the name of the Company was changed from New High Ridge Resources Inc. to Newton Gold Corp. The Company's corporate office is located Suite 400, 409 Granville Street, Vancouver, British Columbia V6C 1T2.

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future. The Company has not yet determined whether its mineral interests contain economically recoverable resources. The recoverability of amounts shown for mineral interests and their related deferred exploration expenditures is dependent upon the discovery of economically recoverable reserves. As at March 31, 2011 the Company had a net working capital of $373,375 (December 31, 2010 – deficiency of $125,131) and an accumulated deficit of $9,565,614 (December 31, 2010 - $9,210,504).

The Company does not generate sufficient cash flow from operations to adequately fund its exploration activities, and has therefore relied principally upon the issuance of securities for financing. The Company intends to continue relying upon the issuance of securities to finance its operations and exploration activities to the extent such instruments are issuable under terms acceptable to the Company. While the Company has been successful in raising funds in the past, it is uncertain whether it will be able to raise sufficient funds in the future. If the Company is unable to secure additional financing, repay liabilities as they come due, negotiate suitable joint venture agreements and/or continue as a going concern, then material adjustments would be required to the carrying value of assets and liabilities and the balance sheet classifications used. These financial statements do not include any adjustments relating to the recovery of assets and classification of assets and liabilities that may arise should the Company be unable to continue as a going concern.

2. BASIS OF PREPARATION

(a) Statement of compliance and conversion to International Financial Reporting StandardS

The Canadian Accounting Standards Board ("AcSB") confirmed in February 2008 that International Financial Reporting Standards ("IFRS") will replace Canadian Generally Accepted Accounting Principles ("GAAP") for publicly accountable enterprises for financial periods beginning on and after January 1, 2011.

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Condensed Interim Financial Reporting ("IAS 34") using accounting policies consistent with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These are the Company's first IFRS condensed interim financial statements for part of the period covered by the Company's first IFRS annual financial statements for the year ending December 31, 2011. Previously, the Company prepared its annual and condensed interim financial statements in accordance with GAAP. GAAP differs in some areas from IFRS. In preparing these financial statements, management has amended certain accounting and measurement methods previously applied in the GAAP financial statements to comply with IFRS. Note 12 contains reconciliations and descriptions of the effect of the transition from GAAP to IFRS on equity, operations and comprehensive loss along with line-by-line reconciliations of the statements of financial position

2. BASIS OF PREPARATION (continued)

as at January 1, 2010, March 31, 2010 and December 31, 2010 and the statements of comprehensive loss and cash flows for the three months ended March 31, 2010 and for the year ended December 31, 2010.

As these are the Company's first set of condensed interim financial statements in accordance with IFRS, the Company's disclosures exceed the minimum requirements under IAS 34. The Company has elected to exceed the minimum requirements in order to present the Company's accounting policies in accordance with IFRS and some additional disclosures required under IFRS, which also highlight the changes from the Company's 2010 annual financial statements prepared in accordance with GAAP. In 2012 and beyond, the Company may not provide the same amount of disclosure in the Company's condensed interim financial statements under IFRS as the reader will be able to rely on the annual financial statements, which will be prepared in accordance with IFRS.

(b) Basis of preparation

These condensed interim financial statements have been prepared on a historical cost basis except for financial instruments that have been measured at fair value. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The preparation of condensed interim financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods.

These condensed interim financial statements do not include all of the information required for full annual financial statements.

These condensed interim financial statements, including comparatives, have been prepared on the basis of IFRS standards that are published at the time of preparation and that are expected to be effective or available for early adoption on December 31, 2011, the Company's first IFRS annual reporting date.

The standards that will be effective or available for voluntary early adoptions in the annual financial statements for the year ending December 31, 2011 are subject to change and may be affected by additional interpretation(s). Accordingly, the accounting policies for the annual period that are relevant to these condensed interim financial statements will be determined only when the first IFRS financial statements are prepared for the year ending December 31, 2011.

The preparation of these condensed interim financial statements resulted in changes to the accounting policies as compared with the most recent annual financial statements prepared under GAAP. The accounting policies set out below have been applied consistently to all periods presented in these condensed interim financial statements. They also have been applied in preparing an opening IFRS statement of financial position at January 1, 2010 for the purpose of the transition to IFRS, as required by IFRS 1, *First Time Adoption of International Financial Reporting Standards* (IFRS 1). The impact of the transition from GAAP to IFRS is explained in Note 12.

2. BASIS OF PREPARATION (continued)

(c) Significant Accounting Judgments and Estimates

The preparation of these condensed interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The condensed interim financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and may affect both the period of revision and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- the recoverability of amounts receivable and prepayments which are included in the condensed interim statement of financial position;
- the carrying value and recoverable amount of exploration and evaluation assets.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Financial instruments

Financial instruments

Financial assets and financial liabilities are recognized on the statement of financial position when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets
The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or financial assets acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the income statement. Cash is classified as fair value through profit or loss financial assets.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Accounts receivable is classified as loans and receivables.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Financial instruments (continued)

indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the income statement.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for- sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statement of loss.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial liabilities
The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was incurred. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or financial liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the income statement.

Other financial liabilities: This category includes amounts due to related parties and accounts payables and accrued liabilities, all of which are recognized at amortized cost.

(b) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand, and short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash.

(c) Exploration and evaluation assets

The Company is in the exploration stage with respect to its investment in mineral properties and accordingly follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of mineral claims and crediting all proceeds received against the cost of the related claims. Such costs include, but are not exclusive to, geological, geophysical studies, exploratory drilling and sampling. At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable reserves. The aggregate costs related to abandoned mineral claims are charged to operations at the time of any abandonment, or when it has been determined that there is evidence of a permanent impairment. An impairment charge relating to a mineral property is subsequently reversed if new exploration results or actual or potential proceeds on sale or farmout of the property result in a revised

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Exploration and evaluation (continued)

estimate of the recoverable amount, but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

The Company recognizes in income costs recovered on mineral properties when amounts received or receivable are in excess of the carrying amount.

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

All capitalized exploration and evaluation expenditures are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that exploration expenditure is not expected to be recovered, it is charged to the results of operations.

(d) Impairment

At each financial position reporting date, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Share Capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

(f) Share-based Payment Transactions

The share option plan allows Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as an employee or consultant expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

Where the share options are awarded to employees, the fair value is measured at grant date, and each tranche is recognized on the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

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

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

(g) Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences on the initial recognition of assets or liabilities that affect neither accounting or taxable loss is not provided for. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. To the extent that the Company does not consider it probable that a future tax asset will be recovered, it provides a valuation allowance against that excess. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Provisions

Provisions are recognized where a legal or constructive obligation has been incurred as a result of past events; it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation; and a reliable estimate of the amount of the obligation can be made. If material, provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in any provision due to passage of time is recognized as accretion expense.

(i) Rehabilitation Provision

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight-line method. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses. The Company has no material restoration, rehabilitation and environmental costs as the disturbance to date is minimal.

(j) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

(k) New accounting standards and interpretations

At the date of authorization of these condensed interim financial statements, the IASB and IFRIC have issued a number of new and revised standards and interpretations. The following new standards have been issued but are not effective for the current reporting period:

IFRS 9*, Financial Instruments:*
This amendment addresses the classification and measurement of financial assets. IFRS 9 is the first standard issued as part of a wider project to replace IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply. Application of IFRS 9 is mandatory for annual periods beginning on or after January 1, 2013. The Company is currently evaluating the impact that the application of the new standard may have on the presentation of its financial position and results of operations.

4. EXPLORATION AND EVALUATION ASSETS

The Company had accumulated the following acquisition and exploration expenditures:

	Chuchi	Newton Hill	Total
Acquisition			
Balance, December 31, 2009	**$ 20,000**	**$ 5,000**	**$ 25,000**
Acquisition costs	1,261	-	1,261
Balance, December 31, 2010	**21,261**	**5,000**	**26,261**
Acquisition costs	20,000		20,000
Balance, March 31, 2011	**41,261**	**5,000**	**46,261**
Expenditures			
Balance, December 31, 2009	**-**	**-**	**-**
Assessment fees	27,876	-	27,876
Geological	900	-	900
Cost recoveries	(9,501)	-	(9,501)
Balance, December 31, 2010	**19,275**	-	**19,275**
Administration	6,086	-	6,086
Consulting	25,160	-	25,160
	31,246	-	31,246
Balance, March 31, 2011	**50,521**	**-**	**50,521**
Total, March 31, 2011	**$ 91,782**	**$ 5,000**	**$ 96,782**

Chuchi Property

The Company owns a 100% interest in certain mineral claims located in the Omineca Mining Division of British Columbia, referred to as the Chuchi Property. The property is subject to a 3% net smelter return royalty ("NSR"). The Company is required to pay annual advance royalties of $20,000.

The NSR can be reduced to 1% by paying $2,000,000 to the optionors. The Company is required to issue an additional 50,000 common shares upon the commencement of commercial production.

In December 2008 the Company wrote down the recorded cost of the property to $Nil. As at March 31, 2011, mineral property interests represent accumulated costs incurred on the property since January 1, 2009.

Newton Hill Property

The Company holds a 100% interest in certain mineral claims located in the Clinton Mining Division of British Columbia, referred to as the Newton Hill Property. The property is subject to a 2% NSR. The NSR can be purchased at any time by the Company for $2,000,000. Under the agreement with Amarc Resources Ltd. ("Amarc") outlined below, Amarc can cause the Company to exercise its option to purchase the NSR and the Company will be required to pay its proportionate share of the purchase price, namely $400,000 to retain its 20% residual interest in the royalty.

On December 31, 2008 the Company wrote down the recorded cost of the property to $Nil. As at December 31, 2010, mineral property interests represent accumulated costs incurred on the property since January 1, 2009.

4. EXPLORATION AND EVALUATION ASSETS (continued)

On August 12, 2009, the Company entered into an agreement with Amarc, by which Amarc was granted an option to acquire an 80% interest in the Newton property. Under the terms of the agreement Amarc paid $60,000 to the underlying Newton Hill property owners and agreed to expend a total of $4,940,000 on the property in exploration expenditures over seven years. Amarc has also agreed to make advanced royalty payments on behalf of the Company, to the original optionor of the property, commencing January 1, 2011, of $25,000 annually. Additionally, the Company issued 25,000 common shares to Amarc at a value of $5,000, as consideration for Amarc agreeing to issue 100,000 shares in the capital of Amarc to the underlying Newton Hill property owners.

The option agreement between the Company and Amarc also includes an outlying area of interest.

5. SHARE CAPITAL

(a) Authorized Share Capital

At March 31, 2011, the authorized share capital comprised an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

(b) Issued

Effective January 1, 2010, the issued and outstanding share capital of the Company was consolidated on a four old, one new basis. All references to share capital, options and warrants are on a post-consolidated basis.

On January 28, 2011, the Company closed a non-brokered private placement of 5,000,000 units at $0.13 per unit. Each unit consists of one common share and one warrant of the Company. Each warrant is exercisable to purchase one common share of the Company until January 28, 2013 at $0.20 per share for the first year and at $0.30 during the second year. As the issue price of each unit was less than the market price of the Company's shares on the day of issue, the full issue price was allocated to share capital. Share issue costs of $61,187 were incurred, which included $36,528 attributable to 163,760 agent warrants issued with an exercise price of $0.20 per share for a period of two years. The fair value of the agent warrants was estimated using the Black-Scholes option pricing model based on the following assumptions: risk free interest rate of 1.69%; expected life of 2 years; volatility of 150.72% and dividend rate of 0%, share price on January 28, 2011 $0.30.

5. SHARE CAPITAL (continued)

(c) Warrants

The continuity of warrants is as follows:

	Number Outstanding	Weighted Average Exercise Price
Balance at December 31, 2009	3,142,225	$ 0.95
Issued	5,000,000	0.25
Expired	(1,892,225)	1.32
Balance at December 31, 2010	6,250,000	0.28
Granted	5,163,760	0.20
Exercised	(175,000)	0.25
Balance at March 31, 2011	11,238,760	$ 0.24

	March 31, 2011		
Expiry date	**Warrants Outstanding**	**Exercise price**	**Remaining contractual life (in years)**
April 24, 2011*	1,250,000	$ 0.40	0.07
April 27, 2011**	4,825,000	0.25	0.07
January 28, 2013***	5,163,760	0.20	1.83
	11,238,760	$ 0.24	0.88

* Subsequently expired unexercised.

** Warrant exercise price was $0.20 for first six months then $0.25 for remainder of term. Warrants are subject to an early exercise acceleration clause whereby in the event that the Company's common shares trade on the TSX-V at a volume weighted average trading price of $0.40 or greater per share for a period of 20 consecutive trading days at any time after August 29, 2010, the Company may accelerate the expiry date of the Warrants by issuing a news release announcing the acceleration and in such case the Warrants will expire on the 30th day after the date of such news release. The warrants subsequently expired unexercised.

*** Warrants exercise price is $0.20 until January 28, 2012, and at $0.30 from then until January 28, 2013.

5. SHARE CAPITAL (continued)

(d) Share Purchase Option Compensation Plan

Under the 2010 Incentive Share Option Plan, the Company may grant options to directors, officers, employees and consultants, provided that the maximum number of options that are outstanding at any time shall not exceed 10% of the issued and outstanding common shares of the Company. The exercise price of each option is based on the market price of the Company's common stock at the date of grant less applicable discount. The options may be granted for a maximum of five years and vesting is determined by the Board of Directors.

The continuity of share purchase options is as follows:

	Number Outstanding		Weighted Average Exercise Price
Balance at December 31, 2009	173,750	$	1.35
Granted	1,050,000		0.18
Cancelled/Expired	(563,750)		0.54
Balance at December 31, 2010	**660,000**	**$**	**0.17**
Granted	1,340,000		0.23
Balance at March 31, 2011	**2,000,000**	**$**	**0.21**

	March 31, 2011				
Expiry date	**Options Outstanding**	**Options Exercisable**		**Exercise Price**	**Remaining contractual life (in years)**
January 20, 2015	515,000	515,000	$	0.18	3.81
November 17, 2015	145,000	145,000		0.15	4.64
January 4, 2016	800,000	800,000		0.175	4.77
January 28, 2016	540,000	540,000		0.30	4.83
	2,000,000	2,000,000	$	0.21	4.53

During the three months ended March 31, 2011, the Company granted stock options to directors and officers to purchase 1,340,000 (2010 – 905,000) common shares. All options vested at the grant date and the Company recorded $236,401 (2010 - $133,482) as share-based compensation expense.

5. SHARE CAPITAL (continued)

(d) Share Purchase Option Compensation Plan (continued)

The fair value of the stock options was estimated using the Black Scholes option pricing model based on the following weighted-average assumptions:

	March 31, 2011	March 31, 2010
Share price	0.20	0.17
Exercise price	0.23	0.18
Risk-free interest rate	2.44%	2.54%
Expected annual volatility	133%	157%
Expected life	5.00	5.00
Expected dividend yield	0%	0%

The expected volatility is based on weekly share price history, from the option's grant date, for a period consistent with the assumed option life. The risk free interest rate is the yield on a zero-coupon Canadian Treasury Bill of a term consistent with the assumed option life. The expected life is the average expected period to exercise, based on the historical activity patterns for each individually vesting tranche.

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company's share purchase options.

6. LOSS PER SHARE

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the three months ended March 31, 2011 was based on the loss attributable to common shareholders of $355,110 (2010 – $211,752) and a weighted average number of common shares outstanding of 19,052,212 (2010 – 10,244,268).

7. RELATED PARTY TRANSACTIONS

(a) Management transactions

For the three months ended March 31, 2011

	Short-term employee benefits $	Post-employment benefits $	Other long-term benefits $	Termination benefits $	Share-based payments $	Total $
McLeary Capital Management, Inc. (i)	19,500	-	-	-	48,077	67,577
Foremost Geological Consulting (ii)	10,500	-	-	-	48,077	58,577
Fehr and Associates (iii)	9,246	-	-	-	23,375	32,621
Mike Withrow	4,000	-	-	-	-	4,000

7. RELATED PARTY TRANSACTIONS (continued)

For the three months ended March 31, 2010

	Short-term employee benefits $	Post-employment benefits $	Other long-term benefits $	Termination benefits $	Share-based payments $	Total $
Michael Withrow President and CEO	12,000	-	-	-	55,400	67,400
David Clark Consulting Services (iv)	12,000	-	-	-	55,400	67,400
Gary Anderson Former President and CEO	-	-	-	30,000	-	30,000

(i) McLeary Capital Management, Inc., a private company controlled by the President and CEO, Mark McLeary. Mark McLeary was granted 400,000 stock options on January 4, 2011 with a fair value $48,077, which is included in total share-based payments of $200,041 made to directors, as disclosed below.

On January 28, 2011 the Company entered into an indefinite term contract with McLeary Capital Management, Inc. ("the consultant"), for the consultant to continue to act as President and Chief Executive Officer and Director of the Company. A monthly consulting fee of $6,500 is payable to the consultant. The contract may be cancelled by either party on 30 days written notice and, if cancelled by the Company, by payment of an amount equivalent to two year's annual salary. On termination of the contract the consultant will be immediately retained by the Company as a non-paid advisor/consultant to the Company until January 5, 2016 or for such time as the consultant still holds unexercised stock options in the Company. On exercise of the consultant's options, the relationship between the consultant and the Company will cease.

(ii) Foremost Geological Consulting, a private company controlled by a director, Ian Foreman. Ian Foreman was granted 400,000 stock options on January 4, 2011 with a fair value $48,077, which is included in total share-based payments $200,041 made to directors, as disclosed below.

On January 28, 2011 the Company entered into an indefinite term contract with Foremost Geological Consulting ("the consultant"), for the consultant to continue to act as primary technical consultant and Director of the Company. A monthly consulting fee of $3,500 is payable to the consultant. The contract may be cancelled by either party on 30 days written notice and, if cancelled by the Company, by payment of an amount equivalent to two year's annual salary. On termination of the contract the consultant will be immediately retained by the Company as a non-paid advisor/consultant to the Company until January 5, 2016 or for such time as the consultant still holds unexercised stock options in the Company. On exercise of the consultant's options, the relationship between the consultant and the Company will cease.

(iii) Fehr and Associates, private company controlled by the current CFO, Ann Fehr. At March 31, 2011 $6,315 (March 31, 2010 - $nil) of fees owed to Fehr and Associates was included in Accounts payable and accrued liabilities. Ann Fehr was granted 90,000 stock options on January 28, 2011 with a fair value of $0.26 per option. $23,376 share-based compensation was recognised for these options.

(iv) David Clark Consulting, a private company controlled by the former CFO, David Clark. David Clark was granted 390,000 stock options on January 21, 2010 with a fair value $55,400, which is included in total share-based payments of $158,557 made to directors, as disclosed below. The options were cancelled 90 days after he ceased to be an officer or director of the Company.

7. RELATED PARTY TRANSACTIONS (continued)

(b) Director's transactions

During the three months ended March 31, 2011 and 2010, the following expenses related to directors were recognized:

		March 31, 2011		March 31, 2010
Share-based payments (v)	$	200,041	$	158,557

(v) Arising from options granted pursuant to the company's stock option plan. 800,000 options were granted to two directors on January 4, 2011 with a fair value of $0.12 per option. A further 400,000 options were granted to a director on January 28, 2011 with a fair value of $0.26 per option. Fair value of options was calculated using the Black-Scholes option pricing model. All options vested immediately on grant date. Share based compensation of $158,557 for the three months ended March 31, 2010 includes share based compensation on the options issued to Mike Withrow, as disclosed above.

Accounts payable and accrued liabilities at March 31, 2011 includes $6,199 (March 31, 2010 - $177,074) owed to directors.

8. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Non-cash financing and investing activities during the three months ended March 31, 2011 and 2010:

		2011		2010
Share issue cost for fair value of agent warrants issued	$	36,528	$	-
Interest paid in cash	$	-	$	-
Income taxes paid in cash	$	-	$	-

9. CONTINGENT LIABILITY

On May 18, 2011, the Company received an order granted by a court in Lima Peru indicating that the Company is responsible for a debt in the amount of US$198,933.08 incurred by a former subsidiary of the Company. The Company did not receive notice of the Peruvian legal proceedings and is seeking advice concerning an application to set aside the order. The Company's Peruvian legal counsel advised that the Company is not responsible for this obligation.

10. FINANCIAL INSTRUMENTS

The fair values of the Company's accounts receivable and accounts payables approximate their carrying values because of the short-term nature of these instruments.

The Company's financial instruments are exposed to certain financial risks, credit risk, liquidity risk, interest risk and commodity price risk.

10. FINANCIAL INSTRUMENTS (continued)

(a) Credit risk
The Company's cash is held in a large Canadian financial institution. The Company's accounts receivable consist of harmonized sales tax due from the federal government of Canada, and are not considered a significant risk.

(b) Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure.

Accounts payable and accrued liabilities are due within twelve months of the financial position date.

(c) Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's financial instruments consist of cash and accounts payable and accrued liabilities. As these financial instruments are not interest bearing, the company is not currently exposed to interest rate risk.

(d) Mineral Price Risk
Even if the Company's exploration programs are successful, factors beyond the control of the Company may affect the marketability of any mineral products discovered. Mineral prices, particularly gold and silver prices, have fluctuated widely in recent years. The marketability and price of silver and gold which may be produced or acquired by the Company will be affected by numerous factors beyond the control of the Company. These other factors include delivery uncertainties related to the proximity of its reserves to processing facilities and extensive government regulation relating to price, taxes, royalties, allowable production land tenure, the import and export of minerals and many other aspects of the mining business. Declines in mineral prices may have a negative effect on the Company.

(e) Fair Value of Financial instruments
IFRS 7 'Financial Instruments: Disclosure' establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy.

	Level 1	Level 2	Level 3
Cash	$ 453,878		
	$ 453,878	$ -	$ -

11. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes the components of shareholders' equity as well as cash.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue new shares, acquire or dispose of assets or adjust the amount of cash. Although the Company has been successful at raising funds in the past through issuance of common shares, it is uncertain whether it will continue to be successful. In order to maximize ongoing development efforts, the Company does not pay out dividends. The Company's investment policy is to invest its cash in highly liquid investments which are readily convertible into cash with maturities of three months or less from the original date of acquisition or when it is needed, selected with regards to the expected timing of expenditures from continuing operations. The Company expects that its current capital resources will not be sufficient to carry out its exploration plans and operations through its current operating period.

12. TRANSITION TO INTERNATIONAL REPORTING STARDARDS

As stated in Note 2, these are the Company's first consolidated condensed interim financial statements for the period covered by the first annual financial statements prepared in accordance with IFRS.

The accounting policies in Note 3 have been applied in preparing the condensed interim financial statements for the three months ended March 31, 2011, the comparative information for the three months ended March 31, 2010, the statement of financial position as at December 31, 2010 and the preparation of an opening IFRS statement of financial position on the transition date, January 1, 2010.

In preparing its opening IFRS statement of financial position and comparative information for the financial statements for the year ended December 31, 2010, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Canadian GAAP. An explanation of how the transition from previous GAAP to IFRS has affected the Company's financial position, financial performance and cash flows is set out in the following tables.

The guidance for the first time adoption of IFRS is set out in IFRS 1 *First-time Adoption of International Financial Reporting Standards'*. Under IFRS 1 the IFRS are applied retrospectively at the transition date with all adjustments to assets and liabilities as stated under GAAP taken to retained earnings unless certain exemptions are applied. The Company has applied the following exemptions to its opening statement of financial position dated January 1, 2010:

Share-based Payment

IFRS 1 encourages, but does not require, first-time adopters to apply IFRS 2 *Share-based Payment* to equity instruments that were granted on or before November 7, 2002, or equity instruments that were granted subsequent to November 7, 2002 and vested before the later of the date of transition to IFRS and January 1, 2005. The Company has elected not to apply IFRS 2 to awards that vested prior to January 1, 2010.

IFRS 1 also outlines specific guidelines that a first-time adopter must adhere to under certain circumstances. The Company has applied the following guidelines to its opening statement of financial position dated January 1, 2010:

12. TRANSITION TO INTERNATIONAL REPORTING STARDARDS (continued)

Estimates

In accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under previous GAAP, unless there is objective evidence that those estimates were in error. The Company's IFRS estimates as of January 1, 2010 are consistent with its GAAP estimates for the same date.

IFRS employs a conceptual framework that is similar to Canadian GAAP. However, some differences exist in certain matters of recognition, measurement and disclosure. While adoption of IFRS has not changed the Company's actual cash flows, it has resulted in changes to the Company's reported financial position. In order to allow the users of the financial statements to better understand these changes, the Company's Canadian GAAP statements of comprehensive income, statements of financial position and statements of cash flows for the quarter ended March 31, 2010 and the year ended December 31, 2010 have been reconciled to IFRS, with the resulting differences explained below.

12. TRANSITION TO INTERNATIONAL REPORTING STARDARDS (continued)

Reconciliation of Assets, Liabilities and Equity

		January 01, 2010			March 31, 2010			December 31, 2010		
	Note	Canadian GAAP	Effect of transition to IFRS	IFRS	Canadian GAAP	Effect of transition to IFRS	IFRS	Canadian GAAP	Effect of transition to IFRS	IFRS
ASSETS										
Non-current assets										
Exploration and evaluation assets		$ 25,000	-	$ 25,000	$ 45,536	-	$ 45,536	$ 45,536	-	$ 45,536
		25,000	-	25,000	45,536	-	45,536	45,536	-	45,536
Current assets										
Cash		27,462	-	27,462	7,382	-	7,382	2,935	-	2,935
Receivables		7,025	-	7,025	4,051	-	4,051	4,693	-	4,693
Prepaid expenses		-	-	-	257	-	257	2,500	-	2,500
		34,487	-	34,487	11,690	-	11,690	10,128	-	10,128
TOTAL ASSETS		$ 59,487	-	$ 59,487	$ 57,226	-	$ 57,226	$ 55,664	-	$ 55,664
LIABILITIES										
Current liabilities										
Accounts payable and accrued liabilities		$ 333,631	-	$ 333,631	$ 409,640	-	$ 409,640	$ 135,259	-	$ 135,259
		333,631	-	333,631	409,640	-	409,640	135,259	-	135,259
SHAREHOLDERS' EQUITY (DEFICIT)										
Share capital	(a)	8,391,614	-	8,391,614	8,391,614	-	8,391,614	8,991,059	-	8,991,059
Reserves	(a)	775,854	(731,193)	44,661	909,336	(754,365)	154,971	915,704	(775,854)	139,850
Deficit	(a)	(9,441,612)	731,193	(8,710,419)	(9,653,364)	754,365	(8,898,999)	(9,986,358)	775,854	(9,210,504)
		(274,144)	0	(274,144)	(352,414)	-	(352,414)	(79,595)	-	(79,595)
TOTAL EQUITY AND LIABILITIES (DEFICIT)		$ 59,487	0	$ 59,487	$ 57,226	-	$ 57,226	$ 55,664	-	$ 55,664

12. TRANSITION TO INTERNATIONAL REPORTING STARDARDS (continued)

Reconciliation of Statement of Comprehensive Loss

	For the three months ended March 31, 2010			Year ended December 31, 2010		
	Canadian GAAP	Effect of transition to IFRS	IFRS	Canadian GAAP	Effect of transition to IFRS	IFRS
EXPENSES						
Share-based compensation	$ (133,482)	$ -	$ (133,482)	$ (139,850)	$ -	$ (139,850)
Consulting and management	(24,983)	-	(24,983)	(84,981)	-	(84,981)
Accounting and audit	(12,900)	-	(12,900)	(72,201)	-	(72,201)
Legal	(11,008)	-	(11,008)	(36,455)	-	(36,455)
Salaries and benefits	(30,000)	-	(30,000)	(33,932)	-	(33,932)
Regulatory and transfer agent fees	(8,186)	-	(8,186)	(24,834)	-	(24,834)
Insurance	(1,284)	-	(1,284)	(12,910)	-	(12,910)
Office and sundry	221	-	221	(6,340)	-	(6,340)
Travel and business development	(1,726)	-	(1,726)	(2,326)	-	(2,326)
Investor relations	(142)	-	(142)	(1,071)	-	(1,071)
	(223,490)	-	(223,490)	(414,900)	-	(414,900)
OTHER (EXPENSE) INCOME						
Interest income	94	-	94	-	-	-
Recovery on settlement of accounts payable	11,644	-	11,644	19,563	-	19,563
Recovery of reclamation deposit	-	-	-	20,000	-	20,000
Proposed transaction costs	-	-	-	(169,409)	-	(169,409)
	11,738	-	11,738	(129,846)	-	(129,846)
NET LOSS AND COMPREHENSIVE LOSS	**$ (211,752)**	**$ -**	**$ (211,752)**	**$ (544,746)**	**$ -**	**$ (544,746)**

12. TRANSITION TO INTERNATIONAL REPORTING STARDARDS (continued)

Reconciliation of Statement of Cash Flows

	For the three months ended March, 31 2010			Year ended December 31, 2010		
	Canadian GAAP	Effect of transition to IFRS	IFRS	Canadian GAAP	Effect of transition to IFRS	IFRS
CASH PROVIDED BY (USED FOR)						
OPERATING ACTIVITIES						
Net loss for the period	$ (211,752)	$ -	$ (211,752)	$ (544,746)	$ -	$ (544,746)
Items not requiring cash:						
Share-based compensation	133,482	-	133,482	139,850	-	139,850
Recovery of settlement of accounts payable	-	-	-	19,563	-	19,563
	(78,270)	-	(78,270)	(385,333)	-	(385,333)
Changes in non-cash operating working-capital items:			-			
Decrease in accounts receivables	2,974	-	2,974	2,332	-	2,332
Increase in prepaid expenses	(257)	-	(257)	(2,500)	-	(2,500)
Increase (decrease) in accounts payable and accrued liabilities	76,009	-	76,009	(217,935)	-	(217,935)
CASH FROM (USED FOR) OPERATING ACTIVITIES	456	-	456	(603,436)	-	(603,436)
FINANCING ACTIVITIES						
Issuance of common shares for cash	-	-	-	650,000	-	650,000
Share issuance costs	-	-	-	(50,555)	-	(50,555)
CASH PROVIDED BY FINANCING ACTIVITIES	-	-	-	599,445	-	599,445
INVESTING ACTIVITIES						
Expenditure on mineral property interests	(20,536)	-	(20,536)	(30,037)	-	(30,037)
Cost recoveries related to mineral properties	-	-	-	9,501	-	9,501
CASH USED FOR INVESTING ACTIVITIES	(20,536)	-	(20,536)	(20,536)	-	(20,536)
DECREASE IN CASH DURING THE PERIOD	(20,080)	-	(20,080)	(24,527)	-	(24,527)
CASH, BEGINNING OF PERIOD	27,462	-	27,462	27,462	-	27,462
CASH, END OF THE PERIOD	$ 7,382	$ -	$ 7,382	$ 2,935	$ -	$ 2,935

12. TRANSITION TO INTERNATIONAL REPORTING STARDARDS (continued)

Notes on GAAP – IFRS Reconciliations

(a) IFRS requires an entity to present, for each component of equity, a reconciliation between the carrying amount at the beginning and end of the period, separately disclosing each change. The Company examined its "contributed surplus" account and concluded that as at the January 1, 2010 transition date and the comparative dates of March 31, 2010 and December 31, 2010, part of the contributed surplus relates to "Equity settled employee benefit reserve" and part to "Reserves for agent warrants".

IFRS also permits a transfer of reserves arising of share-based transactions, within equity. At January 1, 2010 $731,193 of total reserves related to options and agent warrants no longer outstanding and was therefore transferred to Retained earnings/(Deficit), in order that the balance of "Equity settled employee benefit reserve" and "Reserves for agent warrants" reflected only the fair value of options and agent warrants outstanding on that date. During the year ended December 31, 2010, several options outstanding at January 1, 2010 were canceled, and therefore a further transfer, of the fair value attributed to these cancelled options, was made to Retained earnings/(Deficit), during the three months ended March 31, 2010 ($23,172) and the three months ended December 31, 2010 ($21,489).

13. SEGMENTED INFORMATION

The Company is organized into business units based on mineral properties and has one reportable operating segment, being that of acquisition and exploration and evaluation activities in Canada.

14. SUBSEQUENT EVENTS

Subsequent to March 31, 2011, 1,250,000 warrants with an exercise price of $0.40 and 4,825,000 warrants with an exercise price of $0.25 expired unexercised (note 5).