LINEAR METALS CORPORATION
(A Development Stage Enterprise)
Consolidated Financial Statements
(unaudited - Prepared by Management)
July 31, 2011

In accordance with National Instrument 51-102, released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited consolidated financial statements for the period ended July 31, 2011.

LINEAR METALS CORPORATION
(A Development Stage Enterprise)
Consolidated Balance Sheets
(unaudited - Prepared by Management)

(expressed in Canadian dollars)

	July 31 2011	October 31 2010
ASSETS	$	$
Current assets		
Cash and cash equivalents	32,860	283,682
Sales taxes recoverable	78,930	38,762
Prepaid expenses and deposits	146,391	31,392
	258,181	353,836
Property and equipment	35,259	51,539
Resource properties (note 6)	10,739,203	9,854,275
	11,032,643	10,259,650
LIABILITIES		
Current liabilities		
Accounts payable and accruals	384,233	216,438
Future income taxes	566,000	666,000
	950,233	882,438
SHAREHOLDERS' EQUITY		
Capital stock (note 7)	18,806,535	17,818,195
Contributed surplus	3,667,303	3,413,688
Deficit	(12,391,428)	(11,854,671)
	10,082,410	9,377,212
	11,032,643	10,259,650

Nature of operations and going concern (note 1)

The accompanying notes form an integral part of these consolidated financial statements.

Approved on behalf of the Board of Directors

(s) Wade K. Dawe
Wade K. Dawe

(s) Brian MacEachen
Brian MacEachen

LINEAR METALS CORPORATION
(A Development Stage Enterprise)
Consolidated Statements of Operations and Deficit
(unaudited - Prepared by Management)

(expressed in Canadian dollars)

	For the Three-Months Ended July 31		For the Nine-Months Ended July 31	
	2011	2010	2011	2010
	$	$	$	$
EXPENSES				
Amortization	4,510	5,863	10,735	18,141
Banking fees	179	122	454	862
General and administrative	18,161	14,253	51,292	44,115
Investor relations and marketing	675	175	3,428	30,478
Listing and regulatory costs	17,942	8,265	38,003	31,701
Management salaries and services	64,188	53,898	153,248	175,648
Professional services	29,563	6,553	69,589	44,738
Stock-based compensation	70,625	71,296	228,102	218,312
Travel	16,353	5,399	86,478	22,178
	222,196	165,824	641,329	586,173
LOSS FROM OPERATIONS	(222,196)	(165,824)	(641,329)	(586,173)
OTHER INCOME (EXPENSES)				
Foreign exchange	(7,159)	(1,121)	4,233	(728)
Interest	34	310	200	3,192
Gain (loss) on disposal of equipment	-	-	139	(12,300)
NET LOSS BEFORE INCOME TAXES	(229,321)	(166,635)	(636,757)	(596,009)
RECOVERY OF FUTURE INCOME TAXES	(20,000)	(24,000)	(100,000)	(84,000)
	(20,000)	(24,000)	(100,000)	(84,000)
NET LOSS FOR THE PERIODS	(209,321)	(142,635)	(536,757)	(512,009)
DEFICIT, beginning of periods	(12,182,107)	(11,550,480)	(11,854,671)	(11,181,106)
DEFICIT, end of periods	(12,391,428)	(11,693,115)	(12,391,428)	(11,693,115)
LOSS PER SHARE - BASIC AND DILUTED	$ (0.00)	$ (0.00)	$ (0.01)	$ (0.01)
Weighted Average Number of Common Shares				
Basic	56,333,526	53,000,193	54,917,165	53,000,193

The accompanying notes form an integral part of these consolidated financial statements.

LINEAR METALS CORPORATION
(A Development Stage Enterprise)
Consolidated Statements of Cash Flow
(unaudited - Prepared by Management)

(expressed in Canadian dollars)

	For the Three-Months Ended July 31		For the Nine-Months Ended July 31	
	2011	2010	2011	2010
	$	$	$	$
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Net loss for the periods	(209,321)	(142,635)	(536,757)	(512,009)
Charges to operations not involving cash				
Amortization	4,510	5,863	10,735	18,141
Stock-based compensation	70,625	71,296	228,102	218,312
(Gain) loss on disposal of equipment	-	-	(139)	12,300
Recovery of future income taxes	(20,000)	(24,000)	(100,000)	(84,000)
	(154,186)	(89,476)	(398,059)	(347,256)
Net change in non-cash working capital related to operations				
Decrease (increase) in sales taxes recoverable	3,189	(6,851)	9,233	(1,896)
Decrease (increase) in prepaid expenses and deposits	(105,389)	(15,535)	(114,999)	(27,770)
Increase (decrease) in accounts payable and accruals	34,668	11,992	50,667	3,167
	(221,718)	(99,870)	(453,158)	(373,755)
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES				
Common shares issued for cash, net of share issue expenses	-	-	988,340	-
	-	-	988,340	-
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES				
Resource property interests and options, net	(208,018)	(56,220)	(736,742)	(249,780)
Sales taxes recoverable related to resource property interests	5,436	(312)	(49,401)	16,939
Proceeds on disposal of equipment	-	(3,489)	139	(3,489)
	(202,582)	(60,021)	(786,004)	(236,330)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(424,300)	(159,891)	(250,822)	(610,085)
CASH AND CASH EQUIVALENTS, beginning of periods	457,160	706,035	283,682	1,156,229
CASH AND CASH EQUIVALENTS, end of periods	32,860	546,144	32,860	546,144
SUPPLEMENTAL INFORMATION				
Interest received during the periods	34	310	200	3,192

The accompanying notes form an integral part of these consolidated financial statements.

LINEAR METALS CORPORATION
(A Development Stage Enterprise)
Consolidated Statements of Comprehensive Income (Loss)
(unaudited - Prepared by Management)

(expressed in Canadian dollars)

	For the Three-Months Ended July 31		For the Nine-Months Ended July 31	
	2011	2010	2011	2010
	$	$	$	$
Net loss for the periods	(209,321)	(142,635)	(536,757)	(512,009)
Other comprehensive income (loss)	-	-	-	-
Comprehensive loss for the periods	(209,321)	(142,635)	(536,757)	(512,009)

The accompanying notes form an integral part of these consolidated financial statements.

1. Nature of operations and going concern

Linear Metals Corporation (the "Company") is in the process of exploring its resource properties and has not yet determined whether these properties contain ore reserves that are economically recoverable. To date, the Company has not earned significant revenues and is considered to be a development stage company. The recoverability of the amounts shown for resource properties and related deferred costs is dependent upon the discovery of economically recoverable reserves, obtaining necessary financing and permitting to complete the development, and future profitable production or proceeds from the disposition thereof.

These consolidated financial statements have been prepared using Canadian generally accepted accounting principles applicable to a going concern, which contemplate the realization of assets and settlement of liabilities in the normal course of business as they come due. For the nine-month period ended July 31, 2011, the Company incurred a loss of approximately $0.5 million (year-ended October 31, 2010 - $0.7 million) and as at July 31, 2011 had an accumulated deficit of approximately $12.4 million (year-ended October 31, 2010 - $11.9 million). The Company has no income or cash flow from operations and at July 31, 2011 had a negative working capital balance of approximately $0.1 million (year-ended October 31, 2010 - positive working capital balance of $0.1 million). In addition to its working capital requirements, the Company must secure sufficient funding to maintain legal title to its resource properties, to fund its exploration and development activities and to fund its general and administrative costs. Such circumstances lend significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

Management is evaluating alternatives to secure additional financing (see note 8) so that the Company can continue to operate as a going concern. Nevertheless, there is no assurance that these initiatives will be successful or sufficient.

The Company's ability to continue as a going concern is dependent upon its ability to fund its working capital and exploration requirements and eventually to generate positive cash flows, either from operations or the sale of properties. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

2. Accounting Policies

These unaudited interim consolidated financial statements of the Company have been prepared in accordance with Canadian generally accepted accounting principles for interim financial statements. Accordingly, certain information and note disclosure normally included in annual consolidated financial statements have been condensed or omitted. These interim consolidated financial statements are based on accounting principles and practices consistent with those used in the preparation of the Company's annual consolidated financial statements. These interim consolidated financial statements should be read together with the Company's October 31, 2010 audited consolidated financial statements and the accompanying notes.

3. Future Accounting Changes

Convergence with International Financial Reporting Standards ("IFRS")

The Company will cease to prepare its financial statements in accordance with Canadian generally accepted accounting principles as set out in Part V of the CICA Handbook beginning on November 1, 2011, when it will start to apply, as its primary basis of accounting, IFRS as published by the International Accounting Standards Board and set out in Part I of the CICA Handbook. Consequently, future accounting changes to Canadian generally accepted accounting principles are not discussed in these financial statements as they will normally never be applied by the Company.

4. Financial Instruments

The Company recognizes financial instruments based on their classification. Depending on the financial instruments' classification, changes in subsequent measurements are recognized in net income (loss) or comprehensive income (loss).

If a financial instrument is measured at fair value, changes in its fair value shall usually be recognized in net income (loss) in the period in which the change occurs, with some exceptions, such as for cash flow hedges and available-for-sale investments. For investments designated as being available-for-sale, changes in the fair value shall be recorded directly in Shareholders' Equity in a separate account called "Accumulated Other Comprehensive Income (Loss)" until the asset is disposed of or becomes impaired. At that time, the gains and losses are transferred to the Statement of Operations and Deficit.

The Company has implemented the following classifications:

- Cash equivalents are classified as "Financial Assets Held for Trading". These financial assets are marked-to-market through net income at each period end.

- Accounts receivable are classified as "Loans and Receivables". After their initial fair value measurement, they are measured at amortized cost using the effective interest method.

- Accounts payable are classified as "Other Financial Liabilities". After their initial fair value measurement, they are measured at amortized cost using the effective interest method.

a) Fair market value

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The carrying value of accounts receivable and accounts payable and accrued liabilities approximates their fair value because of the short-term nature of these instruments.

4. Financial Instruments (continued)

The CICA established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3: Inputs that are not based on observable market data

The financial instruments recorded at fair value on the consolidated balance sheet are cash and cash equivalents. They are measured using Level 1 of the fair value hierarchy.

b) Foreign currency rate risk management

A portion of the Company's transactions occur in the United States, Kenyan and Mexican currencies; accordingly, the related financial assets and financial liabilities are subject to fluctuations in the respective exchange rates.

c) Concentration of credit risk

The Company does not believe it is exposed to any significant concentrations of credit risk, except that a significant portion of its cash and cash equivalents are on deposit with a major Canadian chartered bank, and all of the sales taxes recoverable are with either the government of Canada or the government of Mexico.

d) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. Cash and cash equivalents are held in either bank accounts or interest-bearing instruments that can be converted to cash without penalty at any time and are recorded at fair value.

e) Interest rate risk

The Company has cash and cash equivalents and no interest-bearing debt; accordingly, interest income is subject to fluctuations in interest rates.

5. Capital Management

The Company's capital structure consists of share capital and contributed surplus, which was $22.5 million at July 31, 2011 (October 31, 2010 - $21.2 million). The Company's objective when managing capital is to maintain adequate levels of funding to support the acquisition and exploration of resource properties and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financings. Future financings are dependent on market conditions, and there can be no assurance the Company will be able to raise funds in the future.

The Company invests all capital that is surplus to its immediate operational needs in short-term, highly-liquid, high-grade financial instruments.

There were no changes to the Company's approach to capital management during the period. The Company is not subject to externally imposed capital requirements.

6. Resource Properties

	July 31, 2011	October 31, 2010
Canada		
KM61	$ 8,373,704	$ 8,367,492
Seymour Lake	1,113,817	1,160,023
Other	5,000	-
Kenya	537,425	-
Mexico		
La Morena	709,257	326,760
	$ 10,739,203	$ 9,854,275

On February 9, 2011, the Company reached an agreement with East African Pure Gold Limited ("EAPG") and B&M Mining Company Limited ("B&M") to earn up to an initial 80% interest in three mineral exploration concessions located in Kenya (the "Nyanza Project"). Under the terms of the agreements, the Company can earn an 80% interest in the concessions by incurring exploration expenditures of US $4,000,000 and making cash payments to EAPG and B&M totaling US $300,000 over a four-year period.

The Company also holds a 100% interest in the KM61, Seymour Lake and La Morena properties, subject to certain net smelter royalties. On March 31, 2011, the Company entered into a Letter of Intent ("LOI") with Canadian Copper Core Inc. ("CCC"), pursuant to which CCC will have the right to earn an initial 70% interest, subject to a 4% smelter royalty, 1% of which is payable to the Company, in the Seymour Lake Property. CCC is required to incur exploration expenditures of CDN $3,000,000, issue the Company CCC common shares valued at CDN $1,750,000 and make cash payments to the Company of CDN $500,000 over a three-year period to earn its 70% interest. The Company also has the option to require CCC to deliver a bankable feasibility study to earn an additional 10% interest in the Seymour Lake Property. Subsequent to the end of the period, the term of the LOI was extended to October 30, 2011 and amended to include the issuance of a $250,000 convertible debenture from CCC to the Company and a corresponding

6. Resource Properties (continued)

reduction in the CCC share issuance requirement contemplated in the initial LOI. The convertible debenture bears interest at a rate of 9% per annum, payable semi-annually. The convertible debenture may be converted by the Company into CCC common shares at the lower of $0.25 per common share or the amount of any CCC common share (or securities that convert into common shares) issued during the term of the debenture. The maturity date of the convertible debenture is December 31, 2012.

On November 4, 2010, the Company entered into two separate option agreements to acquire up to a 100% interest, subject to certain net smelter royalties, in two early-stage exploration properties in Ontario, Canada by making payments and incurring exploration expenditures over a two-year period.

7. Capital Stock

a) Common Shares

The Company has authorized an unlimited number of common shares without par value.

The following is a summary of common share capital activity during the three and nine-month periods ended July 31, 2011:

	Three-months ended July 31, 2011		Nine-months ended July 31, 2011	
	Number	Amount	Number	Amount
Balance outstanding - beginning of periods	56,333,526	$ 18,806,535	53,000,193	$ 17,818,195
Shares Issued	-	-	3,333,333	1,000,000
Less: Share issue costs	-	-	-	(11,660)
Balance outstanding - end of periods	56,333,526	$ 18,806,535	56,333,526	$ 18,806,535

On February 24, 2011, the Company completed a non-brokered private placement of 3,333,333 common shares priced at $0.30 per share, for total gross proceeds of $1,000,000. Share issuance costs to complete the financing were $11,660. Officers and directors of the Company subscribed for 1,666,666 common shares pursuant to the private placement.

7. Capital Stock (continued)

b) Stock Options

The following is a summary of stock option activity during the three and nine-month periods ended July 31, 2011:

	Three-months ended July 31, 2011		Nine-months ended July 31, 2011	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding - beginning of periods	3,925,000	$ 0.31	3,525,000	$ 0.31
Granted	775,000	0.30	1,175,000	0.29
Exercised	-	-	-	-
Expired	(300,000)	0.33	(300,000)	0.33
Outstanding - end of periods	4,400,000	$ 0.30	4,400,000	$ 0.30

As at July 31, 2011, the Company has outstanding stock options entitling the holders to acquire additional common shares as follows:

Weighted average exercise price per share	Number outstanding	Expiry date	Number exercisable
0.14	150,000	August 3, 2015	37,500
0.15	2,425,000	August 24, 2014	1,818,750
0.27	250,000	November 8, 2015	62,500
0.28	200,000	October 21, 2014	60,000
0.30	775,000	June 7, 2016	-
1.00	600,000	January 31, 2013	450,000
$ 0.30	4,400,000		2,428,750

8. Subsequent Events

Subsequent to July 31, 2011, the Company arranged debt financing of $200,000 in the form of two demand loans (the "Demand Loans"), each in the amount of $100,000, bearing interest at prime plus 2%. Each of the Demand Loans and all accrued interest are repayable upon demand, subject to 30 days notice. Both of the Demand Loans were received from directors of the Company.