TORO RESOURCES CORP.

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2011 AND 2010

(Expressed in Canadian Dollars)

DeVISSER GRAY LLP
CHARTERED ACCOUNTANTS

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REPORT OF INDEPENDENT REGISTERED CHARTERED ACCOUNTANTS

To the Shareholders of Toro Resources Corp.,

We have audited the accompanying consolidated financial statements of Toro Resources Corp. and its subsidiary ("the Company"), which comprise the consolidated balance sheet as at June 30, 2011, and the consolidated statements of loss and comprehensive loss and cash flows for the year ended June 30, 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Toro Resources Corp. and its subsidiary as at June 30, 2011 and their financial performance and their cash flows for the year ended June 30, 2011 in accordance with Canadian generally accepted accounting principles.

The financial statements as at June 30, 2010 and for the year then ended were audited by other auditors who expressed an opinion without reservation on those statements in their report to the shareholders dated October 27, 2010.

De Visser Gray LLP

INDEPENDENT REGISTERED CHARTERED ACCOUNTANTS
Vancouver, Canada
October 25, 2011

TORO RESOURCES CORP.

CONSOLIDATED BALANCE SHEETS

	JUNE 30 2011	JUNE 30 2010
ASSETS		
Current		
Cash	$ 563,033	$ 691,850
Amounts receivable	26,238	4,425
Prepaid expenses	6,394	10,000
	595,665	706,275
Property and Equipment (Note 6)	1,225	-
Mineral Property And Deferred Exploration Expenditures (Note 7)	624,983	141,031
	$ 1,221,873	$ 847,306
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 79,047	$ 32,664
SHAREHOLDERS' EQUITY		
Share Capital (Note 8)	2,142,266	1,480,576
Contributed Surplus	154,910	118,100
Deficit	(1,154,350)	(784,034)
	1,142,826	814,642
	$ 1,221,873	$ 847,306

Approved on behalf of the Board of Directors

"William C. Galine"	"Ronald Atlas"
Director	Director

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

TORO RESOURCES CORP.

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

	YEARS ENDED JUNE 30	
	2011	2010
Administrative Expenses		
Amortization	**325**	-
Consulting fees	**$ 60,000**	$ 20,000
Foreign exchange loss	**5,320**	-
Management fees	**32,000**	-
Office and miscellaneous	**31,208**	7,034
Professional fees	**102,319**	77,419
Regulatory fees	**39,944**	3,600
Rent	**19,139**	-
Shareholder communications	**9,935**	-
Stock based compensation	**41,000**	118,100
Transfer and filing fees	**15,758**	11,360
Travel	**13,371**	2,867
Loss Before The Following Items	**(370,319)**	(240,380)
Interest Income	**3**	21
Write Off And Impairment Of Mineral Property And Deferred Exploration Expenditures	**-**	(1)
Net Loss And Comprehensive Loss For The Year	**$ (370,316)**	$ (240,360)
Loss Per Common Share, Basic and diluted	**$ (0.02)**	$ (0.03)
Weighted Average Number Of Common Shares	**19,787,687**	9,685,752

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

TORO RESOURCES CORP.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	YEARS ENDED JUNE 30 2011	2010
Cash Provided By (Used In):		
Operating Activities		
Net loss for the year	**$ (370,316)**	$ (240,360)
Amounts not affecting cash		
Amortization	**325**	-
Stock based compensation	**41,000**	118,100
Write off and impairment of mineral property and deferred exploration expenditures	**-**	1
	(328,991)	(122,259)
Net changes in non-cash operating working capital items:		
Amounts receivable	**(21,813)**	(855)
Prepaid expenses	**3,606**	(10,000)
Accounts payable and accrued liabilities	**43,497**	(571)
	(303,701)	(133,685)
Investing Activity		
Mineral properties and deferred development expenditures	**(428,566)**	(93,347)
Property and equipment	**(1,550)**	-
	(430,116)	(93,347)
Financing Activities		
Common shares issued for cash	**605,000**	850,500
Share issue costs paid in cash	**-**	(9,000)
	605,000	841,500
Net Increase (Decrease) In Cash	**(128,817)**	614,468
Cash, Beginning Of Year	**691,850**	77,382
Cash, End Of Year	**$ 563,033**	$ 691,850
Supplemental Cash Flow Information		
Interest received	**$ 3**	$ 21
Interest paid	**$ -**	$ -
Income taxes paid	**$ -**	$ -
Supplementary Disclosure For Non-Cash Investing And Financing Activities		
Fair value of shares issued for mineral property	**$ 52,500**	$ 25,000
Fair value of shares issued as finders fees pursuant to mineral property agreement	**$ -**	$ 10,200
Fair value of shares issued as finders fees pursuant to financing	**$ -**	$ 73,925

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

TORO RESOURCES CORP.

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

JUNE 30, 2011 AND 2010

	SHARE CAPITAL		CONTRIBUTED	ACCUMULATED	TOTAL SHAREHOLDERS'
	SHARES	AMOUNT	SURPLUS	DEFICIT	EQUITY
Balance June 30, 2009	6,332,938	$ 603,876	$ -	$ (543,674)	$ 60,202
Shares issued for cash at $0.05	6,000,000	300,000	-	-	300,000
Shares issued for cash at $0.15	3,669,998	550,500	-	-	550,500
Shares issued as finders' fees pursuant to private placements	493,700	73,925	-	-	73,925
Share issue costs	-	(82,925)	-	-	(82,925)
Shares issued for mineral property (Note 7a)	250,000	25,000	-	-	25,000
Shares issued as finders' fees pursuant to mineral property acquisition agreement (Note 7a)	102,000	10,200	-	-	10,200
Fair value of stock options vesting in period	-	-	118,100	-	118,100
Net loss for the year	-	-	-	(240,360)	(240,360)
Balance June 30, 2010	16,848,636	1,480,576	118,100	(784,034)	814,642
Shares issued on exercise of stock options	50,000	9,190	(4,190)	-	5,000
Shares issued on exercise of share purchase warrants	6,000,000	600,000	-	-	600,000
Shares issued for mineral property (Note 7a)	250,000	52,500	-	-	52,500
Fair value of stock options vesting in period	-	-	41,000	-	41,000
Net loss for the year	-	-	-	(370,316)	(370,316)
Balance June 30, 2011	**23,148,636**	**$ 2,142,266**	**$ 154,910**	**$ (1,154,350)**	**$ 1,142,826**

The accompanying notes form an integral part of these financial statements

1. NATURE OF BUSINESS AND GOING CONCERN

a) Nature of Business

The Company is incorporated under the Business Corporations Act of British Columbia and is listed on the Toronto Stock Exchange ("TSX"). The Company is in the process of acquiring mineral properties for exploration to determine whether these properties contain economically recoverable ore reserves. The recoverability of any amounts shown for mineral properties and related deferred costs is dependent upon the existence of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, and the ability of the Company to obtain necessary financing to complete the development of the properties, and upon future profitable production.

b) Going Concern

The Company's financial statements have been prepared on the basis of accounting principles applicable to a going concern and assume the realization of assets and discharge of liabilities in the normal course of business. The Company's ability to continue as a going concern is contingent on its ability to obtain additional financing. The current financial equity market conditions, the challenging funding environment and the low price of the Company's common shares make it difficult to raise funds by private placements of shares. The junior resource industry has been severely impacted by the world economic situation, as it is considered to be a high-risk investment. There is no assurance that the Company will be successful with any financing ventures. It is dependent upon the continuing financial support of shareholders and obtaining financing to continue exploration of its mineral property interests. While the Company is expending its best efforts to achieve its plans by examining various financing alternatives, there is no assurance that any such activity will generate funds that will be available for operations. These financial statements do not give effect to any adjustments that would be necessary should the Company not be able to continue as a going concern.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Consolidation

The consolidated financial statements include the results of the Company, Toro Resources Corp. ("TRC") and its wholly owned subsidiary company Toro Resources Inc. ("TRI"), a company incorporated in Nevada USA on March 9, 2010.

All significant intercompany balances and transactions have been eliminated upon consolidation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant areas where management judgement is applied are the determination of stock-based compensation, carrying value of mineral properties and future income tax assets and liabilities. Actual results could differ from estimates and would impact future results of operations and cash flows.

c) Cash and Cash Equivalents

Cash includes cash on hand and demand deposits. Cash equivalents include short-term, highly liquid investments that are readily convertible to known amounts of cash which are subject to insignificant risk of change, with maturities within three months, held for the purpose of meeting short-term cash commitments rather than for investing or other purposes. At June 30, 2011 and 2010 the Company held no cash equivalents.

d) Mineral Properties and Deferred Exploration Expenditures

The cost of mineral property interests and their related direct exploration expenditures are deferred until the properties are placed into production, sold or abandoned. These deferred exploration expenditures will be amortized on a unit of production basis over the estimated useful life of the properties following the commencement of production, or written off if the properties are sold, allowed to lapse or abandoned.

Costs include the cash consideration and the fair market value of common shares issued on the acquisition of mineral property interests. The recorded costs of mineral property interests and deferred exploration expenditures represent costs incurred, and are not intended to reflect present or future values. The Company does not accrue the estimated future costs of maintaining its mineral property interests in good standing.

On an annual basis or when impairment indicators arise, the Company evaluates the future recoverability of its mineral property costs. Impairment losses or write downs are recorded in the event the net book value of such assets exceeds the estimated indicated future cash flows attributable to such assets.

e) Option Payments Received

Option payments received are treated as a reduction of the carrying value of the related mineral properties and deferred exploration costs, and the balance, if any, is taken into income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Financial Instruments

All financial instruments are classified into one of the following five categories: held-for-trading, held to maturity, loans and receivables, available for sale financial assets, or other financial liabilities. Initial and subsequent measurement and recognition of changes in the value of financial instruments depends on their initial classification:

Held to maturity investments, loans and receivables, and other financial liabilities are initially measured at fair value and subsequently measured at amortized cost. Amortization of premiums or discounts and transaction costs are amortized into net earnings (loss), using the effective interest method.

Available for sale financial assets are measured at fair value, with unrealized gains and losses recorded in other comprehensive income (loss) until the asset is realized, at which time they will be recorded in net earnings (losses).

Held for trading financial instruments are measured at fair value. All gains and losses resulting from changes in their fair value are included in the Statements of Loss in the period in which they arise.

All derivative financial instruments are classified as held for trading financial instruments and are measured at fair value, even when they are part of a hedging relationship. All gains and losses resulting from changes in their fair value are included in the Statement of Loss in the period in which they arise.

In accordance with this standard, the Company has classified its financial instruments as follows:

Cash is held for trading which is measured at fair value initially and in subsequent periods;

Amounts receivable are classified as loans and receivables. They are initially measured at fair value. Subsequent valuations are recorded at amortized cost using the effective interest method.

Accounts payable and accrued liabilities are classified as other liabilities. They are initially measured at fair value. Subsequent valuations are recorded at amortized cost using the effective interest method.

g) Loss Per Share

Loss per common share has been calculated using the weighted average number of common shares.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Loss Per Share (Continued)

The Company follows the "treasury stock method" in the calculation of diluted net loss per share.

Diluted loss per share is computed by dividing the net loss for the year by the weighted average number of shares of common stock and potential common stock outstanding during the year, if dilutive.

h) Stock Based Compensation

The Company's Stock Option Plan provides for granting of stock options to directors, officers and employees. The Company uses the fair value method for valuing stock option grants. Compensation costs attributable to share options granted are measured at fair value at the grant date and are expensed over vesting periods with a corresponding increase to contributed surplus. Upon exercise of the stock options, consideration paid by the option holder together with the amount previously recognized in contributed surplus is recorded as an increase to share capital.

i) Foreign Currency Translation

The Company's functional currency is the Canadian dollar. Transactions in foreign currency are translated into Canadian dollars as follows:

(i) monetary items at the rate prevailing at the balance sheet date;
(ii) non-monetary items at the historical exchange rate;
(iii) revenue and expense at the average rate in effect during the applicable accounting period.

Exchange gains or losses are recorded in the Statement of Loss and Comprehensive Loss.

j) Income Taxes

Income taxes are calculated using the liability method of accounting. Temporary differences arising from the difference between the tax basis of an asset or liability and its carrying amount on the balance sheet are used to calculate future income tax liabilities or assets. The future income tax liabilities or assets are measured using tax rates and laws expected to apply in the periods that the temporary differences are expected to reverse. Valuation allowances are provided where (net) future income tax assets are not more likely than not to be realized.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Asset Retirement Obligations

The Company follows the recommendations in CICA Handbook Section 3110 – "Asset Retirement Obligations" with respect to asset retirement obligations. Under Section 3110, legal obligations associated with the retirement of tangible long-lived assets are recorded as liabilities. The liabilities are calculated using the net present value of the cash flows required to settle the obligation. A corresponding amount is capitalized to the related asset. Asset retirement costs are charged to earnings in a manner consistent with the depreciation, depletion and amortization of the underlying asset. The liabilities are subject to accretion over time for changes in the fair value of the liability through charges to accretion which is included in cost of sales and operating expenses.

It is possible that the Company's estimates of its ultimate asset retirement obligations could change as a result of changes in regulations, the extent of environmental remediation required, the means of reclamation or cost estimates. Changes in estimates are accounted for prospectively from the period the estimate is revised. As at June 30, 2011, the Company had no material asset retirement obligations.

l) Impairment of Long-Lived Assets

The Company follows the recommendations in CICA Handbook Section 3063 – "Impairment of Long-Lived Assets". Section 3063 requires that the Company review for impairment of long-lived assets, including mineral properties and related deferred costs, development costs, and capital assets, to be held and used whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. If such conditions exist, assets are considered impaired if the sum of the undiscounted expected future cash flows expected to result from the use and eventual disposition of an asset is less than its carrying amount. An impairment loss is measured at the amount by which the carrying amount of the asset exceeds its fair value. When quoted market value prices are not available, the Company uses the expected future cash flows discounted at a rate commensurate with the risks associated with the recovery of the asset as an estimate of fair value.

m) Regulatory Matters

The Company and its mineral property interests are subject to a variety of government regulations governing land use, health, safety and environmental matters. The Company's management believes it has been in substantial compliance with all such regulations, and is unaware of any pending action or proceeding relating to regulatory matters that would affect the financial position of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) Recently Issued Accounting Pronouncements

i) International financial reporting standards ("IFRS")

In 2006, AcSB published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of July 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the fiscal year ended on or before June 30, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

3. NEWLY ADOPTED ACCOUNTING POLICIES

Property and Equipment

Computer Equipment is recorded at cost and amortized over its estimated useful life at the following rate: - 50% straight line per annum.

4. CAPITAL DISCLOSURES

The Company was formed for the purpose of acquiring exploration and development stage natural resource properties. The Board determines the Company's capital structure and makes adjustments to it based on funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Directors have not established quantitative return on capital criteria for capital management.

The Company currently owns 193 unpatented mining claims located in Gila County, Arizona and does not generate any revenue, and accordingly the Company will be dependent in the future upon external financing to fund future exploration programs and its administrative costs. The Company will spend existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and to seek to acquire an interest in additional properties if management feels there is sufficient geologic or economic potential provided it has adequate financial resources to do so.

4. CAPITAL DISCLOSURES (Continued)

The Directors review their capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company is reasonable.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Company considers the items included in the statement of shareholders' equity as capital. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, sell assets to reduce debt or return capital to shareholders. The Company is not subject to externally imposed capital requirements.

5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments issued by the Company are treated as equity only to the extent that they do not meet the definition of a financial liability. The Company's common shares are classified as equity instruments.

a) Financial Assets and Liabilities

The fair values of cash, amounts receivable and accounts payable and accrued liabilities approximate their carrying values because of the short term nature of these instruments. There are no material differences between the carrying values and the fair values of any financial assets or liabilities.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management process. The overall objectives of the Board are to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. The types of risk exposure and the way in which such exposure is managed are provided as follows:

b) Financial Instrument Risk Exposure and Risk Management

i) Credit Risk

The Company is primarily exposed to credit risk on its bank accounts. Credit risk exposure is limited through maintaining its cash with high-credit quality financial institutions.

5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

b) Financial Instrument Risk Exposure and Risk Management (Continued)

ii) Liquidity Risk

The Company ensures that there is sufficient capital in order to meet short term business requirements, after taking into account the Company's holdings of cash. The Company believes that its sources of financing will be sufficient to cover the expected short and long term cash requirements.

iii) Foreign Currency Risk

The Company's functional currency and the reporting currency is the Canadian dollar ("CDN$"). Periodically the Company incurs charges on its operations for settlement in currencies other than its functional currency and any gain or loss arising on such transactions is recorded in operations for the year.

The Company holds a 100% interest in its subsidiary Toro Resources Inc. ("TRI") which operates in the United States of America. TRI has transactions which are recorded in the US Dollar ("USD$"). As a result, the Company is subject to foreign currency and exchange risk on the translation of these transactions and year end balances to the reporting currency. Any gains or losses arising in the period are included in operations for the year.

As at June 30, 2011 and June 30, 2010, a 1% strengthening in the USD relative to the CDN$ does not have a significant impact on the net loss for the year.

Any unrealized translation adjustments arising at period end are included in operating loss for the period.

The mineral property contract (Note 7(a)) is denominated in US Dollars, and accordingly, changes in the exchange rate will affect the Company's future cash outflows pursuant to this agreement. As at June 30, 2011, a 1% strengthening in the USD$ relative to the CDN$ would result in future cash outflows increasing by approximately CDN$ 54,000.

The Company does not participate in any hedging activities to mitigate any gains or losses which may arise as a result of exchange rate changes.

5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

b) Financial Instrument Risk Exposure and Risk Management (Continued)

iii) Foreign Currency Risk (Continued)

Financial assets and liabilities denominated in currencies other than the Canadian dollar are as follows:

	FINANCIAL ASSETS	FINANCIAL LIABILITIES
US dollars	$ 19,142	$ 17,760

iv) Interest Rate Risk

In respect of financial assets, the Company's policy is to invest cash at floating rates of interest and cash reserves are to be maintained in cash in order to maintain liquidity. Fluctuations in interest rates affect the value of cash.

c) Value of Financial Instruments

Handbook Section 3862 – "Financial Instruments – Disclosure" requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The accounting standard establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. CICA Handbook Section 3862 prioritizes the inputs into three levels that may be used to measure fair value:

i) Level 1 – Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

ii) Level 2 – Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.

iii) Level 3 – Applies to assets or liabilities for which there are unobservable market data.

5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

c) Value of Financial Instruments (Continued)

The Company's financial instruments consist principally of cash, and accounts payable and accrued liabilities. Pursuant to CICA Handbook 3862, fair value of assets and liabilities measured on a recurring basis include cash which is determined based on Level 1 inputs, which consist of quoted prices in active markets for identical assets. The Company believes that the recorded values of all of the other financial instruments approximate their current fair values because of their nature and respective maturity dates or durations.

d) Hedging

This standard specifies the circumstances under which hedge accounting is permissible and how hedge accounting may be performed. The Company currently does not hold any financial instruments designated for hedge accounting.

6. PROPERTY AND EQUIPMENT

	JUNE 30, 2011		
	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE
Computer equipment	$ 1,550	$ 325	$ 1,225

	JUNE 30, 2010		
	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE
Computer equipment	$ -	$ -	$ -

7. MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

Mineral properties and deferred exploration expenditures comprise:

	2011	2010
Deer Creek, Idaho, USA	$ -	$ -
Morgan Peak, Arizona, USA	624,983	141,031
Total	$ 624,983	$ 141,031

a) Morgan Peak, Arizona, USA

	2011	2010
Acquisition Costs		
Balance, Beginning of Period	$ 70,448	$ -
Additions	82,587	70,448
Total	153,035	$ 70,448
Exploration Costs		
Balance, Beginning of Period	70,583	-
Assessments and fees	36,457	18,664
Consulting and engineering	309,509	39,032
Drilling	4,813	-
Field and Travel	35,246	604
Office	7,821	2,607
Reports and Maps	5,470	8,274
Storage	2,049	1,402
Balance , End of Period	471,948	70,583
Total	$ 624,983	$ 141,031

On December 10, 2009, the Company entered into a letter of intent with MinQuest Inc. ("MinQuest") to acquire a 100% undivided interest in the Morgan Peak Property in Arizona, USA, comprising 101 unpatented mineral claims covering a total of 2020 acres.

Upon execution of the letter of intent, the Company paid to MinQuest a $10,862 (US$10,000) non-refundable deposit.

7. MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (Continued)

a) Morgan Peak, Arizona, USA (Continued)

On February 1, 2010, the Company entered into a definitive mineral property agreement (denominated in US$) with MinQuest in respect to the option to acquire a 100% interest in the property subject to a 3% Net Smelter Royalty. At this time the non-refundable deposit became part of the amount due upon signing the agreement. Subsequent to the finalization of the agreement, MinQuest became a related party as its President was appointed as a director of TRI.

On March 10, 2010, the Company assigned all its rights and obligations pursuant to the mineral contract to its wholly owned subsidiary, TRI, a Company incorporated in Nevada.

In order to earn the interest, TRC is required to issue an aggregate of 3,000,000 shares of common stock and TRI is required to make cash payments to MinQuest totalling US$1,000,000, and incur an aggregate of US$4,300,000 in exploration expenditures as follows:

	CASH COMPENSATION (US $)	SHARE CONSIDERATION (NUMBER OF SHARES)	EXPLORATION EXPENDITURES
Upon signing the agreement	$ 20,000 (paid)	250,000 (issued)	$ -
On or before February 1, 2011	20,000 (paid)	250,000 (issued)	250,000 (spent)
On or before February 1, 2012	25,000	300,000	350,000
On or before February 1, 2013	30,000	350,000	450,000
On or before February 1, 2014	40,000	400,000	500,000
On or before February 1, 2015	50,000	450,000	750,000
On or before February 1, 2016	50,000	500,000	1,000,000
On or before February 1, 2017	50,000	500,000	1,000,000
On or before February 1, 2018	715,000	-	-
	$ 1,000,000	3,000,000	$ 4,300,000

7. MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (Continued)

a) Morgan Peak, Arizona, USA (Continued)

Also, TRI is required to make cash payments totalling US$665,000 to another party as follows:

	CASH COMPENSATION (US $)
Upon signing the agreement	$ 10,000 (paid)
December 5, 2010	10,000 (paid)
December 5, 2011	25,000
December 5, 2012	30,000
December 5, 2013	40,000
December 5, 2014	50,000
December 5, 2015	50,000
December 5, 2016	50,000
December 5, 2017	400,000
	$ 665,000

As at June 30, 2011, the Company has paid $62,119 (US$60,000) and issued 500,000 common shares with an aggregate fair value of $77,500 pursuant to the agreement. The Company has also issued 102,000 common shares with a fair value of $10,200 as finders' fees in respect to the transaction.

During the year ended June 30, 2010, the Company staked a further 28 claims in the surrounding area to the main property, and during the year ended June 30, 2011 a further 68 claims were staked in the surrounding area to the main property.

7. MINERAL PROPERTIES AND DEFERRED EXPLORAT ION EXPENDITURES (Continued)

b) Deer Creek, Idaho, USA

	2011	2010
Acquisition Costs		
Balance, Beginning of Year	$ -	$ 1
Additions	-	-
Write offs and impairment provisions during the year	-	(1)
Balance, End of Year	-	-
Exploration Costs		
Balance, Beginning of Year	-	-
Property taxes and assessments	-	-
Write offs and impairment provisions during the year	-	-
Balance, End of Year	-	-
Total	$ -	$ -

On June 30, 2009, the Company performed its annual review of its property holdings and recorded a mineral property impairment provision of $80,488, and a deferred exploration impairment provision of $13,757 resulting in the carrying cost of the property being $1. On June 30, 2010, the Company abandoned the property and recorded a further mineral property impairment of $1.

8. SHARE CAPITAL

a) Authorized:

Unlimited voting common shares without par value

Unlimited non-voting preferred shares with a par value of $1 each (none issued)

8. SHARE CAPITAL (Continued)

b) Issued and Outstanding - Common Shares:

During the year ended June 30, 2011, the Company completed the following share issuances:

i) 6,000,000 common shares pursuant to the exercise of share purchase warrants for aggregate proceeds of $600,000.

ii) 50,000 common shares pursuant to the exercise of stock options for gross proceeds of $5,000

iii) 250,000 common shares pursuant to the Morgan Peak mineral property agreement with a fair value of $52,500

During the year ended June 30, 2010, the Company completed the following share issuances:

i) On April 28, 2010, the Company completed a private placement totalling 3,669,998 units at $0.15 per unit, for total proceeds of $550,500. Each unit consists of one common share and one-half of one non-transferable share purchase warrant. Each full share purchase warrant entitles the holder to purchase one additional common share at a price of $0.30 per common share until April 28, 2012. In payment for finders' fees provided in connection with the private placement the Company paid cash of $9,000 and issued 163,700 shares with a fair value of $40,925.

ii) On February 3, 2010, the Company completed a private placement totalling 6,000,000 units at $0.05 per unit, for total proceeds of $300,000. Each unit consists of one common share and one non-transferable purchase warrant. Each full share purchase warrant entitles the holder to purchase one additional common share at a price of $0.10 per common share until February 3, 2011. In payment for finders' fees provided in connection with the private placement the company issued 330,000 shares with a fair value of $33,000.

iii) On February 3, 2010, the Company issued 250,000 Common shares with a fair value of $25,000 pursuant to the Morgan Peak mineral property option agreement and also issued 102,000 Common shares with a fair value of $10,200 as finders fees in connection with the mineral property agreement.

8. SHARE CAPITAL (Continued)

c) Share Purchase Warrants

As at June 30, 2011, share purchase warrants outstanding for the purchase of common shares are as follows:

NUMBER OF WARRANTS	EXERCISE PRICE PER WARRANT	EXPIRY DATE
1,835,001	$ 0.30	April 28, 2012

A summary of changes in share purchase warrants for the years ended June 30, 2011 and 2010 is presented below:

	2011		2010	
	NUMBER	**WEIGHTED AVERAGE EXERCISE PRICE**	NUMBER	WEIGHTED AVERAGE EXERCISE PRICE
Balance, beginning of year	**7,835,001**	**$ 0.15**	-	$ -
Granted	**-**		7,835,001	0.15
Exercised	**(6,000,000)**	**0.10**	-	-
Balance, end of year	**1,835,001**	**$ 0.30**	7,835,001	$ 0.15

d) Escrow Shares

As at June 30, 2011 no common shares were held in escrow. (June 30, 2010 – 510,002)

9. STOCK BASED COMPENSATION

The Company has a stock option plan that provides for the issuance of stock options to its officers, directors, employees and consultants. Stock options must be non-transferable and the aggregate number of shares that may be reserved for issuance pursuant to stock options may not exceed 10% of the issued shares of the Company at the time of granting and may not exceed 5% to any individual.

The exercise price of stock options is determined by the board of directors of the Company at the time of grant and may not be less than the closing market price of the Company's shares on the day immediately prior to the award date, less any discount which may be permitted by the exchange on which the Company is listed. Options have a maximum term of five years.

9. STOCK BASED COMPENSATION (Continued)

As at June 30, 2011, stock options were outstanding for the purchase of common shares as follows:

NUMBER OF OPTIONS	EXERCISE PRICE PER SHARE	NUMBER EXERCISABLE AT JUNE 30 2011	EXPIRY DATE	WEIGHTED AVERAGE LIFE
1,000,000	$ 0.10	1,000,000	March 4, 2015	2.54
200,000	$ 0.18	200,000	June 3, 2015	0.54
50,000	$ 0.18	50,000	August 31, 2015	0.14
200,000	$ 0.20	250,000	March 23, 2016	3.88
1,450,000		1,450,000		

A summary of changes in stock options for the years ended June 30, 2011 and 2010 is presented below:

	2011			2010		
	NUMBER		WEIGHTED AVERAGE EXERCISE PRICE	NUMBER		WEIGHTED AVERAGE EXERCISE PRICE
Balance, beginning of year	**1,250,000**	**$**	**0.11**	**-**	**$**	**-**
Granted	**250,000**		**0.20**	**1,250,000**		**0.11**
Exercised	**(50,000)**		**0.10**	**-**		**-**
Balance, end of year	**1,450,000**	**$**	**0.13**	**1,250,000**	**$**	**0.11**

Upon exercise of the stock options, consideration paid by the option holder together with the amount previously recognized in contributed surplus is recorded as an increase to share capital. During the year ended June 30, 2011, the Company recorded $41,000 (2010 - $118,100) in stock based compensation for options vesting during the year of which $ 33,400 (2010 – $97,220) was pursuant to options granted to directors.

9. STOCK BASED COMPENSATION (Continued)

The fair value of each option granted is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	2011	2010
Risk free interest rate	**2.51%**	2.57%
Expected life	**5 years**	5 years
Expected volatility	**122%**	122%
Expected dividend yield	**-**	-
Weighted average of fair value of options granted	**$0.16**	$0.09

10. INCOME TAXES

The Company is subject to income taxes on its unconsolidated financial statements in Canada and the Untied States. The consolidated provision for income taxes varies from the amount that would be computed from applying the combined statutory income tax rates to the net loss before taxes were approximately as follows:

	2011	2010
Combined statutory tax rate	**27%**	29%
Expected income tax recovery	**$ 267,000**	$ 70,000
Non-deductible differences	**(11,000)**	(34,000)
Effect of changes in tax rate	**42,000**	(11,000)
Unrecognized benefit of loss carry forwards	**(298,000)**	(25,000)
Income tax provision	**$ -**	$ -

The significant components of the company's future income tax assets were approximately as follows:

	2011	2010
Losses available for future periods	**$ 393,000**	$ 137,000
Resource property expenditures	**36,000**	85,000
Share issuance costs	**13,000**	18,000
Valuation allowance	**(442,000)**	(240,000)
Net future income tax asset	**$ -**	$ -

10. INCOME TAXES (Continued)

As of June 30, 2011, the Company has Canadian and U.S. non-capital losses of approximately $ 1,375,000 which may be carried forward and applied against taxable income in future years. These losses expire as follows:

CANADA			U.S.		
2026	$	33,000	2026	$	-
2027		165,000	2027		-
2028		139,000	2028		-
2029		69,000	2029		-
2030		138,000	2030		3,000
2031		340,000	2031		488,000
	$	884,000		$	491,000

The Company has resource pools of approximately $144,000 (2010 – $144,000) in Canada and $Nil (2010 - $ 141,000) in the U.S. available to offset future taxable income. The tax benefit of these amounts is available for carry-forward indefinitely.

The potential tax benefits of these items have not been recognized as realization is not considered more likely than not.

11. RELATED PARTY TRANSACTIONS

The following related party transactions were in the normal course of operations and measured at the exchange amount, which is the amount established and agreed to by the related parties. Amounts due to and from related parties were non-interest bearing, unsecured and had not fixed terms of repayment.

In addition to those related party transactions disclosed elsewhere in the financial statements the Company incurred the following transactions and balances:

a) Included in accounts payable is $700(June 30, 2010 - $352) due to two directors for expense reimbursement, $24,076 (June 30, 2010 - $4,609) due to a related individuals for consulting services and amounts aggregating $980 (June 30, 2010 - $8,375) due to Companies with a common director.

b) During the year ended June 30, 2011 and 2010, the Company accrued or was charged the following amounts by directors, and companies with a common director or officer:

11. RELATED PARTY TRANSACTIONS (Continued)

		2011		2010
Income Statement Items				
Management fees	**$**	**32,000**	$	-
Office expenses		**8,323**		2,625
Professional fees		**2,780**		-
Rent		**9,960**		-
Stock based compensation		**33,400**		-
Travel		**2,050**		-
	$	**88,513**		2,625
Balance Sheet Items				
Mineral Property and Deferred exploration expenditures	**$**	**155,745**	$	38,848

12. CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The Company has no significant contractual obligations or commitments with any parties respecting executive compensation, consulting arrangements, rental premises or other matters, except as disclosed elsewhere in these notes.