TripleDragon Resources Inc.

(An Exploration Stage Company)

FINANCIAL STATEMENTS

MARCH 31, 2011 and 2010

MNP LLP

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Triple Dragon Resources Inc.
(An Exploration Stage Company)

We have audited the accompanying financial statements of Triple Dragon Resources Inc. (the "Company"), which comprise the balance sheet as at March 31, 2011 and the statements of operations and comprehensive loss and shareholders' equity and cash flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

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

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

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

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2011 the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Emphasis of Matter
Without qualifying our opinion, we draw attention to note 1 in the financial statements, which indicates that the Company incurred losses since inception of $2,838,882. This condition, along with other matters as set forth in note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Other matter
The financial statements as at and for the year ended March 31, 2010 were audited by Chang Lee LLP of Vancouver, Canada, prior to its merger with MNP. Chang Lee expressed an unmodified opinion on these statements in their report date July 5, 2010.

MNP LLP
Chartered Accountants

Vancouver, Canada
July 18, 2011

TRIPLE DRAGON RESOURCES INC.
An Exploration Stage Company

BALANCE SHEETS
AS AT MARCH 31

		2011		2010
ASSETS				
Current				
Cash and cash equivalents	**$**	**4,855**	$	20,026
HST receivable		**2,153**		14,938
Marketable securities (Note 3)		**247,500**		-
		254,508		34,964
Marketable Securities (Note 3)		**202,500**		-
Mineral Properties and Deferred Exploration Expenditures (Note 4)		**423,758**		278,603
Mineral Property Held for Sale (Note 5)		**-**		130,571
	$	**880,766**	$	444,138
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities	**$**	**147,250**	$	33,227
Due to a related party (Note 7)		**143,933**		26,250
Future income tax liability (Note 8)		**10,312**		-
		301,495		59,477
Future Income Tax Liability (Note 8)		**8,438**		-
		309,933		59,477
Shareholders' Equity				
Share capital		**2,658,250**		2,648,250
Contributed surplus		**751,465**		751,465
Deficit		**(2,838,882)**		(3,015,054)
		570,833		384,661
	$	**880,766**	$	444,138

Nature of Operations (Note 1)
Commitments (Note 9)
Subsequent Events (Note 11)

On behalf of the Board:

"David Hodge"	Director	*"Jenna Hardy"*	Director
David Hodge		Jenna Hardy	

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

TRIPLE DRAGON RESOURCES INC.
An Exploration Stage Company

STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS AND DEFICIT
FOR THE YEARS ENDED MARCH 31

	2011	2010
Expenses		
Administrative fees (Note 7)	**$ 82,500**	$ 150,000
Advertising and promotions	**1,015**	15,327
Office and general	**308**	3,484
Professional fees	**16,317**	13,752
Stock based compensation	**-**	315,002
Transfer agent and regulatory authorities fees	**12,384**	17,010
Travel and promotion	**3,694**	22,131
	(116,218)	(536,706)
Other income (expenses)		
Unrealized gain on marketable securities	**150,000**	-
Gain on sale of property	**160,997**	-
Interest income	**143**	-
	311,140	-
Income (Loss) Before Income Tax Provision	**194,922**	(536,706)
Future income tax (recovery) expenses	**18,750**	(42,750)
Net income (loss) and comprehensive income (loss) for the year	**176,172**	(493,956)
Basic and diluted income (loss) per share	**$ 0.01**	$ (0.02)
Weighted average number of common shares outstanding – basic and diluted	**24,501,474**	24,425,000

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

TRIPLE DRAGON RESOURCES INC.
An Exploration Stage Company

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31

		2011		2010
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income (loss) for the year	$	176,172	$	(493,956)
Adjustment for items not involving cash:				
Gain on sale of property		(160,997)		-
Unrealized gains on marketable securities		(150,000)		-
Stock based compensation		-		315,002
Future income tax (recovery) expenses		18,750		(42,750)
Changes in non-cash operating working capital:				
HST receivable		12,785		(10,073)
Due from a related party		-		5,766
Accounts payable and accrued liabilities		(20,844)		18,309
Due to a related party		117,683		26,250
Net cash flows from (used in) operating activities		(6,451)		(181,452)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Mineral properties and deferred exploration expenditures		(288)		(114,287)
Mineral property held for sale		(8,432)		(103,235)
Net cash flows from (used in) investing activities		(8,720)		(217,522)
Decrease in cash and cash equivalents		(15,171)		(398,974)
Cash and cash equivalents, beginning of year		20,026		419,000
Cash and cash equivalents, end of year	$	4,855	$	20,026

Supplemental disclosure with respect to cash flows:

Interest paid in cash	$	-	$	-
Income tax paid in cash	$	-	$	-

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

TRIPLE DRAGON RESOURCES INC.
An Exploration Stage Company

STATEMENTS OF SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED MARCH 31, 2011 AND 2010

	Share Capital		**Contributed**		
	Number	**Amounts**	**Surplus**	**Deficit**	**Total**
Balance, March 31, 2009	24,425,000	$ 2,691,000	$ 436,463	$ (2,521,098)	$ 606,365
Tax effect on flow-through renunciation	-	(42,750)	-	-	(42,750)
Share purchase warrant modification	-	-	315,002	-	315,002
Net income (loss) for the year	-	-	-	(493,956)	(493,956)
Balance, March 31, 2010	24,425,000	2,648,250	751,465	(3,015,054)	384,661
Shares issued for property	86,956	10,000	-	-	10,000
Net income (loss) for the year	-	-	-	176,172	176,172
Balance, March 31, 2011	**24,511,956**	**$ 2,658,250**	**$ 751,465**	**$ (2,838,882)**	**$ 570,833**

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

TRIPLE DRAGON RESOURCES INC.
An Exploration Stage Company

SCHEDULE I SUMMARY OF DEFERRED COST ON MINERAL PROPERTIES

	Acquisition Cost					Deferred Exploration Cost					Total Acquisition and Deferred Exploration Costs	
	March 31, 2010			March 31, 2011		March 31, 2010			March 31, 2011			
	Beginning	Additions	Ending	Additions	Ending	Beginning	Additions	Ending	Additions	Ending	2011	2010
Murray	15,509	-	15,509	-	15,509	148,807	9,981	158,788	-	158,788	174,297	174,297
May	-	5,701	5,701	10,000	15,701	-	16,881	16,881	2,919	19,800	35,501	22,582
Burnt	-	10,000	10,000	10,000	20,000	-	26,197	26,197	9,903	36,100	56,100	36,197
Staircase	-	30,830	30,830	-	30,830	-	14,697	14,697	112,333	127,030	157,860	45,527
Total	15,509	46,531	62,040	20,000	82,040	148,807	67,756	216,563	125,155	341,718	423,758	278,603

SCHEDULE II EXPLORATION COSTS ON MINERAL PROPERTIES

	Year Ended March 31, 2011				
	Murray	May	Burnt Island	Staircase	Total
	$	$	$	$	$
Assays	-	-	-	7,610	7,610
Geological expenses	-	2,791	7,513	44,110	54,414
Maps and reports	-	-	-	18,722	18,722
Supplies and rentals	-	128	773	17,844	18,745
Travel and accommodation	-	-	1,617	24,047	25,664
Total	-	2,919	9,903	112,333	125,155

	Year Ended March 31, 2010				
	Murray	May	Burnt Island	Staircase	Total
	$	$	$	$	$
Assays	762	980	3,594	337	5,673
Consulting	4,981	7,593	3,418	-	15,992
Geological expenses	4,032	50	10,542	7,804	22,428
Maps and reports	125	-	-	-	125
Supplies and rentals	81	241	40	4,540	4,902
Travel and accommodation	-	8,017	8,603	2,016	18,636
Total	9,981	16,881	26,197	14,697	67,756

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

1. NATURE OF OPERATIONS AND GOING CONCERN

The Company was incorporated on February 21, 2006, under the laws of British Columbia and on August 4, 2006, it continued out of British Columbia and into the British Virgin Islands. The Company's principal business activity was the exploration of mineral properties. On September 21, 2006, the Company changed its principal business activity and developed its business plan to enter the convention industry principally in Macau. On July 10, 2008, in connection with the change of control, the Company continued into British Columbia as a mineral exploration company in the exploration stage engaged in the acquisition, exploration and development of mineral properties.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") 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. The Company has incurred losses since inception and the Company has an accumulated deficit as at March 31, 2011, of $2,838,882 (2010 - $3,015,054) and a working capital deficiency of $46,987 (2010 – $24,513). The ability of the Company to continue as a going-concern depends upon its ability to develop profitable operations and to continue to raise adequate financing required to maintain its operations, and to ultimately attain future profitable operations. Management expects the Company to continue as a going concern and plans to meet any financing requirements through equity financing and seeking other business opportunities to expand the Company's operations. The outcome of these matters cannot be predicted at this time and there are no assurances that the Company will be successful in achieving its goals. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

Estimates, Assumptions and Measurement Uncertainty

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates. Areas requiring significant management estimates relate to the determination of impairment of mineral properties, expected tax rates for future income tax recoveries and expenses, fair value of stock-based payments, valuation of marketable securities and useful lives for amortization of long-lived assets. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in estimates in future periods could be significant.

Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance to be cash equivalents. The cash equivalents were $nil as at March 31, 2011 (2010 - $nil).

Mineral Properties

The cost of mineral properties and related exploration and development costs are deferred until the properties are placed into production, sold or abandoned. These costs will be amortized using the unit of production method of the properties following the commencement of commercial production or written off if the properties are sold, allowed to lapse, or abandoned. Properties acquired under option agreements, whereby payments are made at the sole discretion of the Company, are recorded in the accounts at such time as the payments are made. It is reasonably possible that economically recoverable reserves may not be discovered and accordingly a material portion of the carrying value of mineral properties and related deferred exploration costs could be written off. Although the Company has taken steps to verify title to mineral properties in which it has an interest, according to the usual industry standards for the stage of exploration of such properties, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected title defects.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Asset Retirement Obligations

An asset retirement obligation is a legal obligation associated with the retirement of tangible long-lived assets that the Company is required to settle. This would include obligations related to future removal of property and equipment, and site restoration costs. The Company recognizes the fair value of a liability for an asset retirement obligation in the year in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability. The Company currently does not have any significant asset retirement obligations.

Impairment of Long-Lived Assets

The Company follows the recommendations of the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3063, "Impairment of Long-Lived Assets". Section 3063 establishes standards for recognizing, measuring and disclosing impairment of long-lived assets held for use. The Company conducts its impairment test on long-lived assets when events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment is recognized when the carrying amount of an asset to be held and used exceeds the undiscounted future net cash flows expected from its use and disposal. If there is an impairment, the impairment amount is measured as the amount by which the carrying amount of the asset exceeds its fair value, calculated using discounted cash flows when quoted market prices are not available.

Earnings (Loss) Per Share

Basic earnings (loss) per share is calculated using the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is calculated giving effect to the potential dilution that would occur if securities or other contracts to issue common shares were exercised or converted to common shares using the treasury method. The treasury method assumes that proceeds received from the exercise of stock options and warrants are used to repurchase common shares at the prevailing market rate. Diluted loss per share is equal to the basic loss per share as there were no dilutive securities as at March 31, 2011.

Corporate Transaction Costs

The Company adopted Emerging Issues Committee (EIC) 94, "Accounting for Corporate Transaction Costs" and recorded the costs incurred in connection with the proposed corporate transaction eligible for deferral as a non-current deferred charge.

Income Taxes

The Company accounts for income taxes using the asset and liability method, whereby future tax assets and liabilities are recognized for the future income tax consequences attributable to differences between the carrying values of the asset and liabilities and their respective income tax bases. Future income tax assets and liabilities are measured using substantively enacted income tax rates expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled. The effect on future income taxes and liabilities of a change in rates is included in operations in the period that includes the substantive enactment date. To the extent that the Company does not consider it more likely than not that a future income tax asset will be recovered, it provides a valuation allowance against the excess.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Stock-Based Compensation

The Company accounts for stock options granted using CICA Section 3870,"Stock-Based Compensation and Other Stock-Based Payments". Under this Handbook section, the Company is required to expense, over the vesting period, the fair value of the options and awards granted. Accordingly, the fair value of the options at the date of grant is accrued and charged to operations, with a corresponding credit to contributed surplus, on a straight-line basis over the vesting period. If and when the stock options are ultimately exercised, the applicable amounts of contributed surplus are transferred to share capital.

Flow-through Common Shares

Canadian income tax legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. When resource expenditures are renounced to the investors and the Company has reasonable assurance that the expenditures will be completed, future income tax liabilities are recognized thereby reducing share capital when the expenses are renounced.

If a company has sufficient unused tax losses and deductions to offset all or part of the future income tax liabilities and no future income tax assets have been previously recognized on such losses, a portion of such unrecognized losses is recorded as income up to the amount of the future income tax liability previously recognized on the renounced expenditures.

Comprehensive Income

Comprehensive income is the overall change in the net assets of the Company for a period, other than changes attributable to transactions with shareholders. It is made up of net income and other comprehensive income. The historical make up of net income has not changed. Other comprehensive income includes gains or losses, which generally accepted accounting principles requires to be recognized in a period, but excluded from net income for that period.

The Company has no items of other comprehensive income in any period presented. Therefore, net income as presented in the Company's statement of operations equals comprehensive income.

Foreign Currency Translation

Monetary items denominated in a foreign currency are translated into Canadian dollar equivalents at exchange rates prevailing at the balance sheet date and non-monetary items are translated at exchange rates prevailing when the assets were acquired or obligations incurred. Foreign currency denominated revenue and expense items are translated at exchange rates prevailing at the transaction date. Gains or losses arising from the translations are included in the operations

Financial Instruments - Recognition and Measurement

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 the financial instruments depends on their initial classification.

The Company classifies its cash and cash equivalents and marketable securities as held-for-trading; accounts payable and accrued liabilities and due to a related party as other financial liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments - Recognition and Measurement (continued)

The carrying value of cash and cash equivalents, accounts payable and accrued liabilities and due to a related party approximate to their fair values due to the short-term nature of these instruments. Marketable securities are measured at fair value.

Fair Value

The Company categorizes its financial assets and liabilities measured at the fair value into one of three different levels depending on the observability of the inputs used in the measurement. For the years ended March 31, 2011 and 2010, the fair value of the financial instruments was measured using Level 1 inputs.

The three levels are defined as follows:

- Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 – inputs to valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Financial instruments classified as level 1 – quoted prices in active markets include cash and cash equivalents and marketable securities.

Capital Disclosures

It is required to disclose of an entity's objectives, policies and processes for managing capital, quantitative data about what the entity regards as capital and whether the entity has complied with any capital requirements and, if it has not complied, the consequences of such noncompliance.

The Company manages its common shares, stock options and warrants as capital. As the Company is in the exploration stage, its principal source of funds is from the issuance of common shares. It is the Company's objective to safeguard its ability to continue as a going concern, so that it can continue to explore and develop its project for the benefit of its stakeholders. The Company is not subject to any externally imposed capital requirement.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the exploration and development of its mineral properties. The Board of Directors has not established quantitative capital structure criteria for management, but will review on a regular basis the capital structure of the Company to ensure its appropriateness to the stage of development of the business.

The properties in which the Company currently has interest are in the exploration stage and the Company is dependent on external financing to fund its activities. In order to carry out planned exploration and development and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Disclosures (continued)

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

In order to facilitate the management of capital and maintenance and development of future mining sites, the Company may issue new equity, incur additional debt, option its properties for cash and/or expenditure commitments from optionees, enter into joint venture arrangements, or dispose of certain assets. The Company's investment policy is to hold cash in interest bearing accounts at high credit quality financial institutions to maximize liquidity. In order to maximize ongoing development efforts, the Company does not pay dividends. The Company expects to continue to raise funds, from time to time, to continue meeting its capital management objectives.

New Accounting Pronouncements

In January 2009, the CICA issued Section 1582 "Business Combinations" to replace Section 1581. Prospective application of the standard is effective January 1, 2011, with early adoption permitted. This new standard effectively harmonizes the business combinations standard under Canadian GAAP with International Financial Reporting Standards ("IFRS"). The new standard revises guidance on the determination of the carrying amount of the assets acquired and liabilities assumed, goodwill and accounting for non-controlling interests at the time of a business combination.

The CICA concurrently issued Section 1601 "Consolidated Financial Statements" and Section 1602 "Non-Controlling Interests" which replace Section 1600 "Consolidated Financial Statements. Section 1601 provides revised guidance on the preparation of consolidated financial statements and Section 1602 addresses accounting for non-controlling interests in consolidated financial statements subsequent to a business combination. These standards are effective January 1, 2011, unless they are early adopted at the same time as Section 1582 "Business Combinations".

In June 2009, the CICA issued amendments to Handbook Section 3855, "Financial Instruments" to add guidance concerning the assessment of embedded derivative upon reclassification of a financial asset out of the held-for-trading category and to clarify the application of the effective interest method after a debt instrument has been impaired. These amendments apply to interim and annual financial statements relating to years beginning on/after January 1, 2011.

On February 13, 2008, Canada's Accounting Standard Board confirmed January 1, 2011, as the effective date for complete convergence of Canadian GAAP to International Financial Reporting Standards ("IFRS"). The official changeover date will apply for interim and financial statements relating to fiscal years beginning on or after January 1, 2011. The Company has determined that the key elements of this IFRS changeover on the Company will be in the areas of accounting for resource properties' acquisition and exploration costs, impairment of long-lived assets, accounting for share capital including stock options and warrant valuations and general IFRS disclosure requirements. The Company is currently assessing the specific impact on the Company's financial reporting and developing an implementation timetable.

In December 2009, the CICA issued EIC 175, Multiple Deliverable Revenue Arrangements, replacing EIC 142, Revenue Arrangements with Multiple Deliverables. This abstract was amended to: (1) provide updated guidance on whether multiple deliverables exist, how the deliverables in an arrangement should be separated, and the consideration allocated; (2) require, in situations where a vendor does not have vendor specific objective evidence ("VSOE") or third-party evidence of selling price, that the entity allocate revenue in an arrangement using estimated selling prices of deliverables; (3) eliminate the use of the residual method and require an entity to allocate revenue using the relative selling price method; and (4) require expanded qualitative and quantitative disclosures regarding significant judgments made in applying this guidance.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Pronouncements (continued)

The accounting changes summarized in EIC 175 are effective for fiscal years beginning on or after January 1, 2011, with early adoption permitted. Adoption may either be on a prospective basis or by retrospective application. If the Abstract is adopted early, in a reporting period that is not the first reporting period in the entity's fiscal year, it must be applied retroactively from the beginning of the Company's fiscal period of adoption.

The Company is currently assessing the future impact of these amendments on its financial statements and has not yet determined the timing and method of its adoption.

3. MARKETABLE SECURITIES

	Number Of Shares	Cost	Unrealized Gain	Fair Value March 31, 2011
Lakeland Resources Inc.	3,000,000	$ 300,000	$ 150,000	$ 450,000
Less current portion	1,650,000	165,000	82,500	247,500
	1,350,000	$ 135,000	$ 67,500	$ 202,500

During the year 2011, the Company received 3,000,000 common shares of Lakeland Resources Inc. ("Lakeland") (formerly Cats Eye Capital Corp.) due to the sale of the CAM property. Lakeland is a junior mineral exploration company listed on the TSX Venture Exchange ("TSX-V"). The 3,000,000 common shares were issued on August 19, 2010, and are subject to an escrow agreement. 10% of the shares were released from escrow on August 19, 2010, and tranches of 15% are to be released every six months thereafter. As at March 31, 2011, 2,250,000 common shares remained in escrow and 1,350,000 of which is classified as long-term given the above-mentioned release terms.

4. MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

Murray Property

The Company acquired a 100% interest in one mineral claim northeast of Yellowknife, Northwest Territories, known as the Murray Property pursuant to a Mineral Property Acquisition Agreement dated April 17, 2008, between the Company and Zimtu Capital Corp. ("Zimtu"). The Company acquired the Property for $15,509 cash. There was a 1% net smelter return royalty and a 1% gross overriding royalty on the Property, in favour of the original vendor of the property, which was relinquished on May 7, 2009. Zimtu is a related party to the Company by virtue of a common director and officer, as well as by virtue of its controlling share position in the Company.

May Property

On May 14, 2009, the Company acquired a 100% interest in a mineral lease comprising approximately 100.5 acres in the Northwest Territories known as the May Property from a third party. The May Property was acquired for total consideration of $5,500 cash (paid) and the issuance of $10,000 of common shares (issued) of the Company on May 14, 2010, and a further $15,000 of common shares of the Company to be issued by May 14, 2011 (100,000 issued at $0.15 subsequent to the year ended March 31, 2011). There is a 2% net smelter return royalty on the Property payable to the Vendor upon the commencement of commercial production.

4. MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (continued)

Burnt Island Property

On August 11, 2009, the Company entered into a Mineral Property Option Agreement ("Agreement") to purchase a 100% interest in two mineral claims in the Gordon Lake area of the Northwest Territories, known as the Burnt Island Property. Per the Agreement, the Company shall pay to the Vendor the following:

- $10,000 cash within 5 days of signing the agreement (paid)
- $10,000, in either cash or shares, for every year that the Company holds the option ($10,000 paid).

There is a 3% net smelter return royalty on the Property payable to the Optionor upon the commencement of commercial production.

Staircase Claims

On November 9, 2009, the Company acquired a 100% interest in 83 mineral claims located north of Prince George, B.C. comprising approximately 36,600 hectares. The Company purchased the claims from Radius Gold Inc. for $30,000 (paid) and paid $830 to have the claims transferred to their name. During the year ended March 31, 2011, the Company renewed 31 of the 83 Staircase mineral claims. The Company allowed 52 mineral claims to lapse.

5. MINERAL PROPERTY HELD FOR SALE

Mineral property held for sale refers to the Camlaren Property ("CAM Property") that the Company sold during the year ended March 31, 2011:

	2011	2010
Balance, beginning of year	$ 130,571	$ 27,336
Expenditures incurred prior to sale	8,432	103,235
Sale of property	(139,003)	-
Balance, end of year	$ -	$ 30,571

The CAM Property, consisting of two mineral claims northeast of Yellowknife, Northwest Territory and covering approximately 2,425 acres (981 hectares), is located 80 km northeast of Yellowknife and 6 km east-southeast of the Murray Property. It was originally acquired by staking. Pursuant to a Purchase and Sale Agreement dated April 27, 2010, the Company sold the CAM Property to Lakeland, in consideration for 3,000,000 Lakeland common shares issued at a deemed price of $0.10 per share (also see Note 3).

6. SHARE CAPITAL

a) Authorized: Unlimited common shares with no par value

b) Issued and Outstanding

During the year ended March 31, 2011

On May 14, 2010, the Company issued 86,956 common shares, valued at $10,000, in accordance with the May Property agreement.

During the year ended March 31, 2010

During the year ended March 31, 2010, the Company renounced all of its flow-through shares issued in 2009. As result, the Company recognized $42,750 as the tax effect on the renunciation.

6. SHARE CAPITAL (continued)

c) Escrow Shares

There are no common shares of the Company in escrow.

d) Stock Options

The Company has a stock option plan whereby the Company is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. The options can be granted for a maximum term of 5 years.

Stock option transactions and the number of stock options outstanding are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, March 31, 2011 and 2010	2,442,500	$ 0.21

The following stock options were outstanding and exercisable as at March 31, 2011:

Expiry Date	Weighted Average Exercise Price	Weighted Average Number of Shares	Weighted Average Remaining Contractual Life (Years)
June 11, 2013	$ 0.20	2,192,500	2.19
February 3, 2014	$ 0.25	250,000	3.84
	$ 0.21	2,442,500	2.26

There was no stock option granted and exercised in year 2011 and 2010.

e) Warrants

	Number of Warrants	Weighted Average Exercise Price
Balance, March 31, 2011 and 2010	2,000,000	$ 0.25

The following warrants were outstanding and exercisable as at March 31, 2011:

Expiry Date	Weighted Average Exercise Price	Weighted Average Number of Shares	Weighted Average Remaining Contractual Life (Years)
December 31, 2011	$0.25	1,000,000	0.75
January 21, 2012	$0.25	1,000,000	0.81
	$0.25	2,000,000	0.78

6. SHARE CAPITAL (continued)

e) Warrants (continued)

During the year ended March 31, 2010, the Company extended the terms of the 2,000,000 share purchase warrants for an additional 2 years. The Company applies the fair value method to account for the modification of the warrants.

The modification is calculated to be $315,002 using the Black Scholes option pricing model using the following weighted average assumptions:

	March 31, 2010
Risk-free interest rate	1.20% to 1.45%
Expected life of warrants	2 years
Annualized volatility	149% - 150%
Dividends	0.00%

7. RELATED PARTY TRANSACTIONS

During the year ended March 31, 2011, Zimtu charged the Company $82,500 in administrative fees (2010 - $150,000).

At March 31, 2011, the Company has a payable owing to Zimtu of $126,125 (2010 - $26,250). The payables are non-interest bearing and due on demand.

At March 31, 2011, $17,808 (2010: $Nil) was due to a company with a common director of the Company for fees and expenses related to geological consulting incurred on behalf of the Company. The payables are non-interest bearing and due on demand.

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

See also Note 4 and 9.

8. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

		2011		2010
Net income (loss) before income taxes:	**$**	**194,922**	**$**	(536,706)
Income tax at statutory rates of 26.5% (2010 - 30%)		**51,654**		(161,012)
Share issue costs		**(4,850)**		(5,490)
Sale of interest in mineral properties		**36,836**		-
Gain on marketable securities		**(39,750)**		-
Deferred exploration expenditures		**(40,700)**		-
Non-deductible meals and entertainment		**-**		372
Stock based compensation		**-**		94,501
Loss carry forward utilized		**(3,190)**		-
Change in valuation allowance		**18,750**		28,879
Total income tax expenses (recovery)	**$**	**18,750**	**$**	(42,750)

8. INCOME TAXES (continued)

Details of future income tax assets are as follows:

		2011		2010
Future income tax assets (liabilities):				
Non-capital losses available for future periods	**$**	**335,290**	**$**	269,048
Benefit of share issuance costs		**4,650**		10,517
Marketable securities		**(18,750)**		-
Mineral Properties		**(105,939)**		(42,750)
Valuation allowance		**(234,001)**		(236,815)
Net future income tax assets (liability)	**$**	**(18,750)**	**$**	**-**

The Company has non-capital losses of approximately $1,340,000 (2010 - $1,353,000), which may be carried forward and applied against taxable income in future years. If not utilized, the non-capital losses would expire in 2026 to 2030. The benefits of these losses have not been reflected in these financial statements and have been offset by a valuation allowance since the Company cannot be assured that it is more likely than not that such benefit will be utilized in future year.

The losses expire as follows:

2026	$	67,000
2027		117,000
2028		132,000
2029		376,000
2030		648,000
	$	1,340,000

9. COMMITMENTS

On May 15, 2008, the Company signed a management services agreement with Zimtu Capital Corp. ("Zimtu") for the provision of administrative and managerial services to the Company for a period of 12 months. On November 30, 2008, the Company revised the agreement to reduce the fee from $25,000 per month to $12,500 per month commencing December 1, 2008, for the duration of the agreement. During the year ended March 31, 2011, the agreement was extended for a further 12 month term, until May 15, 2011 and the monthly remuneration to be paid to Zimtu for these services was at the rate of $5,000 per month. Subsequent to May 15, 2011, this agreement is continued on a month to month basis at a rate of $5,000 per month.

10. FINANCIAL INSTRUMENTS

Financial Risk Management

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities. The Company has exposure to credit risk, liquidity risk and market risk as a result of its use of financial instruments. This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing these risks. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has implemented and monitors compliance with risk management policies as set out herein.

10. FINANCIAL INSTRUMENTS (continued)

a) Credit Risk

Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to its cash balances. The Company manages its credit risk on bank deposits by holding deposits in high credit quality banking institutions in Canada. Management believes that the credit risk with respect to receivables is remote.

The Company mitigates credit risk on these financial instruments by adhering to its investment policy that outlines credit risk parameters and concentration limits.

b) Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient capital to meet liabilities when due after taking into account the Company's holdings of cash that might be raised from equity financings. As at March 31, 2011, the Company had a cash balance of $4,855 (2010 - $20,026) and current liabilities of $301,495 (2010 - $59,477). All of the Company's accounts payable and accrued liabilities have contractual maturities of less than 60 days and are subject to normal trade terms. The Company believes that these sources will be sufficient to cover the expected short and long term cash requirements

c) Market Risk

Market risk consists of currency risk, commodity price risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.

i) Currency Risk

Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. Although the Company is considered to be in the development stage and has not yet developed commercial mineral interests, the underlying commodity price for minerals is impacted by changes in the exchange rate between the Canadian and United States dollar. As all of the Company's transactions are denominated in Canadian dollars, the Company is not significantly exposed to foreign currency exchange risk at this time.

ii) Commodity Price Risk

Commodity price risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for minerals are impacted by world economic events that dictate the levels of supply and demand as well as the relationship between the Canadian and United States dollar, as outlined above. As the Company has not yet developed commercial mineral interests, it is not exposed to commodity price risk at this time.

iii) Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is currently not exposed to interest rate risk.

11. SUBSEQUENT EVENTS

See Note 4.