SILVER SHIELD RESOURCES CORP.

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Shareholders of **Silver Shield Resources Corp.**:

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian generally accepted accounting principles and ensuring that all information in the Management Discussion and Analysis (MD&A) is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is responsible for reviewing and approving the financial statements and Management Discussion and Analysis (MD&A) and, primarily through its Audit Committee, ensures that management fulfills its responsibilities for financial reporting. The Board fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and the external auditor. The Audit Committee has the responsibility of meeting with management, and the external auditor to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Board is also responsible for recommending the appointment of the company's external auditor.

N. R. McLeod, Chartered Accountant is appointed by the shareholders to audit the consolidated financial statements, in accordance with auditing standards generally accepted in Canada, and report directly to them; his audit report follows. The external auditor has full and and free access to both the Board of Directors and the Audit Committee to discuss his audit findings.

May 2, 2011

Tim Towers

Timothy Towers
Director, President and Chief Executive Officer

Ray Lashbrook

Raymond Lashbrook
Director, Vice-President

N. R. McLEOD

CHARTERED ACCOUNTANT

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NORTH BAY, ON P1B 3Z3
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Silver Shield Resources Corp.

I have audited the accompanying consolidated financial statements of **Silver Shield Resources Corp.** (an exploration stage company) which comprise the consolidated balance sheet as at December 31, 2010 and 2009 and the consolidated statements of operations and comprehensive loss and deficit, and cash flows for the years then ended, 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.

Auditor's Responsibility
My responsibility is to express an opinion on these consolidated financial statements based on my audits. I conducted my audits in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from 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 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 financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion
In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2010 and 2009 and the results of its operations and its cash flows for the years then ended, in accordance with Canadian generally accepted accounting principles.

Emphasis of Matter
Without qualifying my audit opinion, I draw attention to Note 1 of these consolidated financial statements, which states that Silver Shield Resources Corp. incurred significant losses from operations, negative cash flows from operating activities and has an accumulated deficit. This, along with other matters as described in Note 1, indicate the existence of a material uncertainty which may cast doubt about the ability of Silver Shield Resources Corp. to continue as a going concern.

North Bay, Ontario

N. R. McLeod, C.A.

N. R. McLeod

May 2, 2011

Licensed Public Accountant

SILVER SHIELD RESOURCES CORP.

(An Exploration Stage Company)

CONSOLIDATED BALANCE SHEET

AS AT DECEMBER 31, 2010 AND 2009

	2010	2009
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (Note 2)	$ 452,765	$ 535,181
GST/HST and value added tax recoverable	150,912	81,355
Prepaid expenses and deposits (Note 2)	5,779	63,746
	609,456	680,282
MINERAL PROPERTIES (Note 8)		
Mineral claims	516,313	372,396
Deferred exploration costs	3,114,897	2,500,111
	3,631,210	2,872,507
PROPERTY, PLANT AND EQUIPMENT (Notes 2 and 7)	10,904	14,518
	$ 4,251,570	$ 3,567,307
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 687,602	$ 278,954
Royalties payable (Note 8)	73,726	43,726
Due to related parties (Note 11)	251,359	215,091
Due to Northern Nickel Mining Inc. (Note 11)	421,072	416,833
	1,433,759	954,604
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 9)	3,478,610	3,297,710
CONTRIBUTED SURPLUS (Note 9)	692,860	497,160
WARRANTS (Note 9)	275,060	247,890
SHARE SUBSCRIPTIONS (Note 13)	26,000	-
DEFICIT	(1,654,719)	(1,430,057)
	2,817,811	2,612,703
	$ 4,251,570	$ 3,567,307

Nature and continuance of operations (Note 1)
Going concern (Note 1)
Subsequent events (Note 13)

APPROVED ON BEHALF OF THE BOARD:

Tim D Towers Timothy Towers, President and Chief Executive Officer

Ray Lashbrook Raymond Lashbrook, Director

The accompanying notes are integral part of these consolidated financial statements

SILVER SHIELD RESOURCES CORP.

(An Exploration Stage Company)

CONSOLIDATED STATEMENT OF OPERATIONS AND COMPREHENSIVE LOSS AND DEFICIT
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
EXPENSES		
Bank and interest charges	$ 15,790	$ 2,195
Director stock option compensation	121,600	-
Legal and audit	27,753	33,308
Management fees	-	61,000
Marketing and investor relations	118,851	19,630
Office and administrative	19,564	5,197
Royalties	30,000	43,726
Transfer agent and filing fees	20,165	17,794
Travel, meetings and conventions	12,794	2,228
	366,517	185,078
NET LOSS BEFORE OTHER ITEMS	(366,517)	(185,078)
Mineral exploration costs	(14,249)	-
Depreciation and amortization	(3,614)	(5,160)
Short term exchange gains (losses)	(5,282)	(15,501)
	(23,145)	(20,661)
EARNINGS (LOSS) BEFORE OTHER ITEMS	(389,662)	(205,739)
Write-off of mineral claims and exploration costs	-	(51,238)
EARNINGS (LOSS) BEFORE INCOME TAXES	(389,662)	(256,977)
Future income taxes (recovered)	(165,000)	(118,800)
LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	(224,662)	(138,177)
DEFICIT, BEGINNING OF YEAR	(1,430,057)	(1,291,880)
DEFICIT, END OF YEAR	$ (1,654,719)	$ (1,430,057)
BASIC AND DILUTED LOSS PER COMMON SHARE	$ (0.005)	$ (0.004)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING (Note 2)	47,104,037	35,455,427

Going Concern (Note 1)

The accompanying notes are integral part of these consolidated financial statements

SILVER SHIELD RESOURCES CORP.

(An Exploration Stage Company)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
CASH PROVIDED BY (USED FOR)		
OPERATING ACTIVITIES		
Loss and comprehensive loss for the year	$ (224,662)	$ (138,177)
Add items not involving cash		
- depreciation and amortization	3,614	5,160
- value assigned to director stock option compensation	121,600	-
- write-off of mineral claims	-	51,238
- future income taxes	(165,000)	(118,800)
	(264,448)	(200,579)
Change in non-cash working capital items	463,326	154,691
Net cash flow from operations	198,878	(45,888)
FINANCING ACTIVITIES		
Due to Northern Nickel Mining Inc. (Note 11)	4,239	18,167
Issue of capital stock and warrants, net of issuance costs (Note 9e)	410,870	665,992
Share subscriptions (Note 13)	26,000	-
	441,109	684,159
INVESTING ACTIVITIES		
Purchase of fixed assets	-	(3,555)
Purchase of mineral claims	(107,617)	(27,749)
Deferred exploration costs	(614,786)	(122,935)
	(722,403)	(154,239)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(82,416)	484,032
CASH AND CASH EQUIVALENTS - beginning of year	535,181	51,149
CASH AND CASH EQUIVALENTS - end of year	$ 452,765	$ 535,181

Change in non-cash working capital items		
GST/HST and value added tax recoverable	$ (69,557)	$ (6,405)
Prepaid expenses and deposits	57,967	22,711
Accounts payable and accrued liabilities	408,648	37,058
Due to related parties	36,268	57,601
Royalties payable	30,000	43,726
	$ 463,326	$ 154,691

Supplemental disclosure with respect to non-cash transactions		
Issuance of common shares	$ 36,300	$ 35,000
Purchase of mineral claims	$ (36,300)	$ (35,000)
Share issuance costs	$ (22,100)	$ (20,100)
Contributed surplus	$ 22,100	$ 20,100

The accompanying notes are integral part of these consolidated financial statements

1. NATURE AND CONTINUANCE OF OPERATIONS

Gemini Acquisitions Inc. ("the Company") was incorporated under the Ontario Business Corporations Act on June 1, 2006. The Company's principal business activity is the exploration of mineral resource properties primarily in Ontario and Mexico.

On December 14, 2007, the Company acquired all of the issued and outstanding shares of Silver Shield Resources Inc. by issuing common shares of the Company. This business combination had been accounted for as a reverse takeover with Silver Shield Resources Inc. as the accounting parent. Silver Shield Resources Inc. was incorporated under the Ontario Business Corporations Act on May 2, 2006.

On March 4, 2008, the Company received Articles of Amendment to change the name of the Company to Silver Shield Resources Corp.

The Company is in the process of exploring its mineral properties and has not yet determined whether the properties contain economically recoverable reserves. The recovery of expenditures on mineral properties and the related deferred exploration costs are dependent upon the existence of economically recoverable mineralization, the ability of the Company to obtain financing necessary to complete the exploration, the development of mineral properties, and upon future profitable production or alternatively, on the sufficiency of proceeds from disposition.

Ownership in mineral interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristics of many mineral interests. The Company has investigated ownership of its mineral interests and, to the best of its knowledge, such ownership interests are in good standing.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles on a going concern basis, under which the Company is assumed to be able to realize its assets and discharge its liabilities in the normal course of business for foreseeable future. There are several adverse conditions that cast doubt upon the soundness of this assumption. The Company is an exploration company and has no revenue to finance its operations. It is therefore required to fund its activities through debt financing and the issuance of equity securities. The Company reported net losses of $224,662 for the year ended December 31, 2010 and $138,177 for the year ended December 31, 2009, has an accumulated deficit of $1,654,719 and current liabilities exceed current assets by $824,303. These items raise doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is therefore dependant upon its ability to raise funds in the capital markets.

These financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate because management believes actions already taken or planned will mitigate the adverse conditions and events that raise doubts about the validity of the going concern assumption used in preparing these financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and the functional currency is the Canadian dollar.

The consolidated financial statements include the accounts of the following companies:

Silver Shield Resources Corp.	parent company incorporated in Ontario, Canada
Silver Shield Resources, S.A. de C.V.	100% owned subsidiary company incorporated in Mexico

The Company incorporated the Mexican subsidiary on April 10, 2007 in order to formalize the option agreement for the La Cumbre property in Mexico. The shares of the Mexican subsidiary are held in trust by certain Directors of the Company and are beneficially owned by Silver Shield Resources Corp. All material intercompany transactions and balances have been eliminated.

(b) Estimates and measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results could differ from these estimates. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. Significant areas where management judgement is applied in these financial statements include: the carrying values of mineral properties, determination of impairment of long-lived assets, useful lives for depletion and amortization, and current and future income tax provisions.

(c) Translation of foreign currencies

The Company's functional currency is the Canadian dollar. The accounts of its subsidiary, which is an integrated operation, is translated into Canadian dollars using the temporal method. Under this method, monetary assets and liabilities resulting from foreign currency transactions are translated into Canadian dollars at year-end exchange rates and non-monetary assets and liabilities are translated at historical rates. Expenses are translated at the rates of exchange prevailing on the dates such items are recognized in earnings except for amortization of mineral properties, property, plant and equipment which are translated at the same rates as the assets to which they relate. Gains and losses on translation of monetary assets and monetary liabilities are included in results from operations for the year.

(d) Cash and cash equivalents

Cash represents cash on hand and demand deposits. Cash equivalents represent short-term, highly liquid investments that are readily convertible to known amounts of cash and subject to insignificant risk of change in value. Such short-term investments would include treasury bills and term deposits with original maturities of less than 90 days. Treasury bills and term deposits with original maturities in excess of 90 days are classified under short-term investments. Equity investments are excluded from cash equivalents.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Prepaid expenses and deposits

Prepaid expenses and deposits represent payments made in advance of the receipt of goods or rendering of services. Prepaid expenses and deposits are included in current assets on the consolidated balance sheet for the reason that if they were not paid in advance, the items would require the use of current assets during the operating cycle.

(f) Mineral properties

Costs related to the acquisition and exploration of mineral properties are capitalized by property until the commencement of commercial production. If commercially profitable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. If, after management review, it is determined that capitalized acquisition, exploration and development costs are not recoverable over the estimated economic life of the property, or the property is abandoned, or management deems there to be an impairment in value, the property is written down to its net realizable value.

Mineral property acquisition costs include the cash consideration and the fair value of common shares issued for mineral property interests pursuant to the terms of the relevant agreement. The amount at which mineral properties and deferred exploration costs are recorded do not necessarily reflect present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and/or development, and future profitable production or proceeds from the disposition thereof.

(g) Property, plant and equipment

Property, plant and equipment is recorded at cost. Depreciation is provided annually at rates calculated to write-off the assets over their estimated useful lives as follows:

Equipment	- 20% diminishing balance
Computers	- 55% diminishing balance

(h) Asset impairment - long-lived assets

The Company reviews and evaluates the carrying value of its mineral properties, property, plant and equipment when events or changes in circumstances indicate that the carrying amounts of related assets or groups of assets might not be recoverable. In assessing impairment for these assets, if the fair value or total estimated future cash flows on an undiscounted basis are less that the carrying amount of the asset, an impairment loss is measured and recorded based on discounted cash flows. Future cash flows are based on estimated future recoverable mine production, expected sales prices (considering current and historical prices), production levels and costs, and further expenditures. All long-lived assets at a particular operation or project are combined for purpose of performing the recoverability test and estimating future cash flows.

(i) Flow-through 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 by the Company of the related resource expenditures.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Flow-through shares (continued)

When expenditures are renounced to the subscribers and the Company has reasonable assurance that the expenditures will be completed, future income tax liabilities are recognized (renounced expenditures multiplied by the effective tax rate) thereby reducing share capital.

If the Company has sufficient unused tax losses and deductions ("losses") 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 (losses multiplied by the effective corporate tax rate) is recorded as a reduction of income tax expense to the amount of future income tax liability that was previously recognized on the renounced expenditures.

(j) Loss per share

Basic loss per share is computed by dividing the loss for the period by the weighted average number of common shares outstanding during the period.

For diluted per share computations, assumptions are made regarding potential common shares outstanding during the period. The weighted average number of common shares is increased to include the number of additional common shares that would be outstanding if, at the beginning of the period, or at the time of issuance, if later, all options and warrants are exercised. Proceeds from exercise are used to purchase the Company's common shares at their average market price during the period, thereby reducing the weighted average number of common shares outstanding. If these computations prove to be anti-dilutive, diluted loss per share is the same as basic loss per share.

(k) Share capital

The Company records proceeds from the exercise of stock options and warrants as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company.

Share capital issued for non-monetary consideration is recorded at an amount based on fair market value

The proceeds from the issue of units is allocated between common shares and common share purchase warrants on a pro-rata basis on a relative fair value basis, wherein the fair value of the common shares is based on the market close on the date the units are issued, and the fair value of the common share purchase warrants is determined using the Black-Scholes pricing model.

(l) Stock-based compensation

On February 29, 2008, the Company's shareholders approved a stock option plan to provide incentive compensation to the Company's directors, officers, employees and consultants (the "Stock Option Plan").

The Stock Option Plan is administered by the Company's Board of Directors. Stock options may be granted at any time to any director, senior officer, key employee or other person providing services to the Company, taking into consideration his or her contribution to the success of the Company and any other factor which the Board of Directors of the Company may deem proper and relevant. The aggregate number of common shares which may be reserved for issuance pursuant to the Stock Option Plan and any other share compensation arrangements of the Company will not exceed 10% of the total number of issued and outstanding common shares (calculated on a non-diluted basis) from time to time.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Stock-based compensation (continued)

Stock options granted under the Stock Option Plan are exercisable over a period not exceeding five years, subject to earlier cancellation upon termination of the optionee's employment, upon the optionee ceasing to be an employee, senior officer, director or consultant of the Company, as applicable, or upon the optionee retiring, becoming permanently disabled or dying. The stock options are non-assignable and non-transferable. The Stock Option Plan contains provisions for adjustment in the number of shares issuable in the event of a subdivision, consolidation, reclassification or change of the common shares, or a merger or other relevant changes in the Company's capitalization. The Stock Option Plan does not contain any provision for financial assistance by the Company in respect of stock options granted thereunder.

The Company uses the fair value method of accounting for stock options, units or warrants granted to employees, senior officers, directors or consultants. The fair value of any stock options, units or warrants issued is recorded over the vesting period of the options granted using the Black Scholes option pricing model and management's assumptions. The primary estimates impacting the fair value of stock based compensation are the volatility of the share price and the expected life of the stock options, units or warrants. These estimates are based on historical information and accordingly can not be relied upon to predict future behaviour. The fair value of all stock options, units or warrants granted is recorded as a charge to operations or share issuance cost over the vesting period with a corresponding credit to either contributed surplus or warrants. Upon exercise of the stock options, units or warrants, consideration paid by the holder together with the amount previously recognized in warrants or contributed surplus is recorded as an increase to share capital.

(m) Income taxes

Income taxes are accounted for using the asset and liability method. Under this method of tax allocation, future tax assets and liabilities are determined based on differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases ("temporary differences") and losses carried forward. Future income tax assets and liabilities are measured using the enacted tax rates expected to be in effect when the temporary differences are likely to reverse. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment. The amount of future income tax assets recognized is limited to the amount that is more likely than not to be realized. A valuation allowance is provided to the extent that it is more likely than not that future income tax assets will not be realized.

(n) Asset retirement obligations

The Company applies the recommendations of CICA Handbook Section 3110 - Asset Retirement Obligations. This section requires recognition of a legal liability for obligations relating to retirement of property, plant and equipment, and mineral properties when those obligations result from the acquisition, construction, development or normal operations of the assets. When determinable, a liability for future site reclamation costs, or other obligations, would be recorded at fair value and the corresponding increase in the asset's carrying value would then be amortized over the remaining useful life of the asset.

Management has reviewed the Company's likely retirement costs of it's property, plant and equipment, and mineral properties for known obligations under contract, common practices or laws and regulations in effect or anticipated. The Company has determined that there are no known or quantifiable significant asset retirement obligations and accordingly, these consolidated financial statements do not include any provision related to future asset retirement.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Financial instruments - recognition and measurement

Financial assets and liabilities, including derivative instruments, are initially recognized at fair value and subsequently measured based on their classification as follows:

- Held-for-trading financial instruments are measured at their fair value with changes in fair value recognized in net income for the period.
- Available-for-sale financial assets are measured at their fair value and changes in fair value are included in other comprehensive income until the asset is removed from the balance sheet.
- Held-to-maturity investments, loans and receivables and other financial liabilities are measured at amortized cost using the effective interest rate method.
- Derivative instruments, including embedded derivatives, are measured at their fair value with changes in fair value recognized in net income for the period unless the instrument is a cash flow hedge and hedge accounting applies in which case changes in fair value are recognized in other comprehensive income

The Company has designated its financial instruments as follows:

- Cash and cash equivalents are classified as held-for-trading;
- GST/HST and value added tax recoverable are classified as loans and receivables;
- Accounts payable and accrued liabilities, due to related parties and due to Northern Nickel Mining Inc. are classified as other financial liabilities.

The Company does not have any derivatives or embedded derivatives and does not use any hedges to manage various risks.

(p) Financial instruments - disclosures and presentation

The Company applies CICA Handbook Sections 3862 and 3863 relating to Financial Instruments - Disclosure and Presentation. These sections require the Company to provide disclosure of quantitative and qualitative information in it's financial statements that enable the user to evaluate:

- the significance of financial instruments for the entity's financial position and performance; and
- the nature and extent of risks arising from the financial instruments to which the entity is exposed during the period and at the balance sheet date, and management's objectives, policies and procedures for managing such risks.

Entities are required to disclose the measurement basis or bases used and the criteria used to determine classification within a hierarchy that prioritizes the inputs to fair value measurements. The three levels of fair value are:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices that are observable for assets or liabilities either directly or indirectly; and
- Level 3: Inputs that are not based on observable market data.

The required disclosures of this section for the different types of instruments and the levels of fair values are included in Note 5 of these financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Capital disclosures

The Company applies CICA Handbook Section 1535, Capital Disclosures. This Section requires disclosure of an entity's objectives, policies and processes for managing capital; quantitative data about what the entity regards as capital; whether the entity has complied with any capital requirements; and if it has not complied, the consequences of such non-compliance. This information enables users of financial statements to evaluate the entity's objectives, policies and processes for managing capital. This disclosure is included in Note 6 of these financial statements.

3. RECENT ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

(a) Business combinations - Section 1582

Effective January 1, 2011, the Company will adopt CICA Handbook Section 1582, Business Combinations. The new Section establishes the standards for the measurement of a business combination and the recognition and measurement of assets acquired and liabilities assumed. The Company is currently evaluating the impact of the adoption of this new Section.

(b) Consolidated financial statements and non-controlling interests - Sections 1601 and 1602

Effective January 1, 2011, the Company will adopt CICA Handbook Section 1601, Consolidated financial statements and Section 1602, Non-controlling interests. The new Sections continue and establish guidance on aspects of the preparation of consolidated financial statements and the treatment of non-controlling interests subsequent to acquisition through a business combination. The Company is currently evaluating the impact of the adoption of this new Section.

(c) Adoption of International Financial Reporting Standards ("IFRS")

In October 2009, the Accounting Standards Board issued a third and final IFRS Omnibus Exposure Draft confirming that all publicly accountable enterprises will be required to report under IFRS, in full and without modifications for all financial periods beginning on or after January 1, 2011. These changes reflect a global shift to IFRS and they are intended to facilitate capital flows and bring greater clarity and consistency to financial reporting in the global marketplace. The transition to IFRS at January 1, 2011 requires the restatement, for comparative purposes, of amounts reported by the Company for the year ended December 31, 2010, including the opening balance sheet as at January 1, 2010. In its transition planning, management identified the accounting treatment of deferred exploration costs and asset impairments as possible areas of divergence between IFRS and Canadian GAAP. However, management believes that it can continue with its current approach of accounting for these items and that no material change in reported financial results will result from the introduction of IFRS.

4. FINANCIAL INSTRUMENTS

The Company has classified its cash and cash equivalents as held for trading, and is measured at fair value. GST/HST and value added tax recoverable are classified as loans and receivables and are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities and are measured at amortized cost. The fair value of the Company's cash and cash equivalents is quoted in active markets and has been classified as Level 1 in the fair value hierarchy. As at December 31, 2010, the carrying and fair value amounts of the Company's financial instruments are the same.

4. FINANCIAL INSTRUMENTS (Continued)

The Company holds cash balances and incurs receivables and payables that are denominated in United States dollars and Mexican Pesos. These balances are subject to fluctuations in the exchange rate between the United States dollar, Mexican Peso and the Canadian dollar, resulting in currency gains or losses for the Company.

The Company's financial risk factors are discussed in detail below in Note 5.

5. FINANCIAL INSTRUMENTS - RISK MANAGEMENT

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

(a) Fair value

Fair values of assets and liabilities approximate amounts at which these items could be exchanged in a transaction between knowledgeable parties. Fair value is based on available public market information or when such information is not available, estimated using present value techniques and assumptions concerning the amount and timing of future cash flows and discount rates which factor in the appropriate credit risk. The calculation of estimated fair value is based on market conditions at the specific point in time and in the respective geographic locations and may not be reflective of future fair values.

Cash and cash equivalents are recorded at fair value and are measured using Level 1 (in accordance with Section 3862 of the CICA Handbook). GST/HST and value added tax recoverable, accounts payable and accrued liabilities, due to related parties and due to Northern Nickel Mining Inc. approximate their fair values due to their short term to maturity.

(b) Currency risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada and Mexico and a portion of its costs and expenses are incurred in Canadian dollars, United States dollars and Mexican pesos. A significant change in the currency exchange rates between the United States dollar and/or the Mexican peso relative to the Canadian dollar could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations. At December 31, 2010, the Company is exposed to currency risk through the following assets and liabilities denominated in United States dollars and Mexican pesos:

Denominated in United States dollars:	2010 Cdn$	2009 Cdn$
Cash and cash equivalents	$ 190	$ 58,630
Accounts payable and accrued liabilities	(132,780)	-
	$ (132,590)	$ 58,630

Based on the above net exposure as at December 31, 2010, and assuming that all other variables remain constant, a 10% depreciation or appreciation of the United States dollar against the Canadian dollar would result in an increase/decrease of $13,259 in the Company's net earnings.

5. FINANCIAL INSTRUMENTS - PRESENTATION AND DISCLOSURE (Continued)

Denominated in Mexican pesos:	2010 Cdn$	2009 Cdn$
Cash and cash equivalents	$ 223	$ 416
Other current assets	100,319	110,802
Accounts payable and accrued liabilities	(78,370)	(76,305)
	$ 22,172	$ 34,913

Based on the above net exposure as at December 31, 2010, and assuming that all other variables remain constant, a 10% depreciation or appreciation of the Mexican peso against the Canadian dollar would result in an increase/decrease of $2,217 in the Company's net earnings.

(c) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third-party to a financial instrument fails to meet its contractual obligations.

Of the Company's cash and cash equivalents, $452,477 is held at a large Canadian financial institution and $288 is held at a large Mexican financial institution and management believes the risk of loss to be remote. GST/HST ($56,372) and value added tax recoverable ($94,540) are recoverable from the Federal Government of Canada and the Government of Mexico respectively. Management believes that the credit risk concentration with respect to GST/HST and value added tax recoverable is remote. Management does not believe the GST/HST and value added tax recoverable is impaired.

(d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage as outlined above in Note 6. As at December 31, 2010, the Company's current liabilities totalled $1,433,759 while cash and cash equivalents totalled $452,765. As a result, the Company will require additional funding to maintain corporate and administrative functions and to fund its continuing exploration activities and commitments. The Company completed private placement financings subsequent to December 31, 2010 as detailed in Note 13.

(e) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of cash and cash equivalents is remote. The Company has no interest-bearing debt.

(f) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of silver and gold, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

6. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets or adjust existing working capital. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

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

There were no changes in the Company's approach to capital management during the year ended December 31, 2010.

7. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated Depreciation	Net 2010	Net 2009
Equipment	$ 17,385	$ 7,395	$ 9,990	$ 12,487
Computers	6,225	5,311	914	2,031
	$ 23,610	$ 12,706	$ 10,904	$ 14,518

8. MINERAL PROPERTIES

Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore.

As mentioned in Note 1, title to resource properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveying history characteristics of many mineral properties. The Company has investigated title to all of its mineral property interests and, to the best of its knowledge, title to all of its properties are in good standing.

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the mineral property interests, the potential for production on the property may be diminished or negated.

The Company enters into exploration agreements whereby they may earn an interest in certain mineral properties by issuing Common Shares, making cash option payments and/or incurring expenditures in varying amounts by specified dates. Failure by the Company to meet such requirements can result in a reduction of ownership interest.

8. MINERAL PROPERTIES (Continued)

The following is a summary of mineral claims and deferred exploration costs by property:

Mineral Claims	2010	2009
Wilder Duggan Mine	$ 92,500	$ 92,500
Welsh Silver Mine	152,000	152,000
Lost Dog Property	25,000	-
La Cumbre Property	65,147	65,147
Jaripo Property	104,116	27,749
Ogden Property	35,000	35,000
Mountjoy and Carscallen Properties	42,550	-
	$ 516,313	$ 372,396

Deferred exploration costs

	Wilder Duggan Mine	Welsh Silver Mine	Lost Dog Property	La Cumbre and Jaripo Properties	Ogden and Other Properties	Total
Balance - December 31, 2008	$ 535,518	$ 1,017,404	$ -	$ 824,254	$ 3,088	$ 2,380,264
Expenditures for the year ending December 31, 2009:						
Geological & consulting	-	7,000	-	52,000	-	59,000
Travel, vehicle & field work	-	1,947	-	2,519	-	4,466
Technical & professional	-	180	-	299	-	479
Equipment rental, repairs and fuel	-	-	-	3,063	-	3,063
Assay work	-	-	-	259	-	259
Construction costs	-	-	-	11,690	-	11,690
On site accommodation	-	-	-	14,876	-	14,876
Labour costs	-	-	-	9,898	-	9,898
Supplies	-	21	-	3,333	-	3,354
Permits, taxes and fees	153	50	-	15,647	-	15,850
	153	9,198	-	113,584	-	122,935
Write off of deferred expenditures	-	-	-	-	(3,088)	(3,088)
	153	9,198	-	113,584	(3,088)	119,847
Balance - December 31, 2009	535,671	1,026,602	-	937,838	-	2,500,111
Expenditures for the year ending December 31, 2010:						
Trenching, linecutting and road	-	-	22,400	-	-	22,400
Geological & consulting	50,000	29,000	56,635	-	11,528	147,163
Core shack refit	-	3,600	-	-	-	3,600
Travel, vehicle & field work	9,484	4,578	1,300	-	-	15,362
Technical & professional	11,955	5,333	19,837	-	500	37,625
Equipment rental and fuel	3,750	7,500	20,250	12,993	-	44,493
Construction costs	-	-	-	35,485	-	35,485
Survey & mapping	3,591	-	70,400	-	600	74,591
Assay work	791	-	-	11,232	8,752	20,775
Drilling and site work	-	-	-	138,571	-	138,571
On site accommodation	-	-	-	18,595	-	18,595
Labour costs	2,000	-	-	20,428	500	22,928
Supplies	-	7,300	5,051	8,301	1,569	22,221
Permits, taxes and fees	910	50	-	10,017	-	10,977
	82,481	57,361	195,873	255,622	23,449	614,786
Balance - December 31, 2010	$ 618,152	$ 1,083,963	$ 195,873	$ 1,193,460	$ 23,449	$ 3,114,897

8. MINERAL PROPERTIES (Continued)

(a) Wilder Duggan Mine, Ontario

The Wilder Duggan Property, consisting of 4 mining leases and 3 mining claims is located in Donovan Township, Larder Lake Mining District, Ontario. Under the terms of the agreement dated May 2006, the Company can acquire a 100% mining interest in the Wilder Duggan Properties. The Company has paid to the vendor a total of $60,000 and has issued, as required, 250,000 common shares of the Company that were valued at $32,500. During 2010, the Company signed an amendment to the agreement whereby the Company is now required to issue 250,000 common shares of the Company in replacement of a $40,000 cash payment that had been due in May 2009. The Company satisfied this requirement subsequent to year-end and 250,000 common shares of the Company were issued to the vendor of the property on January 3, 2011 (see Note 13). The vendors retain a 2% Net Smelter Return and are entitled to advance royalties of $6,000 every six months being due commencing on the 60th month of the agreement.

(b) Welsh Silver Mine, Ontario

The Welsh Silver Mine Property, consisting of 1 mining lease and 7 mining claims is located in Mickle Township near the town of Elk Lake in Ontario. Under the terms of the Welsh Property Option Agreement dated July 17, 2006, the Company has earned a 100% interest in the property. The Company has paid the vendor cash payments totalling $80,000 and has also issued to the vendor a total of 660,000 common shares valued at $72,000. The Company was also required and has satisfied the $50,000 expenditure commitment. A 2% Net Returns Royalty ("NSR") has been retained by the vendor of the property with advance royalties being due of $30,000 per year commencing in July 2009. The vendor of the property has not requested payment of these advance royalties and the Company has not paid out any of these advances, but has fully accrued the amounts owing.

(c) Lost Dog Property, Ontario

On December 2, 2009, the Company entered into an agreement to acquire 36 mining units in Denton Township, 30 kilometres south-west of Timmins, Ontario. Under the terms of the agreement, the Company can acquire a 100% interest in the property and has paid the vendors $10,000 and issued 250,000 common shares (valued at $15,000) on January 23, 2010. The Company was also required to pay $20,000 and 250,000 common shares prior to December 31, 2010, and an additional $20,000 and 250,000 common shares prior to December 31, 2011. The vendors agreed to extend the deadline for the December 31, 2010 payments to permit the Company to close out their recent financings (see Note 13) and the cash payment of $20,000 and the issuance of 250,000 common shares occurred subsequent to year-end, on March 25, 2011. The vendors of the property will retain a 2% NSR which the Company has the right to purchase 1% NSR at any time for $1,000,000.

(d) La Cumbre Property, Mexico

On June 29, 2007, the Company entered into an agreement to acquire 2 mining concessions in the State of Guerrero, Mexico. Under the terms of the agreement, the Company has acquired a 100% interest in the two concessions by paying the vendor a total of $68,000 U.S., net of applicable Mexican taxes. The vendor of the property will retain a royalty of $1.00 U.S. for each tonne of ore extracted, milled and processed from the Mining Lots.

8. MINERAL PROPERTIES (Continued)

(e) Jaripo Property, Mexico

On July 1, 2009, the Company entered into an agreement to acquire the Jaripo concession in Michoacan State of Mexico. Under the terms of the agreement, the Company can acquire a 100% interest in the concession and has paid the vendor $25,000 U.S. upon signing of the agreement, $25,000 on January 31, 2010, and $50,000 U.S. on July 31, 2010. The Company is also required to pay $75,000 U.S. prior to July 31, 2011 and a final payment of $1,825,000 U.S. prior to July 31, 2012.

(f) Ogden Property, Ontario

On August 19, 2009, the Company entered into an agreement to acquire 2 patented mining claims in the West Timmins Area of Ontario. Under the terms of the agreement, the Company has issued 500,000 common shares of the Company valued at $35,000. The Company is also required to expend $500,000 in exploration costs over a two year period. The vendors of the property will retain a 1.5% NSR which the Company has the right to purchase at any time for $1,250,000. A director of the Company is one of the vendors of the property with a 25% interest.

(g) Mountjoy and Carscallen Properties

On March 5, 2010, the Company entered into a purchase and joint venture agreement, whereby the Company and Mhakari Gold Corp. ("Mhakari") can each acquire a 50% interest in a collection of 17 mining claim units in Ogden, Mountjoy, Denton and Carscallen Townships of Ontario. Under the terms of the agreement, the Company and Mhakari each paid the vendors $21,250 and issued 355,000 common shares (valued at $21,300) on March 18, 2010. The Company and Mhakari are also each required to pay an additional $21,250 and 355,000 common shares on the first anniversary of the agreement. The vendor has agreed to extend this payment until May 31, 2011. The vendor of the property has retained a 2% NSR.

The Company only reflects its 50% proportionate share of these properties in these consolidated financial statements.

9. SHARE CAPITAL

(a) Authorized

The Company is authorized to issue an unlimited number of Common shares without par value.

(b) Issued

	Number of shares	Amount
Balance - December 31, 2008	34,463,760	$ 2,931,508
Issued during the period ending December 31, 2008:		
Private placements - flow-through shares	3,999,999	360,000
Private placements - non flow-through shares	6,900,000	345,000
Acquisition of resource interests	500,000	35,000
	11,399,999	740,000
Share issuance costs		(39,008)
Value assigned to warrants issued on private placements		(195,890)
Value assigned to broker warrants issued on private placements		(20,100)
Tax benefits renounced to flow-through subscribers	-	(118,800)
	11,399,999	366,202
Balance - December 31, 2009	45,863,759	3,297,710
Issued (eliminated) during the year ending December 31, 2010:		
Private placement - flow-through shares	8,333,332	500,000
Acquisition of resource interests	605,000	36,300
	8,938,332	536,300
Share issuance costs		(89,130)
Value assigned to warrants issued on private placements		(79,170)
Value assigned to broker units issued on private placements		(22,100)
Tax benefits renounced to flow-through subscribers		(165,000)
	8,938,332	180,900
Balance - December 31, 2010	54,802,091	$ 3,478,610

On December 31, 2010, the Company closed a private placement of 8,333,332 flow-through units ("FT unit") at a price of $0.06 per unit for proceeds of $500,000. Each FT Unit consists of one flow-through common share issued on a flow-through basis and one-half of one common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.15 until December 31, 2012. The values attributed to the shares and warrants were $420,830 and $79,170 respectively. The Company compensated the brokers of the private placement a cash commission of $20,000, plus 533,333 finder's units. Each finder's unit is exercisable into one common share and one-half of one common share purchase warrant of the Company at a price of $0.06 per unit, expiring December 31, 2012. These common share purchase warrants have an exercise price of $0.15 per share and also expire December 31, 2012. The value assigned to these finder's units was determined to be $22,100 and has been recorded as a share issuance cost and an addition to contributed surplus.

9. SHARE CAPITAL (Continued)

(c) Options

As of December 31, 2010, the Company had the following common share purchase options outstanding:

Number of Options	Exercise Price	Expiry Date
3,800,000	$0.10	August 23, 2015

The 3,800,000 options were issued to directors of the Company on August 23, 2010 and were valued at $121,600.

The fair value of each option at the date of issue was estimated using the Black-Scholes option-pricing model with the following assumptions:

	2010	2009
Expected life of option	5 years	n/a
Risk free interest rate	1.45%	n/a
Expected stock price volatility	100%	n/a
Expected dividend yield	0%	n/a

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

(d) Warrants

As of December 31, 2010, the Company had the following share purchase warrants outstanding:

Number of Warrants	Exercise Price	Expiry Date
6,900,000	$0.10	December 15, 2011
1,999,999	0.20	December 31, 2011
4,166,666	0.15	December 31, 2012

Changes in outstanding share purchase warrants were as follows:

	2010	2009
Balance, beginning of the year	$ 247,890	$ 254,470
Warrants expired during the year	(52,000)	(202,470)
Warrants issued during the year	79,170	195,890
Balance, end of the year	$ 275,060	$ 247,890

The fair value of each warrant at the date of issue was estimated using the Black-Scholes option-pricing model with the following assumptions:

	2010	2009
Expected life of warrant	2 years	2 years
Risk free interest rate	1.45%	1.00%
Expected stock price volatility	100%	100%
Expected dividend yield	0%	0%

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

9. SHARE CAPITAL (Continued)

(e) Flow-through Shares

On December 31, 2010, 4,166,666 flow-through units were issued for gross proceeds of $500,000, all of which with an effective date of renunciation of December 31, 2010. The Company is required to incur $500,000 in qualifying exploration expenditures by December 31, 2011 and expects to incur sufficient qualifying exploration costs to meet this requirement.

(f) Contributed surplus

	2010	2009
Balance, beginning of the year	$ 497,160	$ 274,590
Expired warrants	52,000	202,470
Stock based compensation related to share issuance costs	22,100	20,100
Stock based compensation to directors of the company	121,600	-
Balance, end of the year	$ 692,860	$ 497,160

10. INCOME TAXES

The Company has losses of approximately $1,630,996 available to reduce future taxable income. These losses expire as follows:

2025	$ 85,343
2026	909,077
2028	403,536
2029	229,074
2030	311,514

The benefit relating to these loss carryforward amounts has not been recognized in the financial statements as the amount to be recorded under generally accepted accounting principles is limited to the amount which is more likely than not to be realized.

Income for taxation purposes differs from the amounts that would be obtained by applying the combined Canadian Federal and Provincial statutory income tax rates to loss before income taxes. This difference results from the following:

	2010	2009
Loss and comprehensive loss before income taxes	$ (389,662)	$ (256,977)
Combined basic federal and provincial tax rate	31.00%	33.00%
Expected income tax recovery	$ (120,795)	$ (84,802)
Increase (decrease) in income taxes resulting from		
Deductible share issuance costs	(27,630)	(17,004)
Non-deductible expenses	(42,113)	(24,904)
Change in valuation allowance	190,538	126,710
	$ -	$ -

Significant components of the company's future tax assets are as follows:

	2010	2009
Tax loss carryforwards	$ 600,949	$ 538,229
Valuation allowance	(600,949)	(538,229)
	$ -	$ -

11. RELATED PARTY TRANSACTIONS

(a) Management and consulting fees of $nil (2009 - $61,000) were paid or accrued to a company controlled by the Company's President. The management fees paid cover the costs of maintaining an office for the Company. Expense reimbursements totalling $29,119 (2009 - $8,578) were also paid or accrued directly to the Company's President. As of December 31, 2010 the Company had accrued $58,443 (2009 - $41,403) in fees and expenses as a due to related party, to be reimbursed to the Company's President. Under the terms of a consulting agreement with the Company, the President of the Company is entitled to severance compensation of $100,000 if terminated without cause.

(b) Geological fees of $nil (2009 - $56,000) and other exploration, administration and travel costs of $13,506 (2009 - $3,576) were paid or accrued to a company controlled by the Company's Vice-President of Exploration. As of December 31, 2010 the Company had accrued $72,539 (2009 - $70,732) in geological fees and other costs as a due to related party, to be reimbursed to the company controlled by the Company's Vice-President of Exploration.

(c) Geological consulting fees of $17,991 (2009 - $nil) were paid or accrued to a director of the Company. Expense reimbursements totalling $6,916 (2009 - $1,288) were also paid or accrued directly to this director. This director has also provided the Company with non-interest bearing short term advances. As of December 31, 2010 the Company had accrued $120,377 (2009 - $102,956) in geological and consulting costs and advances as a due to related party. Subsequent to the end of the year, on January 3, 2011, the Company issued a total of 1,000,000 common shares to settle $103,327 of the amount owing to this director (see Note 13).

(d) Northern Nickel Mining Inc. ("NNMI"), is related to the Company in that the President and a director of the Company are also directors of NNMI. As of December 31, 2010, the property expenditures and other costs paid on the Company's behalf by NNMI, in addition to a 10% fee to manage and operate properties totalled $421,072 and has been accrued as a current liability.

These related party transactions were incurred in the normal course of operations and, in management's opinion, were undertaken with the same terms and conditions as transactions with unrelated parties.

12. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being the exploration of mineral properties.

The Company's geographical information is as follows:

Mineral properties:	2010	2009
Canada	$ 2,268,488	$ 1,841,773
Mexico	1,362,722	1,030,734
	$ 3,631,210	$ 2,872,507

Total assets:	2010	2009
Canada	$ 2,784,099	$ 2,361,746
Mexico	1,467,471	1,205,561
	$ 4,251,570	$ 3,567,307

13. SUBSEQUENT EVENTS

(a) Shares for Debt Settlement

On January 3, 2011, the Company issued a total of 1,436,700 common shares to settle the outstanding $40,000 cash payment due on the Wilder Duggan Mine (see Note 8), $18,670 in trade accounts payable and a $103,327 advance from a director of the Company.

(b) Flow-Through Share Financing

On January 25, 2011, the Company closed a private placement of 4,170,000 flow-through units ("FT unit") at a price of $0.06 per unit for proceeds of $250,200. Each FT Unit consists of one flow-through common share issued on a flow-through basis and one-half of one common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.15 until January 31, 2013. The Company compensated the brokers of the private placement a cash commission of $20,016, plus 333,600 finder's units. Each finder's unit is exercisable into one common share and one-half of one common share purchase warrant of the Company at a price of $0.15 per unit, expiring January 31, 2013. Share subscriptions of $26,000 were received prior to year-end and have been recorded on the balance sheet of the Company.

(c) Non-Flow-Through Share Financing

On February 23, 2011, the Company closed a private placement of 10,800,000 non flow-through units ("unit") at a price of $0.05 per unit for proceeds of $540,000. Each Unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.10 until August 31, 2011, or $0.15 until February 28, 2013. The Company compensated the brokers of the private placement a cash commission of $26,600, plus 520,000 finder's units. Each finder's unit is exercisable into one common share of the Company at a price of $0.10 per unit, expiring February 28, 2013.

(d) Sandeb Property

On February 28, 2011, the Company entered into an agreement, whereby the Company can acquire an interest in a collection of 17 mining claim units located in the Red Lake Mining Division of Ontario. Under the terms of the agreement, the Company must issue 100,000 common shares upon regulatory approval of the agreement, and 200,000 common shares on each of the first and second anniversaries of the agreement. Additionally, the Company must incur $100,000 in exploration expenditures by each of the next three anniversary dates of the agreement. The vendor of the property has retained a 2% NSR.