MINERVA MINERALS LIMITED

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MINERVA MINERALS LIMITED

Financial Statements
Second Quarter Report

Three and six months ended March 31, 2011 and 2010

NOTICE TO READER OF THE INTERIM FINANCIAL STATEMENTS

The unaudited financial statements of Minerva Minerals Limited and the accompanying Balance Sheets as at March 31, 2011 and the Statements of Operations, Comprehensive Loss and Deficit and Cash Flows for the three and six months then ended are the responsibility of the Company's management.

These financial statements have not been reviewed on behalf of the shareholders by the independent external auditors of the Company, Berris Mangan. The financial statements have been prepared by management and include the selection of appropriate accounting principles, judgments and estimates necessary to prepare these financial statements in accordance with Canadian generally accepted accounting principles.

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FINANCIAL INFORMATION

Financial Statements

MINERVA MINERALS LIMITED
BALANCE SHEETS
(unaudited)

	March 31 2011	September 30 2010
ASSETS		
CURRENT		
Cash	$ 5,626	$ 1,552
Receivables	2,362	2,333
	7,988	3,885
MINERAL PROPERTY COSTS (Note 3)	16,141	15,421
	$ 24,129	$ 19,306
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 6)	$ 14,146	$ 42,515
Due to related party (Note 5)	17,560	17,560
	31,706	60,075
SHAREHOLDERS' EQUITY		
CAPITAL STOCK (Note 4(b))		
Authorized		
Unlimited number of common shares with no par value		
Issued		
4,731,000 shares (September 30, 2010 - 4,331,000 shares)	328,556	268,556
CONTRIBUTED SURPLUS (Note 4(b))	80,726	80,726
DEFICIT	(416,859)	(390,051)
	(7,577)	(40,769)
	$ 24,129	$ 19,306

Approved on behalf of the Board:

"David Jenkins"
David Jenkins Director

"Stephen Ripley"
Stephen Ripley Director

See accompanying notes to the financial statements.

MINERVA MINERALS LIMITED
STATEMENTS OF OPERATIONS, COMPREHENSIVE LOSS AND DEFICIT
(unaudited)

	Three Months Ended March 31 2011	Three Months Ended March 31 2010	Six Months Ended March 31 2011	Six Months Ended March 31 2010
REVENUE	$ -	$ -	$ -	$ -
EXPENSES				
Accounting, audit and legal	4,256	1,200	18,374	10,896
Administrative	-	-	-	-
Bank charges	314	113	461	223
Exploration (Note 4 (a))	-	-	-	-
Public relations, filing, transfer and regulatory fees	5,596	6,269	7,973	8,548
Salaries, management and consulting fees (Notes 6)	-	-	-	-
LOSS BEFORE OTHER INCOME	(10,166)	(7,582)	(26,808)	(19,667)
OTHER INCOME				
Interest income	-	-	-	-
Other income (Note 4(a))	-	-	-	-
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	$ (10,166)	$ (7,582)	$ (26,808)	$ (19,667)
DEFICIT AT BEGINNING OF YEAR	(406,693)	(337,420)	(390,051)	(325,335)
DEFICIT AT END OF PERIOD	$ (416,859)	$ (345,002)	$ (416,859)	$ (345,002)
BASIC AND DILUTED LOSS PER SHARE	$ (0.00)	$ (0.00)	$ (0.01)	$ (0.00)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC AND DILUTED	4,731,000	4,331,000	4,675,751	4,331,000

See accompanying notes to the financial statements.

MINERVA MINERALS LIMITED

STATEMENTS OF CASH FLOWS
(unaudited)

	Three Months Ended March 31 2011	Three Months Ended March 31 2010	Six Months Ended March 31 2011	Six Months Ended March 31 2010
OPERATING ACTIVITIES				
Net loss and comprehensive loss for the period	$ (10,166)	$ (7,582)	$ (26,808)	$ (19,667)
Items not involving cash:				
Changes in non-cash working capital items:				
(Increase) decrease in receivables	(388)	(110)	(29)	(207)
Increase (decrease) in accounts payable and accrued liabilities	(5,939)	452	(28,369)	8,132
Increase (decrease) in due to related party	-	-	-	-
	(16,493)	(7,240)	(55,206)	(11,742)
INVESTING ACTIVITIES				
Mineral property costs incurred	-	-	(720)	(720)
FINANCING ACTIVITIES				
Proceeds from the issuance of shares, net of issuance costs	-	-	60,000	-
INCREASE (DECREASE) IN CASH	(16,493)	(7,240)	4,074	(12,462)
CASH AND EQUIVALENTS AT BEGINNING OF YEAR	22,119	9,566	1,552	14,788
CASH AND EQUIVALENTS AT END OF PERIOD	$ 5,626	$ 2,326	$ 5,626	$ 2,326

See accompanying notes to the financial statements.

1. NATURE OF OPERATIONS

Minerva Minerals Limited ("the Company") was incorporated on June 5, 2006 under the Canada Business Corporations Act. The shares of the Company were listed on the Canadian National Stock Exchange (“the CNSX”), (formerly the Canadian Trading and Quotation System Inc. Stock Exchange), commencing trading on August 13, 2007. The Company is in the business of location, acquisition, exploration and development of mineral properties.

Management of the Company plans to devote its efforts to locate, acquire and explore mineral properties with potential reserves. To date, the Company has not determined whether properties acquired contain ore reserves that are economically recoverable, has only recently commenced significant exploration work and is considered to be in the development stage.

The Company’s ability to continue to operate and to meet its obligations as they come due is dependent upon its ability to obtain additional financing as necessary and to successfully develop its existing mineral property interests or one or more alternative investments. The continued development of the Company’s Ashcroft and Lone Tree Showing Property is uncertain as explained in Note 3. The ultimate outcomes of these matters cannot presently be determined because they are contingent on future events.

These unaudited interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes the realization of assets and satisfaction of liabilities in the normal course of business. At March 31, 2011, the Company had no operating revenue, a cumulative deficit of 416,859, a working capital deficiency of $23,718, and minimal cash. The mineral property claims of the Company have unproven mineral and exploration value. These factors create substantial doubt as to the ability of the Company to continue as a going concern.

Management of the Company believes that it will be successful in securing the additional short term financing necessary to fund operations for the upcoming year, and that the going concern assumption remain appropriate.

These financial statements do not give effect to adjustments that would be necessary to the carrying amounts and classifications of assets and liabilities should the Company be unable to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

These unaudited interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect the following significant accounting policies:

(a) Basis of presentation

The accompanying unaudited interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial statements and follow the same accounting policies and methods of application as the most recent annual financial statements dated September 30, 2010 except as disclosed in note 2. These unaudited interim financial statements should be read in conjunction with those annual financial statements and the notes thereto. Accordingly, this report does not include all of the information and footnotes required by accounting principles generally accepted in Canada for complete financial statements. In the opinion of management, all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair presentation have been included. Operating results for the three months ended March 31, 2011, are not necessarily indicative of the results that may be expected for the year ended September 30, 2011.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Future accounting changes

Canadian public companies will be required to prepare their financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board for financial years beginning on or after January 1, 2011. The transition from Canadian GAAP to IFRS is applicable to the Company for the first quarter of 2012 when the Company will prepare both the current and comparative financial information using IFRS.

3. MINERAL PROPERTY COSTS

Mineral property costs consist of:

	March 31 2011	September 30 2010
	$	$
B.C., Canada		
Ashcroft 1 Claim	1	1
Lone Tree Showing - Claim Nos. 1, 2, 3 and 4	16,140	15,420
	16,141	15,421

Acquisition costs and deferred exploration expenditures incurred during the six month period ended March 31, 2011 and the year ended September 30, 2010 were as follows:

	Ashcroft 1 Claim	Lone Tree Showing - Claim Nos. 1, 2, 3 and 4	Total
	$	$	$
Balance as at September 30, 2008	1	12,000	12,001
Payment in lieu of exploration expenditures	-	1,620	1,620
Balance as at September 30, 2009	1	13,620	13,621
Payment in lieu of exploration expenditures	-	1,800	1,800
Balance as at September 30, 2010	1	15,420	15,421
Payment in lieu of exploration expenditures	-	720	720
Balance as at March 31, 2011	1	16,140	16,141

Ashcroft 1 Claim, B.C., Canada

Effective June 6, 2006 the Company acquired a 100% mineral interest in a 491 hectare property located near Cache Creek in the Kamloops Mining Division, British Columbia for cash consideration of $100.

The claim is currently in good standing until June 14, 2011. Exploration expenditures of $8 per hectare, or payment in lieu of such expenditures, will be required to renew the claim beyond that date. For the three months ended March 31, 2011, the Company incurred exploration expenses of $0 (years ended September 30, 2010 - $4,124; 2010 - $4,124 and 2008 – $52,413).

The Company did not have a definitive plan to further develop or otherwise seek to derive revenue from the property. Further exploration of the property has been deferred and significant uncertainty exists in regard to the ability of the Company to raise additional financing for such further exploration, and as to the Company's ultimate ability to successfully generate profits from the from the property, or otherwise recover the costs incurred. For these reasons, capitalized costs incurred in respect to the property were considered impaired and an amount of $61,926 was charged to operations for the 2008 year.

3. MINERAL PROPERTY COSTS (continued)

Ashcroft 1 Claim, B.C., Canada (continued)

In March of 2009, the Company received a refundable British Columbia Mining Exploration Tax Credit (the "METC") in the amount of $16,043 with respect to certain qualified mining exploration expenses ($52,413) that the Company incurred on the Ashcroft property during the year ended September 30, 2008. The METC refund was recorded as Other income of the 2009 year.

The Company accounts for its interests in mineral properties on a cost basis whereby all direct costs, net of pre-production revenue, related to the acquisition of, exploration for and development of the properties are capitalized. Prior to commercial production, all recovered costs, sales and option proceeds received are credited against the costs of the related property, with any excess credited to earnings.

Lone Tree Showing, Claim Nos. 1, 2, 3 and 4, B.C., Canada

Effective December 3, 2007 the Company acquired a 100% interest in the Lone Tree Showing claims, for cash consideration of $12,000. The four mineral claims, totaling 409 hectares are located directly to the west of the Ashcroft property near Cache Creek in the Kamloops Mining Division, British Columbia.

The claims are in good standing with renewal dates ranging from August 8, 2011 to November 17, 2011. Exploration expenditures of $4 per hectare, or payment in lieu of such expenditures, are required to renew the claim beyond the initial claim register dates (August 8, 2007 to November 17, 2007) for each of the second and third anniversary years, and $8 per hectare for each subsequent anniversary year. During the six months ended March 31, 2011, the Company incurred payment in lieu of exploration expenditures totalling $720 (year ended September 30, 2010 - $1,800; six months ended March 31, 2010 - $720), which were recorded as capitalized mineral property costs.

Ownership of mineral interests involves 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 conveyance histories 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.

4. CAPITAL STOCK

(a) Authorized share capital

The authorized share capital of the Company consists of an unlimited number of common shares with no par value.

(b) Changes in issued capital stock and contributed surplus during the six months ended March 31, 2011 and the years ended September 30, 2010 and 2010 were as follows:

4. CAPITAL STOCK (continued)

	Number of Shares	Amount $	Surplus $
Balance, September 30, 2009 and 2010	4,331,000	268,556	80,726
Shares issued pursuant to public offering (i)	400,000	60,000	-
Balance, March 31, 2011	4,731,000	328,556	80,726

(i) On October 29, 2010, the Company completed a non-brokered private placement consisting of 400,000 common shares of the Company at a price of $0.15 per share to raise gross proceeds of $60,000.

(c) Escrowed shares

Included in issued capital stock at September 30, 2009 are 525,000 common shares held in escrow, which were to be released on a staged basis. On August 13, 2007, the date that the Company's shares were listed on the CNSX, 10% (175,000 common shares) of the originally escrowed shares were released and 15% of the escrowed shares were to be released every six months thereafter. As of September 30, 2010, all the shares held in escrow had been released.

(d) Stock options

During the 2007 year, a stock option plan was approved by the directors and shareholders of the Company. The plan provides that the aggregate number of shares reserved for issuance is to be 10% of the total number of issued and outstanding common shares of the Company from time to time.

There were no stock options granted in the years ended September 30, 2010 and 2009 and the six months ended March 31, 2011 . Stock option transactions to March 31, 2011 and the number of outstanding options are summarized below:

	Number Of Shares $	Weighted Average Exercise Price $
Balance , September 30, 2006	-	-
Options granted	560,000	0.18
Options cancelled	(140,000)	0.18
Balance, September 30, 2007, 2008, 2009 , 2010 and March 31, 2011	420,000	0.18

The Black-Scholes model, used by the Company to calculate option values, was developed to estimate fair value of freely tradable, fully transferable options without vesting restrictions, which significantly differs from the Company’s stock option awards. This model also requires highly subjective assumptions, including expected volatility, risk free interest rate and expected life of the option, which greatly affect the calculated values.

The following table summarizes information about options outstanding under the Company's stock option plan at March 31, 2011:

4. CAPITAL STOCK (continued)

(d) Stock options (continued)

		Options outstanding and exercisable	
Number outstanding	Number exercisable	Average remaining contractual life (in months)	Weighted average exercise price per share $
280,000	280,000	10.49	0.18
140,000	140,000	14.66	0.18
420,000	420,000	12.58	0.18

(e) Share Purchase Warrants

A summary of the Company's warrants outstanding at March 31, 2011 and September 30, 2010 and 2009 is presented below:

	Number of warrants to Purchase shares	Weighted Average Exercise Price
Balance, September 30, 2008	113,100	$ 0.18
Warrants expired in August 2009	(113,100)	$ 0.18
Balance, September 30, 2009, 2010 and March 31, 2011	-	-

5. RELATED PARTY TRANSACTIONS

During the six months ended March 31, 2011, the Company incurred management fees of $0 (year ended September 30, 2010, $0; six months ended March 31, 2010 - $0) to an individual who is a director and officer of the Company.

Included in accounts payable related party is $17,560 (year ended September 30, 2010, $17,560; six months ended March 31, 2010 - $0) payable to an individual who is a director and officer of the Company.

6. FINANCIAL INSTRUMENTS

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

Financial instruments of the Company include cash, accounts payable and due to related party. The carrying amounts of these financial instruments approximate their fair values because of the short term nature of the instruments.

The Company places its cash with high credit quality financial institutions. The Company did not have funds deposited in banks beyond the insured limits at March 31, 2011 and September 30, 2010.

7. SEGMENTED INFORMATION

The Company considers its business to consist of a single reportable operating segment, being the acquisition, exploration and development of mineral resources properties. As at March 31, 2011 and September 30, 2010, all of the Company's mineral properties were located in Canada.

8. MANAGEMENT OF CAPITAL RISK

The Company includes as capital its cash and cash equivalents, common shares and contributed surplus. The Company’s objectives are to safeguard the Company’s ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

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. As the Company has no cash flow from operations, to maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt or dispose of assets.

In order to facilitate the management of its capital, the Company’s policy is to prepare annual expenditure budgets that are updated as necessary depending on various factors, including capital deployed, results from the exploration and development of its properties, and general industry conditions.

In order to maximize ongoing development efforts, the Company does not pay out dividends. The Company’s investment policy is to invest its cash in highly liquid short-term interest-bearing investments with maturities of 90 days or less from the original date of acquisition, selected with regard to the expected timing of expenditures from continuing operations.

9. MANAGEMENT OF FINANCIAL RISK

The Company examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks, such as liquidity risk, market risk and other price risks. The risk to financial instruments is managed by the senior management of the Company under policies and directions approved by the Board of Directors (the “Board”). Relevant policies include a cash investment policy. The Board monitors these policies on a quarterly basis. The Board has not approved the use of derivative financial products.

(a) Credit risk
Credit risk is the risk of an unexpected loss if a party to a financial instrument fails to meet its contractual obligations. In order to reduce credit risk, the Company holds its cash in large Canadian financial institutions.

(b) Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure. The Company has in place a planning and budgeting process to help determine the funds required to support the Company’s normal operating requirements on an ongoing basis as well as its planned capital expenditures. As at March 31, 2011, the Company had insufficient cash and cash equivalents to fund ongoing operating expenditures for the next year.

(c) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The functional currency of the Company is the Canadian dollar. The Company holds it cash resources principally in Canadian dollars with a limited amount held in US dollars and incurs expenses principally in Canadian dollars. Therefore, the effects of currency movements on the Company's net income are small.

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to short term interest rates through interest on cash and cash equivalents. The risk that the Company will realize a loss as a result of a decline in the fair value of the short-term investments included in cash and cash equivalents is limited because these investments are generally held in variable rate instruments.

11. STATEMENTS OF CASH FLOWS – SUPPLEMENTAL INFORMATION

There were no significant non-cash transactions occurring during the six months ended March 31, 2011 and year ended September 30, 2010.

12. CONTINGENT LIABILITIES

The Company is self-insured against business and liability risks and does not have third party insurance coverage.

13. SUBSEQUENT EVENT

In May 2011, the company announced that it had arranged a non-brokered private placement of up to 4,000,000 units (the "Units") at a price of $0.07 per Unit to raise gross proceeds of up to $280,000. Each Unit will consist of one common share and one-half of one share purchase warrant (the "Warrants"). Each whole Warrant will entitle the holder to purchase one additional common share at a price of $0.10 per common share for a period of 12 months following the closing date, scheduled for May 31, 2011.

The Company will pay finder's fees of 8% in cash and 8% in finder's warrants (the "Finder's Warrants") to Gillford Capital Inc. (the "Finder") in relation to this financing, in accordance with regulatory policies. Each Finder's Warrant will entitle the Finder to purchase one common share at a price of $0.10 per common share for a period of 12 months following the closing date.

The proceeds from the Private Placement will be used for general working capital purposes.