Interim Financial Statements of

MAINSTREAM MINERALS CORPORATION

(Unaudited - Prepared by Management)

For the six months ended May 31, 2011

These interim financial statements have not been audited or reviewed by the company's independent external auditors, Magnus & Buffie Chartered Accountants LLP.

MAINSTREAM MINERALS CORPORATION

Balance Sheets

As at May 31, 2011 (Unaudited) and November 30, 2010

	May 31 2011	November 30 2010
Assets		
Current assets:		
Cash and restricted cash (Note 8)	$ 525,881	$ 254,435
Accounts receivable	18,264	17,920
Share subscriptions receivable	-	207,000
	544,145	479,355
Machinery and equipment (Note 3)	406	478
Mineral properties (Note 4)	3,873,878	3,502,272
	$ 4,418,429	$ 3,982,105
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 34,398	$ 168,094
Advance on share issuance from treasury	-	15,000
	34,398	183,094
Future income taxes	1,046,000	1,046,000
	1,080,398	1,229,094
Shareholders' equity:		
Capital stock (Note 5)	6,046,688	5,241,406
Contributed surplus	350,349	350,349
	6,397,037	5,591,755
(Deficit)	(3,059,006)	(2,838,744)
	3,338,031	2,753,011
Basis of presentation (Note 1(a))		
Commitments (Note 6)		
	$ 4,418,429	$ 3,982,105

See accompanying notes to financial statements.

APPROVED ON BEHALF OF THE BOARD:

Director ______________________________

Chief Financial Officer ______________________________

MAINSTREAM MINERALS CORPORATION

Statements of Operations and Deficit and Comprehensive Loss

Three months ended May 31, 2011 and 2010 and six months ended May 31, 2011 and 2010 (unaudited)

	Q2 2011	Q2 2010	YTD 2011	YTD 2010
Expenses:				
Advertising	$ 16,266	$ -	$ 28,486	$ -
Amortization	36	736	72	1,471
Consulting fees	52,800	97,500	110,600	157,500
General meeting	1,166	51	1,166	331
Insurance	(234)	(329)	10,266	11,011
Interest and bank charges	327	2,109	615	4,227
Meals and entertainment	1,753	135	3,083	208
Office	9,187	3,362	15,019	10,143
Professional fees	7,006	7,489	14,652	23,989
Regulatory filings	19,864	12,072	33,618	26,495
Travel	5,276	-	5,276	-
Vehicle expenses	183	36	183	36
	113,630	123,161	223,036	235,411
(Loss) from operations	(113,630)	(123,161)	(223,036)	(235,411)
Interest income	232	301	274	702
Gain (loss) on sale of machinery and equipment	-	-	2,500	(4,972)
	232	301	2,774	(4,270)
Net (loss) and comprehensive (loss) for the period	(113,398)	(122,860)	(220,262)	(239,681)
(Deficit), beginning of period	(2,945,608)	(2,395,545)	(2,838,744)	(2,278,724)
(Deficit), end of period	$(3,059,006)	$(2,518,405)	$(3,059,006)	$(2,518,405)
Basic and diluted loss per share (Note 5(e))	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)

See accompanying notes to financial statements.

MAINSTREAM MINERALS CORPORATION

Statements of Cash Flows

Three months ended May 31, 2011 and 2010 and six months ended May 31, 2011 and 2010 (unaudited)

	Q2 2011	Q2 2010	YTD 2011	YTD 2010
Operating activities:				
Cash paid to suppliers	$ (180,041)	$ 30,476	$ (353,889)	$ (31,745)
Interest received	232	301	274	702
Interest and bank charges	(327)	(2,109)	(615)	(4,227)
	(180,136)	28,668	(354,230)	(35,270)
Financing activities:				
Proceeds on advance payable	-	1,749	-	3,476
Share subscriptions receivable	-	(231,950)	-	(231,950)
Proceeds from issuance of common shares, net of share issue costs	700,782	205,878	907,782	627,878
	700,782	(24,323)	907,782	399,404
Investing activity:				
Deferred exploration charges and acquisition costs incurred	(62,847)	(102,200)	(282,106)	(103,647)
Change in cash	457,799	(97,855)	271,446	260,487
Cash, beginning of period	68,082	813,547	254,435	455,205
Cash, end of period	$ 525,881	$ 715,692	$ 525,881	$ 715,692

Supplementary information:

The company did not pay any income taxes during the above reporting periods.

See accompanying notes to financial statements.

General

Mainstream Minerals Corporation was incorporated pursuant to the Canada Business Corporation Act on July 19, 2006. The company is a mineral resource company in the development stage that is engaged in the acquisition of interests in, and in the exploration of, mineral resource properties. The company's shares are traded on the TSX Venture Exchange.

1. Significant accounting policies

These unaudited financial statements should be read in conjunction with the audited financial statements for the year ended November 30, 2010.

In the opinion of management, all adjustments considered necessary for the fair presentation have been included in these financial statements. Operating results for the six months ended May 31, 2011 may not be indicative of the results that may be expected for the full year ending November 30, 2011.

The company follows the same accounting policies as the November 30, 2010 year ended audited financial statements. The significant accounting policies are as follows:

(a) Basis of presentation

These financial statements have been prepared on a going concern basis with Canadian generally accepted accounting principles. The going concern basis of presentation assumes that the company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. There is doubt about the appropriateness of the use of the going concern assumption because the company has experienced significant losses and has experienced negative cash flow from operations over a number of years.

The ability of the company to continue as a going concern and to be able to realize on its assets and discharge its liabilities is dependent upon the company's ability to obtain sufficient funding for its operations and is ultimately dependant on the recoverability of the amounts capitalized to mineral exploration properties. The company has not yet determined whether its mineral properties contain reserves that are economically recoverable, and accordingly, the success of any further exploration or development prospects cannot be assured. If the company's exploration and development programs are successful, additional funds may be required, and the company may not have sufficient funds to conduct the mineral exploration required. The primary source of future funds available to the company is through the sale of additional equity capital, which may dilute the interests of existing shareholders. There is no assurance that the company will be successful in raising sufficient funds to meet its obligations. In the event where it cannot meet its obligations, it may lose its properties.

These financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these financial statements, then adjustments would be necessary in the carrying value of assets and liabilities and the reported amounts of revenues and expenses.

(b) Machinery and equipment

Machinery and equipment are recorded at cost. Amortization is provided using the following method and annual rate:

	Rate	Method
Computer equipment	30%	Declining balance

1. Significant accounting policies (continued)

(c) Mineral properties

All costs related to the acquisition, exploration and development of mineral properties are capitalized. Amounts reflected for mineral exploration properties not in commercial production represent costs incurred to date, net of write-downs and are not intended to reflect present or future values. The recoverability of the costs is dependent upon the discovery of economically recoverable reserves, confirmation of the company's interest in the underlying mineral claims, the ability to obtain necessary financing to complete development and the development of future profitable production from the properties or realization of sufficient proceeds from the disposition of the properties.

Mineral properties will be amortized once commercial production begins.

(d) Impairment of long-lived asset

On an annual basis the company reviews whether there are any indicators of impairment of its long-lived assets, primarily being its mineral exploration properties. If such indicators are present, the company assesses the recoverability of the long-lived assets or group of assets by determining whether the carrying value of such assets can be recovered through undiscounted future cash flows. If the sum of undiscounted future cash flows is less than the carrying amount or if long-lived assets are abandoned, the excess of the carrying amount over the estimated fair value, based on discounted future cash flows, is recorded as a charge to net income. The current period's review concluded that no write-down was necessary for abandoned properties.

(e) Asset retirement obligations

The company measures the expected costs required to retire its long-lived assets at a fair value which approximates the cost a third party would incur in performing the tasks necessary to abandon the machinery and equipment and fields and to restore the sites. The fair value is recognized in the financial statements at the present value of expected future cash outflows to satisfy the obligation.

The asset retirement costs, if any, are subsequently allocated in a rational and systematic method over the underlying asset's useful life, and are included in amortization expense. The initial fair value of the present value liability is accreted, by charges to operations, to its estimated nominal future value. The liability is also adjusted due to revisions in either the timing or amount of the estimated costs.

(f) Flow-through shares

Resource expenditure deductions for income tax purposes related to exploratory activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian income tax legislation. The portion of the share issue price related to the tax benefit renounced is charged to share capital in the period of renunciation.

(g) Joint ventures

A portion of the company's exploration activities is conducted jointly with others wherein the company enters into agreements that provide for specified percentage interests in mineral properties. The company accounts for its investment in joint ventures using the proportionate consolidation method.

(h) Loss per share

Diluted loss per share is calculated using the treasury stock method which assumes all common share equivalents, such as options and warrants had been exercised at the beginning of the reporting period of issue and that the funds obtained thereby were used to purchase common shares of the company at the estimated average trading price of the common shares during the year.

1. Significant accounting policies (continued)

(i) Revenue recognition

Revenue from sales of precious metals will be recognized when title passes to the buyer, which will generally coincide with the delivery and acceptance of goods, and the collectibility is reasonably assured.

Interest income is recognized as accrued.

(j) Future income taxes

The company uses the asset and liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future income tax assets and liabilities are measured using enacted or substantially enacted tax rates expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in earnings in the period that includes the date of enactment or substantive enactment.

(k) Stock-based payments to non-employees

Stock-based payments granted to non-employees are measured at the fair value of the goods or services received. In the event the company cannot reasonably estimate the fair value of goods or services received, the transaction is recorded at the estimated value of the underlying equity instrument.

(l) Stock-based compensation

The company has implemented a stock option plan to allow the company to grant options to directors, officers, employees and service providers. The maximum number of common shares which may be issued pursuant to those granted under the stock option plan are limited to 10% of the issued and outstanding common shares. In addition, the number of common shares which may be reserved for issuance to any one individual may not exceed 5% of the issued common shares on a yearly basis.

The company uses the fair value-based approach to account for stock-based compensation. Compensation expense is recognized for these stock options over their vesting period based on their estimated fair values on the date of grant as determined by using the Black-Scholes option pricing model.

The fair values of the options issued, if any, are credited to contributed surplus in the period they vest. When these options are exercised, the consideration paid by the subscribers and the fair value of the options previously credited to contributed surplus are credited to share capital.

(m) Financial instruments - recognition and measurement

Transaction costs are expensed as incurred for financial instruments designated as Held-for-trading. The effective interest rate method of amortization is used for any transaction costs for financial instruments measured at amortized cost.

Loans and Receivables, Held-to-maturity Investments and Other financial liabilities are initially measured at fair value and subsequently measured at amortized cost. Gains or losses resulting from revaluation, impairment write-downs and foreign exchange translation adjustments are recognized in net earnings for the period. The company does not have any financial instruments designated as Loans and Receivables, Held-to-maturity Investments or Other financial liabilities.

Available-for-sale Financial Assets are initially and subsequently recorded at fair value, except for equity instruments that do not have a quoted market price in an active market as they are recorded at cost. Gains and losses resulting from revaluation are included in Other Comprehensive Income and are transferred to net earnings when the asset is derecognized. Impairment write-downs are included in net earnings for the period. The company does not have any financial instruments designated as Available-for-sale Financial Assets.

1. Significant accounting policies (continued)

(m) Financial instruments - recognition and measurement (continued)

Held-for-trading financial instruments include cash and restricted cash, accounts receivable and accounts payable and accrued liabilities and are initially and subsequently recorded at fair value. Gains or losses on revaluation are included in net earnings for the period.

(n) Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of the financial statements and the reported amounts of certain revenue and expenses during the period. Actual results could differ from these estimates.

2. Future accounting change

International Financial Reporting Standards ("IFRS")

In January 2006, the CICA formally adopted the strategy of replacing Canadian GAAP with international financial reporting standards ("IFRS") for Canadian enterprises with public accountability. The current conversion timetable calls for financial reporting under IFRS for fiscal years commencing on or after January 1, 2011. The use of IFRS will be required in 2011 for all publicly accountable profit-oriented enterprises.

The company is currently assessing the impact of this new accounting standard on its financial statements.

3. Machinery and equipment

May 31, 2011	Cost	Accumulated amortization	Net book value
Computer equipment	$ 1,428	$ 1,022	$ 406

November 30, 2010	Cost	Accumulated amortization	Net book value
Computer equipment	$ 1,428	$ 950	$ 478

4. Mineral properties

	May 31 2011	November 30 2010
Acquisition, exploration and development costs		
Bobjo Mine	$ 2,878,091	$ 2,852,200
Hazard Lake	37,855	33,355
West Keefer Claims	161,810	161,810
Price Claims	272,536	272,536
Slate Lake	75,734	17,875
Casa Berardi Claims	126,050	118,676
Hudson - Patricia Claims	95,244	6,944
Fly Lake Claims	47,812	4,418
Rowan Lake Claims	146,246	34,458
Birch Lake Claims	32,500	-
	$ 3,873,878	$ 3,502,272

5. Capital stock

(a) Authorized

Authorized share capital consists of an unlimited number of common shares.

(b) Changes in issued common shares are summarized below:

	Number of common shares	Amount
Balance, November 30, 2010	43,701,021	$ 5,241,406
Shares issued for land options (i)	100,000	9,000
Shares issued for land options (ii)	100,000	9,000
Shares issued for land options (iii)	100,000	9,000
Shares issued for land options (iv)	50,000	4,500
Shares issued for land options (v)	200,000	18,000
Shares issued for land options (vi)	100,000	10,000
Shares issued for land options (vii)	100,000	10,000
Shares issued for land options (viii)	200,000	20,000
Private placement of shares (ix)	8,086,109	661,682
Shares issued under property interests exchange agreement (x)	250,000	15,000
Exercise of warrants (xi)	385,000	39,100
Balance, May 31, 2011	53,372,130	$ 6,046,688

The weighted average number of common shares outstanding during the three month period was 48,775,774 (six month period - 46,454,743).

(i) On December 7, 2010 the company issued 100,000 common shares under a land option agreement relating to the Rowan Lake claims. Based on the estimated fair value of the land options, the shares were valued at $9,000.

(ii) On December 9, 2010 the company issued 100,000 common shares under land option agreements relating to the Slate Lake property. Based on the estimated fair value of the land options, the shares were valued at $9,000.

(iii) On December 9, 2010 the company issued 100,000 common shares under a land option agreement relating to the Bobjo Mine water claims. Based on the estimated fair value of the land options, the shares were valued at $9,000.

5. Capital stock (continued)

(iv) On December 13, 2010 the company issued 50,000 common shares under a land option agreement relating to the Hazard Lake property. Based on the estimated fair value of the land options, the shares were valued at $4,500.

(v) On February 1, 2011 the company issued 200,000 common shares under land option agreements relating to the Hudson - Patricia claims. Based on the estimated fair value of the land options, the shares were valued at $18,000.

(vi) On April 1, 2011 the company issued 100,000 common shares under land option agreements relating to the Slate Lake claims. Based on the estimated fair value of the land options, the shares were valued at $10,000.

(vii) On April 1, 2011 the company issued 100,000 common shares under land option agreements relating to the Fly Lake claims. Based on the estimated fair value of the land options, the shares were valued at $10,000.

(viii) On May 2, 2011 the company issued 200,000 common shares under land option agreements relating to the Birch Lake claims. Based on the estimated fair value of the land options, the shares were valued at $20,000.

(ix) On April 15, 2011 8,086,109 units were issued through a private placement at a price of $0.09 per unit. Each unit consisted of one non-flow-through common share and one half of one non-flow-through common share purchase warrant. Each non-flow-through common share purchase warrant entitles the holder to purchase an additional common share of the company at a price of $0.15 expiring April 14, 2012. The amount recorded to share capital in the amount of $661,682 represents gross proceeds of $727,750 less share issue costs of $66,068.

(x) On May 3, 2011 the company issued 250,000 common shares under a property interests exchange agreement relating to the Bobjo Mine claims. Based on the estimated fair value of the claims, the shares were valued at $15,000.

(xi) On May 4, 2011 30,000 Series H warrants were exercised for $0.12 per warrant, 305,000 Series J warrants were exercised for $0.10 per warrant and 50,000 Series K warrants were exercised for $0.10 per warrant for gross proceeds in the amount of $39,100.

(c) Options:

The following table summarizes the 3,215,000 outstanding options as at May 31, 2011:

	Number outstanding	Exercise price	Expiry date
Directors' options	180,000	$0.27	February 19, 2012
Directors' options	940,000	$0.36	December 3, 2012
Directors' options	195,000	$0.10	February 18, 2014
Directors' options	100,000	$0.10	September 2, 2014
Directors' options	1,800,000	$0.10	June 29, 2015

5. Capital stock (continued)

(d) Warrants:

The following table summarizes the 17,389,643 outstanding warrants as at May 31, 2011:

	Number outstanding	Exercise price	Expiry date
Series G Warrants	1,832,500	$0.15	October 1, 2011
Series H Warrants	3,805,000	$0.12	October 1, 2011
Series I warrants	4,090,908	$0.20 (i)	December 30, 2011
Series K Warrants	300,000	$0.10	June 3, 2011
Series L Warrants	1,200,000	$0.12	November 2, 2011
Series M Warrants	1,300,000	$0.12	November 11, 2011
Series N Warrants	4,043,055	$0.15	April 14, 2012
Finders warrants	409,090	$0.11	December 30, 2011
Finder warrants - imbedded	409,090	$0.20 (i)	December 30, 2011

(i) On December 31, 2010, the exercise price changed from $0.15 to $0.20 per share.

(ii) On May 30, 2011 1,351,786 Series J warrants expired leaving a balance of nil at period end.

(e) Loss per share:

Loss per share is computed using the weighted average number of common shares outstanding during the period (Note 5(b)). The dilution created by the options and warrants has not been reflected in the per share amounts as the effect would be anti-dilutive.

6. Joint venture operations, land option agreements and commitments

The company has entered into the following option agreements in addition to the joint venture operations, land option agreements and commitments disclosed in the company's financial statements for the year ended November 30, 2010.

(a) Bobjo Mine property

On February 11, 2011, the company entered into an option agreement with Premier Gold Mines Limited ("Premier") with respect to the Bobjo Mine Project. On May 16, 2011, Premier provided notice to the company of their decision to terminate its option on the Bobjo Mine Project property.

(b) Hudson - Patricia Claims

On January 10, 2011, the company entered into two option agreements relating to seventy two mineral claim units known as the Hudson Patricia Mine in the Township of Dent area in the District of Red Lake in the Province of Ontario. Under the first option agreement, the company can earn a 100% interest in the mineral claim units by paying $8,000 and issuing 100,000 common shares upon signing the agreement. Upon signing the agreement the company paid $8,000 and on February 1, 2011 the company issued the 100,000 common shares. The company has agreed to pay additional consideration for these options as follows:

2012	$12,000 and 100,000 common shares
2013	$16,000
2014	$25,000
2015	$30,000

The vendor has retained a 2.0% production royalty in the property of which one half (1.0%) can be purchased back by the company for $1,000,000 at any time.

6. Joint venture operations, land option agreements and commitments (continued)

Under the second option agreement, the company can earn a 100% interest in the mining lease by paying $50,000 and issuing 100,000 common shares upon signing the agreement. Upon signing the agreement the company paid $50,000 and on Feburary 1, 2011 the company issued the 100,000 common shares. The company has agreed to pay additional consideration for these options as follows:

2012	$25,000 and 100,000 common shares
2013	$25,000 and 100,000 common shares
2014	$25,000 and 100,000 common shares
2015	$35,000

The vendor acquired the property rights to the Hudson Patricia Mine mining lease from a third party, who retains an original NSR of 1.5%. Under the terms of the agreement, there will be two NSR royalties with the original third party retaining 1.5% and the vendor retaining 1.5% creating a total NSR of 3.0%. The company can purchase half of either or both of the NSRs for a one time payment of $1,000,000 for each NSR.

(c) Fly Lake Claims

On February 7, 2011, the company entered into an agreement to acquire a 100% interest in one leased and six mineral claim units known as Fly Lake in Mitchell Township in the District of Red Lake in the Province of Ontario.

Upon signing the agreement the company paid $15,000 and was required to issue 100,000 common shares. On April 1, 2011 the company issued the 100,000 common shares. The company has agreed to pay additional consideration for these options as follows:

2012	$5,000 and 100,000 common shares
2013	$10,000
2014	$10,000
2015	$35,000

The vendor acquired the property rights to the Fly Lake mining lease and mineral claims from a third party, who retains an original NSR of 1.5%. Under the terms of the agreement, there will be two NSR royalties with the original third party retaining 1.5% and the vendor retaining 2.0% creating a total NSR of 3.5%. The company can purchase half of either or both of the NSRs for a one time payment of $1,000,000 for each NSR.

(d) Slate Lake mining lease

On February 7, 2011 the company entered into an agreement to acquire a 100% interest in a mining lease located in the middle of the company's property known as Slate Lake in the Township of Slate Lake in the District of Red Lake in the Province of Ontario.

Upon signing the agreement the company paid $15,000 and was required to issue 100,000 common shares. On April 1, 2011 the company issued the 100,000 common shares. The company has agreed to pay additional consideration for these options as follows:

2012	$5,000 and 100,000 common shares
2013	$10,000
2014	$10,000
2015	$35,000

The vendor acquired the property rights to the Slate Lake mining lease from a third party, who retains an original NSR of 1.5%. Under the terms of the agreement, there will be two NSR royalties with the original third party retaining 1.5% and the vendor retaining 1.5% creating a total NSR of 3.0%. The company can purchase half of either or both of the NSRs for a one time payment of $1,000,000 for each NSR.

6. Joint venture operations, land option agreements and commitments

(e) Birch Lake property

On April 17, 2011, the company entered into an agreement to acquire a 100% interest in properties consisting of 10 mineral claims known as Birch Lake in the townships of Keigat Lake and Casummit Lake in the District of Red Lake in the Province of Ontario.

Upon signing the agreement the company paid $12,500 and was required to issue 200,000 common shares (subject to the approval of the TSX Venture Exchange Inc.). On May 2, 2011 the company issued the 200,000 common shares. The company has agreed to pay additional consideration for these options as follows:

2012	$12,000
2013	$16,000
2014	$25,000
2015	$35,000

The vendor has retained a 2.0% NSR interest in the property of which one half (1.0%) can be purchased back by the company for $1,000,000 at any time.

7. Financial instruments

(i) Risk management, sensitivity analysis and hedging activities

In the normal course of operations the company is exposed to various financial risks. Management's close involvement in the operations allows for the identification of risks and variances from expectations. The company does not meaningfully participate in the use of financial instruments to control these risks. The company has no designated hedging transactions. The financial risks and management's risk management objectives and policies are as follows:

(a) Currency risk
The company does not hold any assets or liabilities denominated in a foreign currency.

(b) Price risk
The company is exposed to price risk with respect to commodity prices. As the company is not a producing entity, the risk does not currently affect earnings; however, the risk could affect the completion of future equity transactions. The company monitors commodity prices of precious metals and the stock market to determine the timing, nature and extent of equity transactions.

(c) Credit risk
The company is exposed to credit risk on accounts receivable. Cash is held with a reputable Canadian bank and the company's accounts receivable are from Canadian government entities, from which management believes the risk of loss to be remote. The company does not have any derivatives or similar instruments that mitigate the maximum exposure to credit risk.

(d) Liquidity risk
Management monitors the company's liquidity and is of the opinion that it is unlikely that the company will encounter difficulty in raising funds to meet commitments associated with financial instruments.

(e) Interest rate risk
The company is not exposed to any meaningful interest rate risk.

(ii) Fair values, carrying amounts and changes in fair value

The fair values of the company's financial instruments approximate their carrying value. The net carrying value of the company's Held-for-trading financial instruments is $509,747. The company has no other classes of financial instruments. There were no gains or losses arising from changes in the fair value of financial instruments during the reporting periods.

7. Financial instruments (continued)

(iii) Collateral

The carrying value of financial assets the company has pledged as collateral is $nil.

8. Income taxes

As at May 31, 2011 $nil (November 30, 2010 - $179,043) of eligible Canadian exploration expenditures had not yet been expended by the company.

9. Related party transactions

During the three month period ended May 31, 2011, the company paid $52,800 of consulting, administrative and exploration fees to incorporated and unincorporated business entities of directors and persons related to directors. These amounts are recorded at the exchange amount, which is the amount agreed upon by both parties.

10. Capital management

As the company is in the exploration stage, its principal source of capital is from the issuance of common shares. The company's capital management objective is to obtain sufficient capital to maintain its exploration programs for the benefit of its stakeholders. To meet the objectives, management monitors the company's ongoing capital requirements against unrestricted net working capital and assesses additional capital requirements on specific exploration properties on a case by case basis. The company is not subject to externally imposed capital requirements. Management is of the opinion that the amounts and changes in the company's capital is readily determinable in these financial statements.