SILVER SUN RESOURCE CORP.

Consolidated Financial Statements

APRIL 30, 2011

CHARTERED
ACCOUNTANTS

MacKay LLP

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Silver Sun Resource Corp.

We have audited the accompanying consolidated financial statements of Silver Sun Resource Corp. and its subsidiary, which comprise the consolidated balance sheets as at April 30, 2011 and 2010, and the consolidated statements of operations and comprehensive loss, shareholders' equity, 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
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we 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 consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Silver Sun Resource Corp. and its subsidiaries as at April 30, 2011 and 2010, and the results of their operations and their cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Emphasis of matter
Without modifying our opinion, we draw attention to Note 1 to the consolidated financial statements which describes the material uncertainty that may cast significant doubt about the ability of Silver Sun Resource Corp. and its subsidiaries to continue as a going concern.

Vancouver, Canada
August 29, 2011

"MacKay LLP"
Chartered Accountants

SILVER SUN RESOURCE CORP.
Consolidated Balance Sheets

		April 30, 2011		April 30, 2010
Assets				
Current:				
Cash	**$**	**507,807**	$	627,853
Short term investment (note 3)		**800,000**		-
Receivables		**32,346**		26,538
Prepaid expense		**-**		165,600
		1,340,153		819,991
Equipment (note 4(c))		**51,000**		-
Mineral properties (note 4)		**1,470,479**		87,500
	$	**2,861,632**	$	907,491
Liabilities and Shareholders' Equity				
Current:				
Accounts payable and accrued liabilities	**$**	**32,945**	$	21,911
Shareholders' equity:				
Share capital (note 6)		**4,077,278**		1,433,950
Contributed surplus (note 6)		**882,132**		140,068
Deficit		**(2,130,723)**		(688,438)
		2,828,687		885,580
	$	**2,861,632**	$	907,491

Nature of operations (note 1)

Subsequent events (note 10)

Approved on behalf of the Board:

"Mark McLeary"
Mark A. McLeary, CEO, President, and Director

"Tom Kordyback"
Tom A. Kordyback, CFO and Director

See accompanying notes to consolidated financial statements.

SILVER SUN RESOURCE CORP.

Consolidated Statements of Operations and Comprehensive Loss

		Year ended April 30, 2011		Year ended April 30, 2010
Expenses:				
Bank charges and interest	$	1,606	$	358
Management and consulting fees (note 5)		211,750		116,250
Mineral property exploration costs (note 4)		35,920		21,216
Office and travel expenses		89,738		11,316
Professional fees		77,288		68,095
Stock-based compensation (note 6(c))		843,892		57,087
Transfer agent, listing and filing fees		24,995		14,923
Write off of mineral property		160,000		-
Loss before other item		1,445,189		289,245
Other item:				
Interest income		(2,904)		(83)
Net loss and comprehensive loss for the year	$	1,442,285	$	289,162
Basic and fully diluted loss per share	$	0.04	$	0.02
Weighted average number of common shares outstanding – basic and diluted		32,101,163		12,433,151

See accompanying notes to consolidated financial statements.

SILVER SUN RESOURCE CORP.

Consolidated Statement of Changes in Shareholders' Equity

	Number of Shares	Share Capital	Contributed Surplus	Deficit	Total shareholder's equity
Balance – April 30, 2009	9,200,000	$ 517,261	$ 47,517	$ (399,276)	$ 165,502
Non brokered financing	14,000,000	889,689	35,464	-	925,153
Stock based compensation	-	-	57,087	-	57,087
Mineral properties (Note 4(a(i)))	300,000	27,000	-	-	27,000
Net loss for the year	-	-	-	(289,162)	(289,162)
Balance – April 30, 2010	23,500,000	1,433,950	140,068	(688,438)	885,580
Issued for Mineral Property (note 4(b))	2,000,000	160,000	-	-	160,000
Issued for Mineral Property (note 4(a(ii)))	2,700,000	864,000	-	-	864,000
Issued on exercise of warrants	14,085,000	1,413,500	-	-	1,413,500
Issued on exercise of options	950,000	104,000	-	-	104,000
Fair value of brokers warrants exercised	-	35,464	(35,464)	-	-
Fair value of options exercised	-	66,364	(66,364)	-	-
Stock based compensation	-	-	843,892	-	843,892
Net loss for the year	-	-	-	(1,442,285)	(1,442,285)
Balance – April 30, 2011	**43,235,000**	**$ 4,077,278**	**$ 882,132**	**$ (2,130,723)**	**$ 2,828,687**

See accompanying notes to consolidated financial statements.

SILVER SUN RESOURCE CORP.

Consolidated Statements of Cash Flows

	Year ended April 30, 2011	Year ended April 30, 2010
Cash provided by (used in):		
Operating Activities:		
Net loss	$ (1,442,285)	$ (289,162)
Items not involving cash:		
Stock-based compensation	843,892	57,087
Write off of mineral property	160,000	-
Changes in non-cash working capital:		
Receivables	(5,807)	(15,106)
Prepaid expense	165,600	(165,600)
Accounts payable and accrued liabilities	11,033	9,902
Net cash used in operating activities	(267,567)	(402,879)
Investing Activity:		
Short term investment	(800,000)	-
Equipment	(51,000)	-
Acquisition of mineral properties	(518,979)	-
Net cash used in investing activity	(1,369,979)	-
Financing Activities:		
Due to related party	-	(16,304)
Proceeds on share issuance	1,517,500	925,153
Net cash provided by financing activities	1,517,500	908,849
Change in cash	(120,046)	505,970
Cash, beginning	627,853	121,883
Cash, ending	$ 507,807	$ 627,853

Supplementary cash flow information:

Significant non-cash transactions:

April 30, 2011: The Company issued 2,000,000 common shares at a fair value of $160,000 for a mineral property in the Cariboo (note 4(b)). The Company issued 2,700,000 at a fair value of $864,000 for the Yoreme mineral property in Mexico (note 4(a(ii))).

April 30, 2010: The Company issued 300,000 common shares at a fair value of $27,000 for a mineral property option payment (note 4(a)(i)). The Company issued 668,000 warrants to brokers valued at $35,464 in regards to the 14,000,000 share and warrant non brokered financing (note 6).

Cash paid for interest	$ –	$ –
Cash paid for income taxes	$ –	$ –

See accompanying notes to consolidated financial statements.

1. Nature of operations

Silver Sun Resource Corp. (the "Company") was incorporated by a Certificate of Incorporation issued pursuant to the provisions of the *Business Corporations Act* (British Columbia) on March 14, 2007.

On December 24, 2008, the Company completed a Qualifying Transaction in accordance with Policy 2.4 of the TSX Venture Exchange (the "Exchange"). The Company entered into an Option Agreement (the "Option Agreement") with Yale Resources Ltd. ("Yale") whereby the Company has an option to acquire 100% of Yale's 65% vested participating interest in a Joint Venture Agreement (the "Joint Venture Agreement") (note 4(a(i))).

The Company is in the exploration stage with respect to its mineral properties. Based on the information available to date, the Company has not yet determined whether its mineral properties contain economically recoverable reserves. The recoverability of the amounts shown for mineral properties is dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete their development and upon future profitable production.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to raise adequate financing to develop its mineral properties, and to commence profitable operations in the future. To date the Company has not generated any revenues and is considered to be in the exploration stage. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. Further discussion of liquidity risk has been disclosed in Note 9.

Management is also aware that material uncertainties exist, related to current economic conditions, which could adversely affect the Company's ability to continue to finance its activities. Management's plan includes continuing to pursue additional sources of financing through equity offerings, seeking joint venture partners to fund exploration, monitoring exploration activity and reducing overhead costs. Management expects that the Company will have sufficient capital to fund operations and keep its mineral properties in good standing for the upcoming fiscal year.

	2011	2010
Deficit	$(2,130,723)	$ (688,438)
Working capital	1,307,208	798,080

2. Significant accounting policies

Basis of presentation
These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and are presented in Canadian dollars.

Principles of consolidation
These consolidated financial statements include the accounts of Silver Sun Resource Corp., and its wholly owned subsidiary Minera Plata Del Sol S.A. de C.V., a Mexican corporation incorporated April 16, 2010, an exploration company. All significant intercompany transactions have been eliminated.

2. Significant accounting policies (cont'd.)

Use of estimates
The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Significant areas requiring the use of management estimates relate to the future recovery of the recorded cost of the mineral property interests, the valuation allowance for future income tax assets, the fair values of financial instruments and determining the fair value of stock-based payments. Where estimates have been used financial results as determined by actual events could differ from those estimates.

Equipment
Equipment is recorded at historical cost, less accumulated amortization. Amortization is calculated at 50% straight line from the date the equipment becomes available for use.

Mineral properties
Acquisition costs
The Company records its interest in mineral properties and areas of geological interest at cost. All direct and indirect costs relating to the acquisition of the interest are capitalized on the basis of specific claim blocks or areas of geological interest until the property to which they relate are placed into production, sold or management has determined there to be an impairment. These costs will be amortized on the basis of units produced in relation to the proven reserves available on the related property following commencement of production. Mineral properties which are sold before that property reaches the production stage will have all proceeds from the sale of the property credited against the cost of the property. Properties which have reached the production stage will have a gain or loss calculated based on the portion of that property sold.

The recorded cost of a mineral exploration interest is based on cash paid and the value of share consideration incurred. The recorded amount may not reflect recoverable value as this will be dependent on the development program, the nature of the mineral deposit, commodity prices, adequate funding and the ability of the Company to bring its project into production.

Management evaluates its mineral interests on a reporting period basis or as changes in events and circumstances warrant, and makes a determination based on exploration activity and results, estimated future cash flows and availability of funding as to whether costs are capitalized or charged to operations. Mineral property interests, where future cash flows are not reasonably determinable, are evaluated for impairment based on management's intentions and determination of the extent to which future exploration programs are warranted and likely to be funded.

Exploration costs
The Company expenses all exploration costs, as incurred, relating to mineral properties.

Values
The amounts shown for mineral properties represents costs incurred to date, and do not necessarily represent present or future values which are entirely dependent upon the economic recovery from production or from disposal.

2. Significant accounting policies (cont'd.)

Asset retirement obligations
The Company has adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook section 3110, "Asset Retirement Obligations". This standard focuses on the recognition and measurement of liabilities related to legal obligations associated with the retirement of property, plant and equipment. Under this standard, these obligations are initially measured at fair value and subsequently adjusted for any changes resulting from the passage of time and revisions to either the timing or the amount of the original estimate of undiscounted cash flows. The asset retirement cost is to be capitalized to the related asset and amortized into earnings over the life of the asset.

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

Future income taxes
Future income taxes are calculated using the asset and liability method whereby future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases and losses carried forward for tax purposes. Future tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment or enactment occurs. To the extent that the Company does not consider it more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

Stock-based compensation
All stock-based awards are measured and recognized using the fair-value method as determined by the Black-Scholes option pricing model. Awards that the Company has the ability to settle with stock are recorded as equity, whereas awards that the Company is required to, or has the practice of settling in cash are recorded as liabilities. Compensation costs are recorded in the statement of operations over the vesting period. The fair value of stock options granted to employees is measured at the grant date. The fair value of stock options granted to non-employees is re-measured at the earlier of each financial reporting or vesting date, and any adjustment is charged or credited to operations upon re-measurement. The Company has not incorporated an estimated forfeiture rate for stock options that will not vest; rather the Company accounts for actual forfeitures as they occur.

Loss per share
The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. For the period presented, dilutive loss per share is equal to basic loss per share as the effect of potentially dilutive instruments are anti-dilutive.

Basic and diluted loss per common share is calculated using the weighted-average number of common shares outstanding during the year.

2. Significant accounting policies (cont'd.)

Financial instruments

Under Section 3251, "Equity", Section 3855, "Financial Instruments - Recognition and Measurement" and Sections 3862 and 3863, "Financial Instruments - Disclosure and Presentation", all financial instruments are classified into one of the following five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale assets or other financial liabilities. All financial instruments, including derivatives, are included on the balance sheet and are measured at fair market value upon inception with the exception of certain related party transactions.

Subsequent measurement and recognition of change in the fair value of financial instruments depends on their initial classification. Held-for-trading financial instruments are measured at fair value and all gains and losses are included in operations in the period in which they arise. Available-for-sale financial assets are measured at fair value with revaluation gains and losses included in other comprehensive income until the asset is removed from the balance sheet. Loans and receivables, held-to-maturity investments and other financial liabilities are measured at amortized cost using the effective interest rate method. Gains and losses on inception, de-recognition, impairment write-downs and foreign exchange translation adjustments are recognized immediately. Transaction costs related to financial instruments will be expensed in the period incurred.

The Company has designated its cash and short-term deposits as held-for-trading, which are measured at fair value. Accounts receivables are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

Share issuance costs

Commissions and other costs to or on behalf of agents on the issuance of the Company's shares are charged directly to share capital.

Non-monetary consideration

In situations where share capital is issued, or received, as non-monetary consideration and the fair value of the asset received, or given up is not readily determinable, the fair market value (as defined) of the shares is used to record the transaction. The fair market value of the shares issued, or received, is based on the trading price of those shares on the appropriate stock exchange on the date of the agreement to issue or receive shares as determined by the board of directors.

Foreign currency translation

The Company's activities denominated in currencies other than Canadian dollars are translated as integrated operations using the temporal method. This method translates monetary balances at the rate of exchange at the balance sheet date, non-monetary balances at historic exchange rates and revenues and expense items at exchange rates in effect when incurred. Gains or losses resulting from changes in exchange rates are included in the determination of income or loss.

Valuation of equity units issued in private placements

The Company has adopted the residual value method with respect to the valuation of warrants issued as part of a private placement unit. The residual value method allocates the net proceeds to the common shares up to their fair value, as determined by the current quoted trading price on the announcement date, and the balance, if any, to contributed surplus.

2. Significant accounting policies (cont'd.)

Recent accounting pronouncements
International Financial Reporting Standards ("IFRS")
In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of May 1, 2010 will require the restatement for comparative purposes of amounts reported by the Company for the year ended April 30, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS has not been estimated at this time. Management plans for conversion include internal training, external consulting on complex issues, Board and Audit Committee oversight and the development of a conversion plan with impact assessments starting in mid-2011.

3. Short-term investment

At April 30, 2011 the Company held $800,000 in a guaranteed investment account which bears interest at 1.85% and which matures on February 1, 2012.

4. Mineral property and exploration costs

ACQUISITION COSTS:	**Zacatecas (Mexico)**	**Yoreme (Mexico)**	**Cherry Hill (California)**	**Cariboo (British Columbia)**	**Total**
Balance, April 30, 2010	**$ 87,500**	**$ -**	**$ -**	**$ -**	**$ 87,500**
Acquisition costs - cash	-	-	518,979	-	518,979
Acquisition costs - shares		864,000	-	160,000	1,024,000
Costs written-off	-	-	-	(160,000)	(160,000)
Balance, April 30, 2011	**$ 87,500**	**$ 864,000**	**$ 518,979**	**$ -**	**$1,470,479**

(a) Mexico

(i) Zacatecas

On August 14, 2008, the Company entered into an Option Agreement with Yale whereby the Company entered into an option agreement to acquire 100% of Yale's 65% vested participating interest in a Joint Venture Agreement dated August 8, 2008, between Yale and IMPACT Silver Corp., with respect to certain mining concessions located in Zacatecas, Mexico.

4. Mineral property and exploration costs (cont'd)

(i) Zacatecas (cont'd)

In order to exercise the option, the following consideration is required by the Company:

- Pay a $25,000 (paid) non-refundable deposit upon execution of the Option Agreement;

- Pay $25,000 (paid), issue 200,000 common shares (issued at a fair value of $10,500) of the Company and incur $100,000 (incurred) on exploration expenditures by December 24, 2008;

- Pay $100,000 (waived), issue an additional 300,000 common shares (issued at a fair value of $27,000) of the Company and incur an additional $100,000 (incurred) in mineral property exploration costs by January 24, 2010.

To date, the Company has incurred mineral property exploration costs of $238,241.

On January 14, 2010, Yale waived the payment of the final $100,000 due under the agreement. The Company exercised its option to acquire 100% of Yale's 65% vested participating interest in Joint Venture Agreement by issuing the final 300,000 shares due under the agreement.

The Company also agreed to pay US$250,000 to Yale if the property is included in a positive feasibility study or is part of a production on the property greater than 500 tonnes per day.

During the year ended April 30, 2011 the Company incurred exploration costs of $13,857 for geochemistry and for the year ended April 30, 2010 the Company incurred $21,216 in exploration expenses for drilling.

(ii) Yoreme
On December 20, 2010, the Company entered into a mineral property purchase agreement with Maggiore Capital Limited pursuant to which the Company has acquired one hundred percent (100%) right, title and interest in the Yoreme mineral claim (the "Property"). The Property is 400 hectares in size and is located in the Municipality of Alamos, state of Sonora, Mexico. The consideration paid for this mineral property is 2,500,000 common shares of the Company, at a fair value of $0.32 per share. The Company agreed to pay an additional 200,000 shares as a finders' fee on this purchase, also at a fair value of $0.32 per share.

(b) British Columbia

On May 3, 2010, the Company acquired an option to purchase a one hundred percent (100%) interest in and to five contiguous mineral claims covering a combined area of approximately 2431.79 hectares located in the Cariboo mining district in British Columbia. In consideration for this option, the Company issued 2,000,000 common shares valued at $160,000. On November 25, 2010 the Company announced that it has terminated the option to purchase these claims. The Company has written off the cost of this option.

4. Mineral property and exploration costs (cont'd)

(c) Yreka, California

On April 14, 2011, the Company closed the Definitive Agreement for the purchase of a 51% interest in the Cherry Hill Mining claims, located in Siskiyou County, northern California, whose key asset is the past producing Cherry Hill Gold Mine. In consideration for the 51% interest in the project, the Company agreed to pay US$555,000 (paid). The Cherry Hill purchase includes one mill site claim including a 750 ton-per-month gravity circuit mill with all machinery and equipment. The Property is approximately 125 acres located in the Klamath National Forest in Siskiyou County, California, approximately 8 miles from Yreka. Cherry Hill has completed a substantial amount of development work in the mine.

The Company's 51% of the machinery and equipment purchased is valued at $51,000. As the equipment is not yet available for use, no amortization expense was incurred for the year ended April 30, 2011.

Subsequent to April 30,2011, the Company acquired the additional 49% interest in the Cherry Hill Mining claims (note 10).

5. Related party transactions

During the year ended April 30, 2011, the Company paid management fees of $60,000 (2010 - $60,000) to the president and director of the Company.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

6. Share capital

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued and fully paid

On May 3, 2010 the Company issued 2,000,000 common shares at a price of $0.08 per share (total value of $160,000) for consideration for the acquisition of mineral claims in the Cariboo mining district of British Columbia (note 4(b)).

On December 20, 2010 the Company issued 2,700,000 common shares at a price of $0.32 per share (total value of $864,000) for consideration for the Yoreme mineral claim (note 4(a)(ii)).

During the year ended April 30, 2011, 15,035,000 common shares were issued on the exercise of 14,085,000 warrants and 95,000 options, for total proceeds of $1,413,500 and $104,000 respectively.

6. Share capital (cont'd.)

(b) Issued and fully paid (cont'd)

On January 14, 2010 the Company issued 300,000 shares at $0.09 per share toward the option agreement for its mineral property (note 4(a)).

On February 8, 2010, the Company closed a $980,000 non-brokered financing, issuing 14,000,000 units consisting of one share and one share purchase warrant, at a price of $0.07 per unit. The Company paid finder fees in connection with this financing of $54,847 and 668,000 warrants. The warrants have a five year term and are exercisable at $0.10 in year one, $0.15 in year two, $0.25 in year three, $0.50 in year four, and $1.00 in year five.

Of the issued and outstanding common shares at April 30, 2011 and 2010, 789,600 (2010 – 1,579,200) are held in escrow and deposited with a trustee under an escrow agreement. Under the escrow agreement 789,600 common shares were released from escrow during the year and 394,800 will be released in June 2011 and every six months thereafter. These escrow shares may not be transferred, assigned or otherwise dealt with without the consent of the regulatory authorities

(c) Share purchase options

On April 27, 2007, the Company adopted an incentive stock option plan, which provides that the board of directors of the Company may from time to time, on its discretion and in accordance with the Exchange requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the common shares outstanding at Closing. Such options will be exercisable for a period of up to 5 years from the date of grant. In connection with the foregoing, the number of common shares reserved for issuance to any individual director or officer will not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed 2% of the issued and outstanding common shares. Options may be exercised no later than 90 days following cessation of the optionee's position with the Company, provided that if the cessation of office, directorship, or technical consulting arrangement was by reason of death, the options may be exercised within a maximum period of one year after such death, subject to the expiry date of such options.

6. Share capital (cont'd.)

(c) Share purchase options (cont'd.)

Options outstanding:

A summary of the Company's outstanding stock options as of April 30, 2011 and the changes during the years then ended is presented below:

	Number of options	Weighted average exercise price
Outstanding at April 30, 2009	715,000	$ 0.11
Options granted	775,000	0.11
Options expired	(240,000)	0.11
Options cancelled	(350,000)	0.11
Outstanding at April 30, 2010	**900,000**	**0.11**
Options granted	4,100,000	0.28
Options exercised	(950,000)	0.11
Options cancelled	(150,000)	0.10
Outstanding at April 30, 2011	**3,900,000**	**$ 0.29**

# of Options outstanding and exercisable	Exercise Price ($)	Expiry Date
*750,000	0.21	December 21, 2011
500,000	0.245	March 1, 2012
100,000	0.36	March 14, 2012
500,000	0.325	March 16, 2012
**2,050,000	0.28	December 21, 2015
3,900,000		

* These options were exercised subsequent to April 30, 2011 (note 10)
** 550,000 of these options were exercised subsequent to April 30, 2011 (note 10)

6. Share capital (cont'd.)

(c) Share purchase options (cont'd.)

The fair value of share purchase options granted during the year (vested immediately) of $843,892 (2010 - $57,087) has been estimated using the Black-Scholes option pricing model, under the following weighted average assumptions:

	2011	**2010**
Risk free interest rate	2.52%	2.65%
Annual dividends	-	-
Stock price on date of grant	$0.29	$0.09
Exercise price	$0.28	$0.11
Expected annual stock price volatility	138%	128%
Expected life of stock options	3 years	5 years

(d) Share warrants

On February 8, 2010, the Company issued 14,668,000 warrants in connection with a non-brokered financing. The warrants have a five year term and are exercisable at $0.10 in year one, $0.15 in year two, $0.25 in year three, $0.50 in year four, and $1.00 in year five. At April 30, 2011 583,000 (2010 – 14,668,000) warrants were outstanding.

	Number of warrants	Weighted average exercise price
Outstanding at April 30, 2009	-	$ -
Warrants granted	14,000,000	* 0.10
Agent warrants granted	668,000	** 0.10
Outstanding at April 30, 2010	**14,668,000**	**0.10**
Warrants exercised	(13,417,000)	0.10
Agent warrants exercised	(668,000)	0.10
Outstanding at April 30, 2011	*****583,000**	**$ 0.15**

* Warrants were issued on February 8, 2010, with a five year term. They are exercisable at $0.10 in year one, $0.15 in year two, $0.25 in year three, $0.50 in year four, and $1.00 in year five.

** Agent warrants were issued on February 8, 2010, with a two year term. They are exercisable at $0.10 in year one and $0.15 in year two.

***75,000 of these warrants were exercised subsequent to April 30, 2011 (note 10)

7. Income Taxes

The actual income tax provisions differ from the expected amounts calculated by applying the Canadian combined federal and provincial corporate income tax rates to the Company's loss before income taxes. The components of these differences are as follows:

	2011	2010
Loss before income taxes	$ (1,442,285)	$ (289,162)
Corporate tax rate	27.83%	29.50%
Expected future income tax recovery	(401,388)	(85,303)
Non-deductible items	234,855	16,841
Impact of income tax rate changes	16,935	35,690
Change in valuation allowance	149,598	32,772
Income tax provision	$ -	$ -

The significant components of the Company's future income tax assets are as follows:

	2011	2010
Non-capital losses	$ 214,000	$ 105,000
Mineral properties	112,000	63,000
Share issuance costs	17,000	25,000
	343,000	193,000
Valuation allowance	(343,000)	(193,000)
Net future income tax assets	$ -	$ -

As at April 30, 2011, the Company has non-capital losses of approximately $856,000 which may be available to offset future income for income tax purposes which commence expiring in 2027. The Company has $1,918,000 in unused resource pools.

Due to the uncertainty of realization, the benefit of the potential future income tax assets is not reflected in the financial statements, the Company has provided a full valuation allowance.

8. Capital Management

The Company considers its capital structure to be share capital, cash and short term investments. The Company manages its capital structure based on the funds available to the Company, in order to support acquisition, maintenance, exploration, and development of mineral properties.

The Board of Directors has not established any quantitative return on capital criteria for management, instead relying 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 in are in the exploration stage so the Company is dependent on external financing to fund its activities. In order to carry out activities and administration, the Company will spend its existing working capital and raise additional amounts as needed.

The Company is not subject to externally imposed capital restrictions.

There have been no changes to the Company's approach to capital management during the year.

9. Risk Management

Investment Risk
Investing in the Company involves risks that should be carefully considered. In addition to the risks involved should the Company be required to value its assets and liabilities other than on a going-concern basis as discussed above and below, in conducting its business, the Company is subject to a number of other risks and uncertainties, including those discussed below, that could have a material adverse effect on, among other things, the Company's business prospects or financial condition and could result in a delay or indefinite postponement in the development of the Company's properties and projects.

Exploration Risk
The Company's business of exploring for mineral resources involves a variety of operational, financial and regulatory risks that are typical in the natural resource industry. The Company was only recently incorporated, has not commenced commercial operations and has no proven history of performance, earnings or success. There is no guarantee that the Company will ever be able to achieve profitable results or successfully execute its business plan.

Geographic Risk
The Company's property interests are located in Mexico and California. Any changes in governmental laws, regulations, economic conditions or shifts in political attitudes or stability are beyond the control of the Company and may adversely affect its business. In addition, shortages of skilled labour and deficiencies in infrastructure may negatively influence costs of exploration and development.

Management of Financial Risk
The Company's financial instruments are exposed to certain financial risks, which include credit risk, interest rate risk, liquidity risk, and market risk.

Credit Risk
Credit risk is the risk that one party to a financial instrument will fail to fulfill an obligation causing the other party to incur a financial loss. The Company is exposed to credit risks arising from its cash holdings, receivables, and short term investments. The Company manages credit risk by placing cash with major Canadian financial institutions. Receivables are due from the Government of Canada. Management believes that credit risk related to these amounts is low.

Liquidity Risk
The success of the Company is dependent, among other things, on obtaining sufficient funding to enable the Company to explore and develop its property interests or to fulfill its obligations under applicable agreements. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of new projects with the possible loss of such properties. The Company will require new capital to continue to operate its business and to continue with exploration on its properties, and there is no assurance that capital will be available when needed, if at all. It is likely such additional capital will be raised through the issuance of additional equity which will result in dilution to the Company's shareholders.

9. Risk Management (cont'd.)

Market Risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk. The Company has not been subject to currency risk as the functional currency is the Canadian dollar and the majority of its activities are in Canadian funds. The Company's future exploration activities are expected to be conducted in Mexico and the United States and accordingly the Company will be exposed to risk on the exchange rate between the Canadian dollar, the Mexican peso and the United States dollar. The Company does not use any form of derivative or hedging instruments to reduce its foreign currency risk. The Company is not affected by price risk.

Interest Rate Risk
Interest rate risk is the risk that an investment's value will change due to a change in the level of interest rates. As, the rate of interest on the Company's short-term investment is fixed, the Company is not exposed to interest rate risk.

Mineral Price Risk
Even if the Company's exploration programs are successful, factors beyond the control of the Company may affect the marketability of any mineral products discovered. Mineral prices, particularly gold and silver prices, have fluctuated widely in recent years. The marketability and price of silver and gold which may be produced or acquired by the Company will be affected by numerous factors beyond the control of the Company. These other factors include delivery uncertainties related to the proximity of its reserves to processing facilities and extensive government regulation relating to price, taxes, royalties, allowable production land tenure, the import and export of minerals and many other aspects of the mining business. Declines in mineral prices may have a negative effect on the Company.

Permit Risk
The operations of the Company will require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects. Failure to obtain such licenses and permits may adversely affect the Company's business as the Company would be unable to legally conduct its intended exploration and development work, which may result in it losing its interest in the subject property.

10. Subsequent events

The following events occurred subsequent to April 30, 2011:

- On May 1, 2011 the Company entered into an indefinite term contract with McLeary Capital Management, Inc. (the "consultant"), a private company controlled by the President and CEO of the Company, for the consultant to continue to act as President and Chief Executive Officer and Director of the Company. A monthly consulting fee of $10,000 is payable to the consultant. The contract may be cancelled by either party on 30 days written notice and, if cancelled by the Company, by payment of an amount equivalent to two years annual salary. On termination of the contract the consultant will be immediately retained by the Company as a non-paid advisor/consultant to the Company until May 1, 2016 or for such time as the consultant still holds unexercised stock options in the Company. On exercise of the consultant's options, the relationship between the consultant and the Company will cease.

10. Subsequent events (cont'd)

- On May 12, 2011 the Company acquired an additional 17.15% interest in the Cherry Hill Mining claims. The Company has issued 500,000 common shares in consideration thereof, subject to obtaining all applicable regulatory, corporate approvals and consents, including the consent of the TSX Venture Exchange. On June 16, 2011 the Company increased its interest in the Cherry Hill Mining claims to a total of 100% by acquiring the remaining 31.85% therein, subject to Exchange approval. The Company has issued 950,000 common shares and 475,000 common share purchase warrants at a price of $0.56, for a period of twelve (12) months from the date of closing. Closing of the transaction will be subject to obtaining all applicable regulatory, corporate approvals and consents, including the consent of the TSX Venture Exchange.

- In addition to the common shares issued for the acquisition of the remaining interest in the Cherry Hill Mining claims, a total of 1,375,000 shares were issued on the exercise of options and warrants as follows:
  - 75,000 warrants were exercised at a price of $0.15 per share
  - 550,000 options were exercised at a price of $0.28 per share
  - 750,000 options were exercised at a price of $0.21 per share

- On June 10, 2011, the Company entered into an agreement with Strachen Resources Ltd ("Strachen"), for the conditional sale of the Company's Yerome Project for a total price of $300,000, consisting of 2,500,000 common shares of Strachan and $50,000 cash. The sale is conditional on the fulfillment of several terms under the agreement and if it proceeds is likely to occur in late 2011.

- 250,000 stock options were granted to consultants of the Company. Each option is exercisable at $0.55 until July 19, 2012.

- An agreement was concluded with an investor relations consultant for a term of 15 months commencing June 15, 2011. The Consultant will be paid a total of $20,000 plus HST over the term of four months, payable in instalments of $5,000 monthly, commencing June 15, 2011 and the sum of $5,500 plus HST over the term of eleven months, payable in instalments of $500 per month for a period of eleven months commencing October 15, 2011. The consultant was also the granted options to purchase 350,000 common shares of the Company at an exercise price of $0.45 for a term of fifteen months.