Golden Cross Resources Inc.

Condensed Interim Financial Statements

Three Months Ended December 31, 2011

(Unaudited – Prepared by Management)

Expressed in Canadian Dollars

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements have been prepared by and are the responsibility of the management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Golden Cross Resources Inc.
Condensed Statements of Financial Position
(Expressed in Canadian dollars – unaudited)

	Notes	December 31, 2011	September 30, 2011 (Note 12)	October 1, 2010 (Note 12)
ASSETS				
Current assets				
Cash and cash equivalents	4	$ 530,986	$ 591,782	$ 185,257
Receivables	5	9,040	3,876	2,334
Prepaid expenses		2,000	2,000	1,083
		542,026	597,658	188,674
Non-current assets				
Exploration and evaluation assets	6	37,500	37,500	37,500
Website development costs		1,300	1,300	2,400
		38,800	38,800	39,900
TOTAL ASSETS		**$ 580,826**	**$ 636,458**	**$ 228,574**
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	7	$ 11,809	$ 7,715	$ 7,241
		11,809	7,715	7,241
TOTAL LIABILIITES		**11,809**	**7,715**	**7,241**
SHAREHOLDERS' EQUITY				
Share capital	8	1,228,128	1,223,128	761,215
Share-based payments reserve		267,816	267,816	35,102
Deficit		(926,927)	(862,201)	(574,984)
TOTAL EQUITY		**569,017**	**628,743**	**221,333**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 580,826**	**$ 636,458**	**$ 228,574**

Subsequent Events – Note 13

Approved and authorized by the Board on March 29, 2012:

"Tom Kennedy", Director   *"Lance Morginn"*, Director

Golden Cross Resources Inc.
Condensed Statements of Comprehensive Loss
(Expressed in Canadian dollars – unaudited)

	Notes	Three month periods ended December 31, 2011	Three month periods ended December 31, 2010 (Note 12)
Expenses			
Consulting		$ 20,962	$ 5,000
Mineral exploration costs	6	3,556	2,154
Office, rent and miscellaneous		15,821	9,857
Professional fees		14,626	10,063
Transfer agent and filing fees		11,018	3,820
		(65,983)	(30,894)
Other items			
Interest income		1,257	-
Net comprehensive loss for the period		**$ (64,726)**	**$ (30,894)**
Loss per share – basic and diluted	8	**$ (0.00)**	**$ (0.01)**

Golden Cross Resources Inc.
Condensed Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars – unaudited)

		Share capital				
	Notes	Number of shares	Amount	Share-based payments reserve	Deficit	Total
Restated balance at October 1, 2010	12	**13,136,502**	**$ 761,215**	**$ 35,102**	**$ (574,984)**	**$ 221,333**
Comprehensive loss for the period		-	-	-	(30,894)	(30,894)
Transactions with owners, in their capacity as owners, and other transfers:						
Shares issued for cash – stock option exercise		100,000	8,386	(3,386)	-	5,000
Total transactions with owners and other transfers		100,000	8,386	(3,386)	-	5,000
Restated balance at December 31, 2010	**12**	**13,236,502**	**$ 769,601**	**$ 31,716**	**$ (605,878)**	**$ 195,439**
Restated balance at October 1, 2011	12	**16,691,502**	**$ 1,223,128**	**$ 267,816**	**$ (862,201)**	**$ 628,743**
Comprehensive loss for the period		-	-	-	(64,726)	(64,726)
Transactions with owners, in their capacity as owners, and other transfers:						
Shares issued for cash – warrant exercise		100,000	5,000	-	-	5,000
Total transactions with owners and other transfers		100,000	5,000	-	-	5,000
Balance at December 31, 2011		**16,791,502**	**$ 1,228,128**	**$ 267,816**	**$ (926,927)**	**$ 569,017**

Golden Cross Resources Inc.
Condensed Statements of Cash Flows
(Expressed in Canadian dollars – unaudited)

	Three month periods ended	
	December 31, 2011	**December 31, 2010**
Operating activities		
Loss for the period	$ (64,726)	$ (30,894)
Adjustments for non-cash items:		
Amortization	-	200
Changes in non-cash working capital items:		
Receivables	(5,164)	(1,743)
Prepaid expenses	-	1,083
Accounts payable and accrued liabilities	4,094	134
Net cash flows used in operating activities	(65,796)	(31,220)
Financing activities		
Shares issued for cash	5,000	5,000
Net cash flows from financing activities	5,000	5,000
Increase (decrease) in cash and cash equivalents	(60,796)	(26,220)
Cash and cash equivalents, beginning	591,782	185,257
Cash and cash equivalents, ending	**$ 530,986**	**$ 159,037**

1. Nature and continuance of operations

Golden Cross Resources Inc. (the "Company") was incorporated in British Columbia under the Business Corporations Act on June 20, 2006. The Company is primarily engaged in the acquisition, exploration, development and production of mineral properties.

The Company is in the process of exploring and developing its mineral properties and has not yet determined whether the mineral properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties and related deferred exploration costs are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

These interim condensed unaudited 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 continue to raise adequate financing on reasonable terms and to commence profitable operations in the future. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in which case the Company may be unable to meet its obligations. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the balance sheets. These financial statements do not include adjustments that would be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

2. Significant accounting policies and basis of preparation

Statement of compliance and conversion to International Financial Reporting Standards

The interim condensed unaudited financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). Therefore, these financial statements comply with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”.

This interim condensed unaudited financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended September 30 2011. However, this interim financial report, being the first IFRS financial report, provides selected significant disclosures that are required in the annual financial statements under IFRS. The disclosures concerning the transition from Canadian Generally Accepted Accounting Principles (“Canadian GAAP”) to IFRS are provided in Note 12.

Basis of preparation

The interim condensed unaudited financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The interim condensed unaudited financial statements are presented in Canadian dollars unless otherwise noted.

2. Significant accounting policies and basis of preparation (cont'd)

Significant accounting judgments, estimates and assumptions

The preparation of the Company's interim condensed unaudited financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation and judgment relate to the determination of the useful lives of property, plant and equipment, the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments and stock-based compensation and other equity-based payments, the recognition and valuation of provisions for restoration and environmental liabilities, and the recoverability and measurement of deferred tax assets and liabilities. Actual results may differ from those estimates and judgments.

Exploration and evaluation expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Share-based payments

The Company operates an employee stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using a Black–Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

2. Significant accounting policies and basis of preparation (cont'd)

Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the group commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

The Company does not have any derivative financial assets and liabilities.

2. **Significant accounting policies and basis of preparation** (cont'd)

Impairment of assets

The carrying amount of the Company's assets (which include exploration and evaluation assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of income and comprehensive income.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Income taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:

Deferred income tax is provided using the balance sheet method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

2. Significant accounting policies and basis of preparation (cont'd)

***Income taxes** (cont'd)*

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Restoration and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other mining assets.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred.

The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

Leases

Leases of property, plant and equipment where substantially all the risks and benefits incidental to the ownership of the asset are transferred to entities in the Company are classified as finance leases.

Finance leases are capitalized by recording an asset and a liability at the lower of the fair value of the leased property, plant and equipment or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognized as a liability and amortized on a straight-line basis over the life of the lease term.

3. Accounting standards issued by not yet effective

Amendments to IFRS 7 "Financial Instruments: Disclosures"

This amendment increases the disclosure required regarding the transfer of financial assets, especially if there is a disproportionate amount of transfer transactions that take place around the end of a reporting period. This amendment is effective for annual periods beginning on or after July 1, 2011

New standard IFRS 9 "Financial Instruments"

This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". This new standard is effective for annual periods beginning on or after January 1, 2013.

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the financial statements.

New standard IFRS 10 "Consolidated Financial Statements"

IFRS 10, Consolidated Financial Statements ("IFRS 10") was issued by the IASB on May 12, 2011 and will replace IAS 27, Consolidated and Separate Financial Statements ("IAS 27"), and SIC-12, Consolidation – Special Purpose Entities ("SIC-12"). Concurrent with IFRS 10, the IASB issued IFRS 11, Joint Ventures; IFRS 12, Disclosures of Involvement with Other Entities; IAS 27, Separate Financial Statements, which has been amended for the issuance of IFRS 10 but retains the current guidance for separate financial statements; IAS 28, Investments in Associates and Joint Ventures, which has been amended for conforming changes based on the issuance of IFRS 10 and IFRS 11.

IFRS 10 uses control as the single basis for consolidation, irrespective of the nature of the investee, eliminating the risks and rewards approach included in SIC-12, and requires continuous assessment of control over an investee. The above consolidation standards are effective for annual periods beginning on or after January 1, 2013. The Company does not expect these pronouncements to have a significant impact on its results and financial position.

New standard IFRS 13 "Fair Value Measurement"

IFRS 13, Fair Value Measurement ("IFRS 13") was issued by the IASB on May 16, 2011. This standard defines fair value, sets out a single IFRS framework for measuring fair value and outlines disclosure requirements about fair value measurements. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement so assumptions that market participants would use should be applied in measuring fair value. The new standard is effective for annual periods on or after January 1, 2013, with earlier application permitted. The Company is currently assessing the impact of this standard on its financial statements.

Amendment to IAS 1 "Presentation of Financial Statements"

The IASB issued amendments to IAS 1, *Presentation of Financial Statements* ("IAS 1") to require companies preparing financial statements under IFRS to group items within Other Comprehensive Income ("OCI") that may be reclassified to the profit or loss. The amendments also reaffirm existing requirements that items in OCI and profit or loss should be presented as either a single statements or two consecutive statements. The amendments to IAS 1 are effective for fiscal years beginning on or after July 1, 2012. The Company is currently assessing the impact of these amendments on its financial statements.

3. Accounting standards issued by not yet effective (cont'd)

New IFRIC 20 "Stripping costs in the Production Phase of a Surface Mine"

October 24, 2011. The IASB has issued IFRIC Interpretation 20 clarifying when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

4. Cash and cash equivalents

The components of cash and cash equivalents are as follows:

	December 31, 2011	September 30, 2011
Cash at bank	$ 55,985	$ 116,782
Guaranteed investment certificates	475,000	475,000
	$ 530,985	$ 591,782

5. Accounts receivable

Receivables consist of value-added taxes receivable and interest receivable.

6. Exploration and evaluation assets

	Holy Cross	Total for three month period ended December 31, 2011	Total for year ended September 30, 2011
Property acquisition costs			
Balance, beginning of period	$ 37,500	$ 37,500	$ 37,500
Additions	-	-	-
Write-down due to impairment	-	-	-
Balance, end of period	$ 37,500	$ 37,500	$ 37,500
Total	$ 37,500	$ 37,500	$ 37,500

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties is in good standing.

6. Exploration and evaluation assets (cont'd)

Holy Cross Property

On September 26, 2006, the Company entered into a property purchase agreement with Aegean Marine Consultants Ltd. ("Aegean") pursuant to which the Company acquired a 100% interest in the Holy Cross mineral resource property located in the Omineca Mining Division of British Columbia, Canada, in consideration of a cash payment of $25,000 and issuance of 5,000,000 common shares of the Company with a value of $12,500. Aegean is controlled by a former Officer and Director of the Company.

During the quarters ended December 31, 2011 and 2010, the following exploration expenditures were charged to operations:

	December 31, 2011	December 31, 2010
Geological consulting	$ 3,556	$ 1,817
IP and Magnetometer survey	-	187
Other	-	150
	$ 3,556	$ 2,154

7. Accounts payable and accrued liabilities

	December 31, 2011	September 30, 2011
Accounts payable	$ 7,148	$ 5,686
Amounts due to related parties (Note 9)	4,661	2,029
	$ 11,809	$ 7,715

8. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At December 31, 2011 there were 16,791,502 issued and fully paid common shares (September 30, 2011 – 16,691,502).

During the three months ended December 31, 2011, the Company issued 100,000 common shares on the exercise of 100,000 warrants for proceeds of $5,000.

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the three month period ended December 31, 2011 was based on the loss attributable to common shareholders of $64,727 (December 2010 - $30,894) and the weighted average number of common shares outstanding of 16,692,589 (December 2010 – 13,215,850).

Diluted loss per share did not include the effect of 1,400,000 stock options and 5,699,000 warrants as the effect would be anti-dilutive.

8. Share capital *(cont'd)*

Stock options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the Company's issued and outstanding common shares. Such options will be exercisable for a period of up to 10 years from the date of grant.

The changes in options during the three month period ended December 31, 2011 and the year ended September 30, 2011 are as follows:

	December 31, 2011			September 30, 2011		
	Number of options		Weighted average exercise price	Number of options		Weighted average exercise price
Options outstanding, beginning of period	1,400,000	$	0.18	900,000	$	0.05
Options granted	-		-	1,400,000		0.18
Options exercised	-		-	(900,000)		0.05
Options outstanding, end of period	1,400,000	$	0.18	1,400,000	$	0.18
Options exercisable, end of period	1,400,000	$	0.18	1,400,000	$	0.18

Details of options outstanding as at December 31, 2011 are as follows:

Weighted average exercise price	Weighted average contractual life	Number of options outstanding
$0.18	1.17 years	1,400,000

Warrants

The changes in warrants during the three month period ended December 31, 2011 and the year ended September 30, 2011 are as follows:

	December 31, 2011			September 30, 2011		
	Number of warrants		Weighted average exercise price	Number of warrants		Weighted average exercise price
Warrants outstanding, beginning of period	5,799,000	$	0.17	3,100,000	$	0.05
Warrants granted	-		-	2,699,000		0.30
Warrants exercised	(100,000)		0.05	-		-
Warrants outstanding, end of period	5,699,000	$	0.17	5,799,000	$	0.17
Warrants exercisable, end of period	5,699,000	$	0.17	5,799,000	$	0.17

8. Share capital *(cont'd)*

The following table summarizes the warrants outstanding at December 31, 2011:

Number of warrants	Exercise price	Expiry date
3,000,000	$ 0.05	August 27, 2012
2,699,000	0.30	May 19, 2013
5,699,000		

9. Related party transactions

Related party balances

The following amounts due to related parties are included in accounts payable and accrued liabilities:

	December 31, 2011	September 30, 2011
Companies controlled by directors of the Company	$ -	$ 1,680
Directors of the Company	4,661	349
	$ 4,661	$ 2,029

These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

Related party transactions

The Company incurred the following transactions with directors, officers and companies that are controlled by directors and officers of the Company.

	Three month periods ended	
	December 31, 2011	September 30, 2011
Consulting	$ 11,812	$ -
Office	4,200	7,175
Rent	-	3,000
	$ 16,012	$ 10,175

10. Financial risk management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with a major bank in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating

10. Financial risk management (cont'd)

agencies. The Company's secondary exposure to risk is on its other receivables. This risk is minimal as receivables consist primarily of refundable government goods and services taxes.

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 has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

As at December 31, 2011, all of the Company's non-derivative financial liabilities are due within one year.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its cash equivalents as these instruments have original maturities of three months or less and are therefore exposed to interest rate fluctuations on renewal.

Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital, net of accumulated deficit.

There were no changes in the Company's approach to capital management during the year.

The Company is not subject to any externally imposed capital requirements.

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

	December 31, 2011	September 30, 2011
Cash and cash equivalents	$ 530,986	$ 591,782
Loans and receivables:		
Other receivables	9,040	3,876
	$ 540,026	$ 595,658

Financial liabilities included in the statement of financial position are as follows:

	December 31, 2011	September 30, 2011
Non-derivative financial liabilities:		
Accounts payable	$ 11,809	$ 7,715

10. Financial risk management (cont'd)

Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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

Cash and cash equivalents are classified as level 1.

11. Segmented information

Operating segments

The Company operates in a single reportable operating segment – the acquisition, exploration and development of mineral properties.

Geographic segments

All of the Company's non-current assets are located in Canada.

12. Transition to IFRS

As result of the Accounting Standards Board of Canada's decision to adopt IFRS for publicly accountable entities for financial reporting periods beginning on or after January 1, 2011, the Company has adopted IFRS in these financial statements, making them the first interim financial statements of the Company under IFRS. The Company previously applied the available standards under previous Canadian GAAP that were issued by the Accounting Standards Board of Canada.

As required by IFRS 1 "First-time Adoption of International Financial Reporting Standards", October 1, 2010 has been considered to be the date of transition to IFRS by the Company. Therefore, the comparative figures that were previously reported under previous Canadian GAAP have been restated in accordance with IFRS.

Exemptions applied

The Company has applied the following optional transition exemptions to full retrospective application of IFRS:

- IFRS 3 "Business Combinations" has not been applied to acquisitions of subsidiaries or of interests in associates and joint ventures that occurred before January 1, 2010.

- IFRS 2 "Share-based Payment" has not been applied to equity instruments that were granted on or before November 7, 2002, or equity instruments that were granted subsequent to November 7, 2002 and vested before the later of the date of transition to IFRS and January 1, 2005. The Company has elected not to apply IFRS 2 to awards that vested prior to January 1, 2010, which have been accounted for in accordance with Canadian GAAP.

12. Transition to IFRS (cont'd)

Reconciliation of equity

	Notes	September 30, 2011	December 31, 2010	October 1, 2010
Equity previously reported under Canadian GAAP		**$ 1,223,128**	**$ 769,601**	**$ 761,215**
Adjustments upon adoption of IFRS:		-	-	-
Equity reported under IFRS		**$ 1,223,128**	**$ 769,601**	**$ 761,215**

Reconciliation of comprehensive loss

	Notes	Three months ended Dec. 31, 2010	Year ended September 30, 2011
Comprehensive loss previously reported under Canadian GAAP		**$ (30,894)**	**$ (287,217)**
Adjustments upon adoption of IFRS:		-	-
Comprehensive loss reported under IFRS		**$ (30,894)**	**$ (287,217)**

13. Subsequent Events

- On January 3, 2012, 470,000 warrants were exercised for proceeds of $23,500.
- On January 4, 2012, 1,170,000 warrants were exercised for proceeds of $58,500.
- On February 18, 2012, 600,000 stock options were cancelled.
- On February 22, 2012 Evan Clifford was appointed as a director of the Company.
- On February 27, 2012, 1,060,000 warrants were exercised for proceeds of $53,000.
- On February 29, 2012 the Company completed a private placement 8,000,000 units at $0.075 per unit, raising a total of $600,000. Each unit consists of one common share and one transferable share purchase warrant, entitling the holder thereof to acquire one additional common share at a price of $0.10 per share for a period of five years from closing of the offering. The proceeds will be used for the Company's working capital requirements.