COPPER REEF MINING CORPORATION

(A DEVELOPMENT STAGE ENTITY)

FINANCIAL STATEMENTS

YEARS ENDED NOVEMBER 30, 2011 AND 2010

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(A DEVELOPMENT STAGE ENTITY)

YEARS ENDED NOVEMBER 30, 2011 AND 2010

CONTENTS

McGovern, Hurley, Cunningham, LLP
Chartered Accountants

2005 Sheppard Avenue East, Suite 300
Toronto, Ontario
M2J 5B4, Canada
Phone 416-496-1234
Fax 416-496-0125
Web www.mhc-ca.com

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Copper Reef Mining Corporation:

We have audited the accompanying financial statements of Copper Reef Mining Corporation, which comprise of the balance sheets as at November 30, 2011 and 2010, and the statements of comprehensive (loss) income and deficit and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Copper Reef Mining Corporation as at November 30, 2011 and 2010, and its financial performance and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates the existence of a material uncertainty that may cast doubt about the Company's ability to continue as a going concern.

McGOVERN, HURLEY, CUNNINGHAM, LLP

McGovern, Hurley, Cunningham, LLP

Chartered Accountants
Licensed Public Accountants

TORONTO, Canada
March 26, 2012

COPPER REEF MINING CORPORATION

(Incorporated under the laws of Manitoba)

BALANCE SHEETS

AS AT NOVEMBER 30, 2011 AND 2010

	2011	2010
ASSETS		
CURRENT ASSETS		
Cash	**$ 957,327**	$ 1,303,617
Marketable securities (Note 7)	**2,400,000**	3,600,000
GST receivable	**34,850**	26,065
TOTAL CURRENT ASSETS	**3,392,177**	4,929,682
CAPITAL ASSETS (Note 6)	**8,526**	-
MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS (Notes 7 and 10)	**8,310,228**	5,441,890
TOTAL ASSETS	**$11,710,931**	$10,371,572
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 10)	**$ 235,596**	$ 384,089
FUTURE INCOME TAX LIABILITIES (Note 9)	**845,000**	928,500
TOTAL LIABLITIES	**1,080,596**	1,312,589
SHAREHOLDERS' EQUITY		
CAPITAL STOCK (Note 8)	**12,383,892**	9,418,632
CONTRIBUTED SURPLUS (Note 8)	**1,129,259**	755,827
WARRANTS (Note 8)	**245,562**	48,686
DEFICIT	**(3,128,378)**	(1,164,162)
TOTAL SHAREHOLDER'S EQUITY	**10,630,335**	9,058,983
TOTAL LIABILITIES AND EQUITY	**$11,710,931**	$10,371,572

Nature and continuance of operations (Note 1)
Commitments and contingencies (Notes 7 and 11)
Subsequent events (Note 12)

APPROVED ON BEHALF OF THE BOARD:

"Signed" Dave Kennedy, Director   "signed" Stephen L. Masson, Director

See accompanying notes.

COPPER REEF MINING CORPORATION

STATEMENTS OF COMPREHENSIVE (LOSS) INCOME AND DEFICIT

YEARS ENDED NOVEMBER 30, 2011 AND 2010

	2011	2010
OPERATING EXPENSES		
Amortization (Note 2)	$ 1,505	$ -
Bank charges, interest and penalties	1,363	15,202
Directors' compensation	-	5,000
Filing fees	49,157	55,262
Management fees and salaries	299,831	246,154
Office and general	157,444	72,038
Professional fees	118,946	210,536
Rent and utilities	43,623	32,269
Travel and investor relations	95,602	28,300
Wages - stock based (Note 8(d))	145,700	220,600
	913,171	885,361
OTHER INCOME (LOSS)		
Interest income	155	80
Unrealized (loss) gain on marketable securities (Note 7)	(1,200,000)	200,000
Gain on disposition of mineral properties (Note 7)	-	1,995,498
	(1,199,845)	2,195,578
(LOSS) INCOME BEFORE INCOME TAXES	(2,113,016)	1,310,217
(RECOVERY) PROVISION FOR		
INCOME TAXES - FUTURE (Note 9)	(148,800)	388,695
NET (LOSS) INCOME FOR THE YEAR, BEING COMPREHENSIVE (LOSS) INCOME FOR THE YEAR	(1,964,216)	921,522
DEFICIT AT BEGINNING OF YEAR	(1,164,162)	(2,085,684)
DEFICIT AT END OF YEAR	$(3,128,378)	$(1,164,162)
(Loss) income per share – basic	$ (0.021)	$ 0.014
(Loss) income per share –diluted	$ (0.021)	$ 0.014
Weighted average number of common shares issued and outstanding:		
– basic	94,590,949	67,280,768
–diluted	94,590,949	67,782,262

See accompanying notes.

COPPER REEF MINING CORPORATION

STATEMENTS OF CASH FLOWS

YEARS ENDED NOVEMBER 30, 2011 AND 2010

	2011	2010
FUNDS (USED IN) PROVIDED BY OPERATING ACTIVITIES		
Cash paid to suppliers and employees	**$ (565,671)**	$ (401,630)
Cash paid on income and other taxes	**(8,785)**	(11,165)
Management bonuses and salaries	**(299,831)**	(246,154)
Interest received	**155**	80
Funds (used in) provided by operating activities	**(874,132)**	(658,869)
FUNDS PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Purchase of capital assets	**(10,031)**	-
Proceeds on disposal of mineral properties	-	1,000,000
Deferred exploration and other expenditures	**(2,911,592)**	(1,952,628)
MEAP received	-	190,014
Funds (used in) investing activities	**(2,921,623)**	(762,614)
FUNDS PROVIDED BY (USED IN) FINANCING ACTIVITIES		
Advances from shareholders	-	(50,706)
Capital stock issuance	**3,619,081**	1,924,000
Share issue costs	**(169,616)**	(26,280)
Funds provided by financing activities	**3,449,465**	1,847,014
(DECREASE) INCREASE IN CASH	**(346,290)**	425,531
Cash at beginning of year	**1,303,617**	878,086
CASH AT END OF YEAR	**$ 957,327**	$ 1,303,617
SUPPLEMENTAL INFORMATION		
Change in accrued exploration expenditures	**43,254**	116,021
Change in accrued share issue costs	**8,128**	(18,152)
Broker warrants issued for services (Note 8(a)(ix))	**45,053**	-
Shares issued for mineral properties	-	450,000
Shares received for sale of mineral properties	-	3,400,000
Value of property received from Foran	-	31,091

1. NATURE OF OPERATIONS AND GOING CONCERN

Copper Reef Mining Corporation (the "Company" or "Copper Reef") is a Canadian company incorporated in Ontario. The Company's principal activities are the acquisition, exploration and development of mineral property interests. The Company is considered to be in the development stage, as defined by Accounting Guideline 11 of the Canadian Institute of Chartered Accountants ("CICA") Handbook. To date the Company has not earned any revenues from operations.

The Company has not yet determined whether its mineral properties contain economically recoverable ore reserves. The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of mineral properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write downs of the carrying values of mineral properties.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory and environmental requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts and political uncertainties.

As at November 30, 2011, the Company had cash of $957,327 and working capital of $3,156,581. These 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 and to commence profitable operations in the future. Management is actively pursuing such additional sources of financing, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future. Because of this uncertainty, there is some doubt about the ability of the Company to continue as a going concern. These financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and their basis of application is consistent with that of the previous year. Outlined below are those policies considered particularly significant. All amounts are presented in Canadian dollars.

USE OF ESTIMATES
The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Such estimates and assumptions affect the carrying value of assets, impact decisions as to when exploration and development costs should be capitalized or expensed, and the existence and valuation of asset retirement obligations and reclamation costs. Other significant estimates made by the Company include factors affecting valuations of mineral properties and deferred exploration costs, stock-based compensation, warrants, contingencies, income taxes and asset retirement obligations. The Company regularly reviews its estimates and assumptions; however, actual results could differ from these estimates and these differences could be material.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CAPITAL ASSETS AND AMORTIZATION
Capital assets are initially recorded at cost. Amortization has been calculated over the estimated useful life of the asset using the declining balance method at 30% for vehicles.

INCOME TAXES
The Company follows the asset and liability method of accounting for income taxes whereby future income tax assets and liabilities are determined based on differences between the financial statement carrying values and the tax bases of assets and liabilities. They are measured using the enacted or substantively enacted income tax rates and laws expected to be in effect when the temporary differences are expected to reverse. The effect on future income tax assets and liabilities of a change in tax rates is recognized in the period that includes the date of enactment or substantive enactment of the change. When the future realization of income tax assets does not meet the test of being more likely than not to occur, a valuation allowance in the amount of the potential future benefit is taken and no net asset is recognized.

MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS AND GOVERNMENT ASSISTANCE
Mineral properties and deferred exploration expenditures are carried at cost until they are brought into production, at which time they are depleted on a unit of production method. If a property is subsequently determined to be significantly impaired in value, the property and related deferred costs are written down to their net realizable value. Other general exploration expenses are charged to operations as incurred. The cost of mineral properties abandoned or sold and their related deferred exploration costs are charged to operations in the current year.

The Company reviews capitalized costs on its property interests on a periodic basis and recognizes an impairment in value based upon a review of exploration results, whether the Company has significant exploration plans in the immediate future and upon management’s assessment of the future probability of profitable revenues from the property or from the sale of the property. The recoverability of costs incurred on the mineral properties is dependent upon numerous factors including exploration results, environmental risks, commodity risks, political risks and the Company’s ability to attain profitable production. Management’s assessment of the property’s estimated current fair market value may also be based upon a review of other property transactions that have occurred in the same geographic area as that of the property under review.

Costs include the cash consideration and the fair market value of the shares issued for the acquisition of mineral properties. The carrying value is reduced by option proceeds received until such time as the property cost and deferred expenditures are reduced to nominal amounts, and then recorded in operations. Properties acquired under option agreements or by joint ventures, whereby payments are made at the sole discretion of the Company, are recorded in the accounts at the time of payment.

Certain exploration projects of the Company related to the exploration and development of mineral properties located in Manitoba qualify for the Manitoba provincial Mineral Exploration Assistance Program (“MEAP”). Recoverable amounts are offset against deferred exploration costs incurred when the Company has complied with the terms and conditions of the program and the recovery is estimable and reasonably assured.

ASSET RETIREMENT OBLIGATIONS
The Company recognizes the fair value of a liability for an asset retirement obligation on a discounted basis in the year in which it is incurred. The carrying amount of the related long-lived asset is increased by the same amount as the liability. Over time, the liabilities will be accreted for the change in their present value and the initial capitalized costs will be depleted and amortized over the useful lives of the related assets. The Company did not have any material asset retirement obligations as at November 30, 2011 and 2010.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FLOW THROUGH SHARES

The Company has financed a portion of its exploration activities through the issuance of flow-through shares, which transfers the tax deductibility of exploration expenditures to the investor. Proceeds received on the issue of such shares have been credited to capital stock and the related exploration costs have been charged to mineral properties. Resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. When these expenditures are renounced, temporary taxable differences created by the renunciation will reduce share capital. The Company has indemnified the subscribers for any tax related amounts that become payable by the subscriber as a result of the Company not meeting its expenditure commitments.

STOCK BASED COMPENSATION

The Company records compensation cost based on the fair value method of accounting for stock-based compensation. The fair value of stock options is estimated using the Black-Scholes option pricing model. The fair value of each option is recognized over the vesting period as stock-based compensation expense and contributed surplus. When options are exercised, the proceeds received, together with any amount in contributed surplus is credited to capital stock. The Company's stock-based compensation plan is described in Note 8(b).

MARKETABLE SECURITIES

The Company's marketable securities, classified as held-for-trading financial instruments, consist of common shares which are traded on a recognized securities exchange and are recorded at fair values based on quoted closing prices at the balance sheet date or the closing price on the last day the security traded if there were no trades at the balance sheet date. Changes in fair value are recognized in operations.

REVENUE RECOGNITION

Interest on cash is recorded as income on an accrual basis.

FINANCIAL INSTRUMENTS

Financial assets and liabilities, are initially recognized and subsequently measured based on their classification as "held-for-trading", "available-for-sale" financial assets, "held to maturity", "loans and receivables", or "other" financial liabilities. Held-for-trading financial instruments are measured at their fair value with changes in fair value recognized in operations for the year. Available-for-sale financial assets are measured at their fair value and changes in fair value are included in other comprehensive income until the asset is removed from the balance sheet or until impairment is assessed as other than temporary. Held to maturity investments, loans and receivables and other financial liabilities are measured at amortized cost using the effective interest rate method. Derivative instruments, including embedded derivatives, are measured at their fair value with changes in fair value recognized in net income for the period, unless the instrument is a cash flow hedge and hedge accounting is applied, whereby changes in fair value are recognized in other comprehensive income. For the years ended November 30, 2011 and 2010, the Company had no derivatives or embedded derivatives or available-for-sale financial assets.

(LOSS) INCOME PER SHARE

Basic (loss) income per share is calculated using the weighted average number of shares outstanding. Diluted (loss) income per share is calculated using the treasury stock method which assumes that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted (loss) income per share calculation. The diluted (loss) income per share calculation excludes any potential conversion of options and warrants that would decrease loss per share or increase income per share. See Notes 8(b) and 8(c) for potentially dilutive securities. The issued and outstanding stock options and warrants (2010 – issued and outstanding warrants) were excluded from the calculation of diluted (loss) income per share for the year ended November 30, 2011 as they were anti-dilutive.

3. CHANGES IN ACCOUNTING POLICIES

INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")
The Canadian Accounting Standards Board ("AcSB") published a strategic plan significantly affecting financial reporting requirements for Canadian companies. The AcSB plan outlines the convergence of Canadian GAAP with IFRS. 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 December 1, 2011 for the Company will require the restatement for comparative purposes of amounts reported by the Company for the year ended November 30, 2011. A changeover plan is being established to convert to the new standards within the allotted timeline. While the Company has begun assessing the adoption of IFRS for fiscal 2012, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

4. CAPITAL RISK MANAGEMENT

The Company manages and adjusts its capital structure based on available funds in order to support its operations and the acquisition, exploration and development of mineral properties. The capital of the Company consists of capital stock, warrants, and options. The Company had no bank indebtedness at November 30, 2011 or 2010. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company must rely on capital markets to support continued growth. There can be no assurance that the Company will be able to obtain sufficient capital in the case of operating cash deficits. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the years ended November 30, 2011 and 2010.

5. FINANCIAL RISK MANAGEMENT

Financial Instruments

The Company's financial instruments consist of cash, GST receivable, marketable securities, accounts payable and accrued liabilities. Unless otherwise noted, management's opinion is that the Company is not exposed to significant risks arising from these financial instruments.

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

The carrying value of cash, GST receivable, accounts payable and accrued liabilities reflected in the balance sheet approximate fair value because of the limited term of these instruments.

There have been no changes in the risks, objectives, policies and procedures during the years ended November 30, 2011 and 2010. The Company's activities are exposed to a variety of financial risks, which include:

(a) Market Risk

(i) Commodity Price Risk - The Company is subject to price risk from fluctuations in market prices of commodities as it relates to the possible underlying values of its commodity based mineral properties and deferred exploration costs and the corresponding ability to raise funds for future operations.

(ii) Marketable Securities Price Risk – The Company carries investments in certain public securities for which price fluctuations can affect the Company’s earnings. The Company classifies these marketable securities as held-for-trading and as a result, price volatility is reflected in operations.

(iii) Interest Rate Risk - The Company's main interest rate risk arises from short-term deposits. The Company has no interest-bearing debt. The Company's current policy is to invest excess cash in short term deposits with major banks. The Company periodically monitors the investment it makes and is satisfied with the credit rating of its banks.

(b) Credit Risk - Credit risk arises from non performance by counterparties of contractual financial obligations and is managed on a group basis. Credit risk arises from cash and deposits with banks. The Company has GST receivable from the Federal Government of Canada. Management believes that the credit risk concentration with respect to this financial instrument is minimal. The Company does not have a significant concentration of credit risk with any one group.

(c) Liquidity Risk - As at November 30, 2011, the Company had $3,392,177 in cash, marketable securities, and GST receivable and $235,596 of accounts payable and accrued liabilities. Management believes that it has sufficient funds to meet its current liabilities as they become due.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

CICA Section 3862, Financial Instrument Disclosures ("Section 3862") disclosure requirements about fair value measurement for financial instruments and liquidity risk requires a three level hierarchy that reflects the significance of the inputs used in making the fair value measurements. The three levels of fair value hierarchy under Section 3862 are:

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

Fair value amounts represent point-in-time estimates and may not reflect fair value in the future. The measurements are subjective in nature, involve uncertainties and are a matter of significant judgment.

This table illustrates the financial instruments classification within the fair value hierarchy at November 30, 2011:

	Level 1	Level 2	Level 3	Total
	$	$	$	$
Marketable securities	2,400,000	-	-	2,400,000

This table illustrates the financial instruments classification within the fair value hierarchy at November 30, 2010:

	Level 1	Level 2	Level 3	Total
	$	$	$	$
Marketable securities	3,600,000	-	-	3,600,000

Sensitivity analysis
Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a twelve-month period:

(i) The Company does not hold significant foreign currency balances to give rise to exposure to foreign exchange risk.

(ii) Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability from mineral exploration depends upon the world market price of copper, gold and other minerals. Commodity prices have fluctuated significantly in recent years. There is no assurance that, even as commercial quantities of copper, gold and other minerals may be produced in the future, a profitable market will exist for them. As of November 30, 2011, the Company is not a producer of copper, gold and other minerals. As a result, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

(iii) Based on the number of marketable securities held by the Company at November 30, 2011, an increase or decrease in the market price of the securities of 10% would result in a respective increase or decrease in the unrealized gain of approximately $240,000.

6. CAPITAL ASSETS

		2011		2010
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Vehicles	$ 10,031	$ 1,505	$ 8,526	$ -

7. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS

The Company holds mineral property interests in the provinces of Saskatchewan and Manitoba. Title to mineral property interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mineral claims. The Company has investigated title to all of its mineral property interests and, to the best of its knowledge, expects title to all of its interests to be in good standing. The Company has mining leases requiring expenditures that are due annually. Some of the mineral properties have had cash paid in lieu of exploration expenditures.

Annual Costs by Category	Nov 30, 2011	Nov 30, 2010
Acquisition costs (recovery)	$ -	$ 31,091
Deferred exploration costs	2,868,338	1,851,563
	$ 2,868,338	$ 1,882,654

Balance by Property

	November 30, 2010				November 30, 2011		
	Total costs to Nov 30, 2009	Costs incurred during the year	Sold during the year	Total costs to Nov 30, 2010 during the period	Costs incurred during the period	Sold (written off)	Total costs to Nov 30, 2011
McIlvenna	$ 1,780,769	$ -	$ (1,780,769)	$ -	$ -	$ -	$ -
Mink Narrows	2,449,988	14,996	-	2,464,984	12,594	-	2,477,578
Jewel Box	2,574	1,274	-	3,848	14,104	-	17,952
Gold Rock	1,010,443	423,652	-	1,434,095	10,255	-	1,444,350
Lucille	63,932	41,347	-	105,279	9,221	-	114,500
Kiss	22,510	6,424	-	28,934	6,424	-	35,358
Hanson Lake	168,448	951,778	(177,752)	942,474	656,427	-	1,598,901
Other	19,093	443,183	-	462,276	68,128	-	530,404
Smelter	-	-	-	-	1,622,998	-	1,622,998
Albert's	-	-	-	-	468,187	-	468,187
	$ 5,517,757	$ 1,882,654	$ (1,958,521)	$ 5,441,890	$ 2,868,338	$ -	$ 8,310,228

During the year ended November 30, 2011, the Company received MEAP of $nil (year ended November 30, 2010 - $190,014).

McIlvenna, Saskatchewan

The McIlvenna Bay Deposit occurs within the Hanson Lake Property. During the year ended November 30, 2010, the Company sold its 25% interest in the McIlvenna Property, its interest in the North Hanson Lake Property, and issued 3,000,000 common shares of the Company to Foran Mining Corporation (“Foran”) in exchange for $1,000,000 in cash, 4,000,000 common shares of Foran valued at $3,400,000, and five other properties owned by Foran with a value of $31,091, based on expenditures incurred by Foran on these properties, resulting in a gain on disposition of $1,995,498. The November 30, 2011 fair value of the 4,000,000 Foran shares was $2,400,000 (2010 - $3,600,000) resulting in an unrealized loss of $1,200,000 for the year ended November 30, 2011 (2010 – unrealized gain of $200,000). See also Note 11.

Mink Narrows, Manitoba

The Mink Narrows property is comprised of a total of 35 unpatented, contiguous, mining claim units in the aggregate (the "Mink Narrows Property"). The claims are 100% owned by the Company, except for the 6 claim units which are subject to a 1% Net Smelter Return (“NSR”) interest, the claim units are not subjected to any royalties, back-in rights or payments. The Company has no surface rights on the Mink Narrows Property.

7. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS (CONTINUED)

Gold Rock, Manitoba
Copper Reef holds a 100% interest in the Gold Rock Property, which is comprised mining claim units and mining leases located near Snow Lake, Manitoba. The Gold Rock Mining Lease is subject to a 1% NSR.

Hanson Lake, Saskatchewan
The Hanson Lake Property consists of a single claim located in the Hanson Lake area of Saskatchewan.

Smelter Property, Manitoba
The Smelter Property is comprised of three mining claim units. The claims are 100% owned by the Company, subject to a 2% NSR to Vista Gold Corporation (1% can be acquired for $1,000,000) and a 6% net profits interest royalty to Thundermin Resources Inc.

Other Properties
The Company holds 100% title to other property interests in Manitoba and Saskatchewan.

8. CAPITAL STOCK

Authorized
Unlimited common shares, no par value.

	#	$
(a) Issued		
Balance, November 30, 2009	**56,953,590**	**7,447,651**
Issued for cash (i)	**3,220,000**	**805,000**
Issued for cash (ii)	**375,000**	**75,000**
Issued for cash (iii)	**12,960,000**	**691,000**
Issued for cash (iv)	**2,945,000**	**353,000**
Issued for mineral properties (v)	**3,000,000**	**450,000**
Share issue costs	**-**	**(8,128)**
Tax effect of share issue costs	**-**	**2,195**
Tax effect - flow-through renunciation (vi)	**-**	**(348,400)**
Value of warrants issued (iv)	**-**	**(48,686)**
Balance, November 30, 2010	**79,453,590**	**9,418,632**
Issued for cash (vii)	**1,750,000**	**190,000**
Issued for cash (viii)	**7,000,000**	**1,050,000**
Issued for cash (ix)	**9,351,044**	**2,104,081**
Issued for cash (x)	**200,000**	**20,000**
Issued for cash (xi)	**1,700,000**	**255,000**
Share issue costs (vii) and (viii)	**-**	**(11,637)**
Tax effect - share issue costs (vii) and (viii)	**-**	**3,143**
Share issue costs (ix)	**-**	**(205,276)**
Tax effect - share issue costs (ix)	**-**	**55,425**
Value of warrants issued (vii)	**-**	**(29,447)**
Value of warrants issued (viii)	**-**	**(199,985)**
Value of warrants issued (ix)	**-**	**(216,115)**
Value of options exercised (x)	**-**	**12,500**
Value of warrants exercised (xi)	**-**	**61,439**
Tax effect - flow-through renunciation (xii)	**-**	**(123,868)**
Balance, November 30, 2011	**99,454,634**	**12,383,892**

8. CAPITAL STOCK, OPTIONS AND WARRANTS (CONTINUED)

(i) In December 2009, the Company issued 2,720,000 flow-through common shares at $0.25 per share and 500,000 non-flow-through common shares at $0.25 per share for gross proceeds of $805,000. A director and a family member of an officer of the Company subscribed for 320,000 flow-through common shares for gross proceeds of $80,000.

(ii) In April 2010, the Company issued 375,000 flow-through common shares for gross proceeds of $75,000.

(iii) In May 2010, the Company issued 2,150,000 flow-through common shares at $0.07 per share and 10,810,000 non-flow-through common shares at $0.05 per share for gross proceeds of $691,000. Directors and officers of the Company and their family members subscribed for 1,145,000 flow-through shares and 400,000 non-flow-through shares for gross proceeds of $100,150.

(iv) In October 2010, the Company issued 2,925,000 flow-through units at $0.12 and 20,000 non-flow-through units at $0.10 for gross proceeds of $353,000. Each unit consisted of one common share of the Company and one common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one common share of the Company at a price of $0.20 per share for a period of 12 months. A family member of an officer of the Company and two corporations controlled by the same officer purchased 950,000 flow-through units for gross proceeds of $114,000 pursuant to this financing. The 2,945,000 warrants issued had an aggregate grant date fair value of $48,686.

(v) In November 2010, the Company issued 3,000,000 shares to Foran which were valued at $450,000 based on the market price of the Company's shares on the date of issue. See Note 7.

(vi) In February 2010, the Company renounced $1,290,400 of Canadian exploration expenditures (CEE) related to proceeds from the issuance of flow-through shares with an effective date of December 31, 2009. Consequently, this increased the future income tax liability by $348,400.

(vii) In December 2010, the Company issued 750,000 flow-through units at $0.12 per flow-through unit and 1,000,000 non-flow-through units at $0.10 per unit for aggregate gross proceeds of $190,000. Each flow-through unit consisted of one flow-through common share and one common share purchase warrant and each non-flow-through unit consisted of one common share and one common share purchase warrant. Each warrant is exercisable into one common share of the Company at $0.20 per share until December 2, 2011. A director of the Company and two corporations controlled by an officer who is also a director of the Company subscribed for a total of 550,000 flow-through units for gross proceeds of $66,000. The Company is committed to incur, prior to December 31, 2011, $90,000 in qualifying CEE pursuant to this private placement.

(viii) In February 2011, the Company issued 7,000,000 flow-through units at $0.15 per unit for gross proceeds of $1,050,000. Each flow-through unit consisted of one common share and one common share purchase warrant exercisable into one common share of the Company at a price of $0.15 per share until August 1, 2011 (extended to November 1, 2011). This extension increased the value of these warrants by $53,000, which was included in travel and investor relations expense. The Company is committed to incur prior to December 31, 2012, on a best efforts basis, $1,043,000 in qualifying CEE pursuant to this private placement.

8. CAPITAL STOCK, OPTIONS AND WARRANTS (CONTINUED)

(ix) In March 2011, the Company issued 1,721,044 units at $0.18 per unit for gross proceeds of $309,781. Each unit consisted of one common share and one common share purchase warrant exercisable into one common share of the Company at a price of $0.33 per share until March 1, 2012. The Company also issued 4,800,000 super flow-through units to Manitoba residents at $0.25 per unit (gross proceeds of $1,200,000) and 2,830,000 regular flow-through units at $0.21 per unit (gross proceeds of $594,300). Each flow-through unit consisted of one flow-through common share of the Company and one-half of one common share purchase warrant. Each whole warrant is exercisable into one common share of the Company at a price of $0.33 per share until March 1, 2012. Pursuant to this issue, 654,570 warrants were issued to brokers (exercisable for one common share per warrant at $0.18 for 18 months). A corporation controlled by an officer who is also a director of the Company subscribed for 55,555 units for gross proceeds of $10,000. The Company is committed to incur prior to December 31, 2012, on a best efforts basis, $1,794,300 in qualifying CEE pursuant to this private placement.

(x) In March 2011, 200,000 options were exercised into shares for $20,000 cash.

(xi) In September 2011, 1,700,000 warrants were exercised into shares for $255,000 cash.

(xii) In February 2011, the Company renounced, with an effective date of December 31, 2010, $666,500 of CEE related to proceeds from the issuance of flow-through shares. Consequently, this increased the future income tax liability by $180,000. The Company also reversed the future tax impact of $56,132 relating to a 2007 flow-through renunciation which was denied by the CRA during the year ended November 30, 2011.

(b) Incentive Stock Options

Pursuant to the Company's stock option plan (the "Plan"), the Company may grant to its employees, officers, directors and consultants, options to purchase common shares of the Company at a fixed price as determined by the directors. The options vest in accordance with the terms of their granting and have a maximum term of five years. The common shares reserved for issuance under the Plan will not exceed, in aggregate, 10% of the Company's common shares issued and outstanding at the time of grant. The following tables summarize the Company's outstanding stock options:

	Number of Options	Weighted Average Exercise Price
Options outstanding at November 30, 2009	1,000,000	$0.20
Granted	3,520,000	0.10
Expired	(1,000,000)	0.20
Options outstanding at November 30, 2010	3,520,000	0.10
Granted, April 2011	200,000	0.11
Granted, June 2011	1,575,000	0.10
Exercised, March 2011	(200,000)	0.10
Options outstanding at November 30, 2011	5,095,000	$0.10

8. CAPITAL STOCK, OPTIONS AND WARRANTS (CONTINUED)

(b) Incentive Stock Options (continued)

All options vest immediately and their fair values are expensed to stock-based compensation and reflected as contributed surplus. Fair values are estimated using the Black-Scholes valuation model with the following assumptions: (1) the 3,520,000 options granted during the year ended November 30, 2010 had a grant date fair value of $220,600 based on risk-free interest rate – 2.52%; expected volatility – 113%; expected dividend yield – 0%; and expected life – 5 years. 200,000 of these options were exercised and reduced contributed surplus and increased share capital by $12,500. (2) the 200,000 options granted during the quarter ended May 31, 2011 had a grant date fair value of $17,000 based on a risk-free interest rate – 2.61%; expected volatility – 105%; expected dividend yield – 0%; and expected life – 5 years. (3) the 1,575,000 options granted during the quarter ended August 31, 2011 had a grant date fair value of $128,700 based on a risk-free interest rate – 2.15%; expected volatility – 105%; expected dividend yield – 0%; and expected life – 5 years. As at November 30, 2011, the following options were outstanding:

Expiry Date	Number of Issued and Exercisable Options	Weighted average remaining contractual life (in years)	Weighted average exercise price
May 25, 2015	3,320,000	3.48	$0.10
April 27, 2016	200,000	4.41	$0.11
June 15, 2016	1,575,000	4.55	$0.10
Total	5,095,000	3.85	$0.10

(c) Warrants - The following table summarizes a continuity of the warrants:

	Number of Warrants	Weighted average Exercise price	Grant Date Fair Value
Warrants outstanding at November 30, 2009	23,895,758	$0.18	$240,215
Issued pursuant to private placement (Note 8(a)(iv))	2,945,000	0.20	48,686
Expired	(23,895,758)	0.18	(240,215)
Warrants outstanding at November 30, 2010	2,945,000	0.20	48,686
Issued pursuant to private placement (Note 8(a)(vii))	1,750,000	0.20	29,447
Issued pursuant to private placement (Note 8(a)(viii))	7,000,000	0.15	199,985
Extension of warrants (Note 8(a)(viii))	-	-	53,000
Issued pursuant to private placement (Note 8(a)(ix))	5,536,056	0.33	171,062
Issued to brokers for services (Note 8(a)(ix))	654,570	0.18	45,053
Exercised in September 2011 (Note 8(a)(xi))	(1,700,000)	0.15	(61,439)
Expired	(8,245,000)	0.17	(240,232)
Warrants outstanding at November 30, 2011	7,940,626	$0.29	$245,562

8. CAPITAL STOCK, OPTIONS AND WARRANTS (CONTINUED)

The weighted average grant date fair value of the warrants issued during the year ended November 30, 2011 of $0.03 (2010 - $0.02) was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	2011	2010
Expected dividend yield	0%	0%
Expected volatility	112%	112%
Risk free interest rate	1.69%	1.42%
Expected life	0.8 year	1.0 year

As at November 30, 2011, the following warrants were outstanding:

Expiry Date	Number of Granted Warrants	Weighted average remaining years contractual life	Weighted average exercise price
December 2, 2011	1,750,000	0.01	$ 0.20
March 1, 2012	5,536,056	0.25	0.33
September 1, 2012	654,570	0.76	0.18
	7,940,626	0.24	$ 0.29

(d) Contributed surplus

The following is a continuity of contributed surplus:

Balance, November 30, 2009	**$ 295,012**
Expired warrants (Note 8(c))	**240,215**
Stock-based compensation – consultant (Note 8(b))	**42,000**
Stock-based compensation – officers and directors (Note 8(b))	**178,600**
Balance, November 30, 2010	**$ 755,827**
Stock-based compensation - officers and directors (Note 8(b))	**17,000**
Exercised options (Note 8(b))	**(12,500)**
Expired warrants (Note 8(c))	**240,232**
Stock-based compensation – officers and directors (Note 8(b))	**128,700**
Balance, November 30, 2011	**$ 1,129,259**

9. INCOME TAX

Provision for income taxes

Major items causing the Company's income tax rate to differ from the Canadian combined federal and provincial statutory rate of approximately 28.5% (2010 – 30.0%) are as follows:

	2011	2010
(Loss) income before income taxes	**$(2,113,016)**	$ 1,310,217
Expected income tax (recovery) based at statutory rate	**(604,814)**	393,065
Adjustments to benefit resulting from:		
Non-taxable portion of unrealized loss (gain)	**135,000**	(27,000)
Stock-based compensation	**56,900**	66,200
Share issue costs	**(8,340)**	-
Effect of flow through expenditure shortfall	**56,132**	-
Change in expected tax rates	**26,100**	(88,200)
Valuation allowance	**135,000**	-
Other	**55,222**	44,630
Future income tax (recovery) expense	**$ (148,800)**	$ 388,695

Future income tax balances

The tax effect of temporary differences that give rise to future income tax assets and liabilities in Canada at November 30, 2011 and 2010 approximate the following:

Future income tax assets (liabilities)

	2011	**2010**
Non-capital losses	**$ 497,700**	$ 509,800
Resource properties	**(1,420,200)**	(1,468,100)
Marketable securities	**135,000**	(27,000)
Capital assets	**400**	-
Share issue costs	**77,100**	56,800
Net future income tax (liability)	**$ (710,000)**	$ (928,500)
Valuation allowance	**(135,000)**	-
Future income tax (liability)	**$ (845,000)**	$ (928,500)

The Company has approximately $1,834,100 of non-capital losses in Canada, which under certain circumstances can be used to reduce the taxable income of future years. These losses expire as follows:

2015	**$ 20,800**
2026	**723,600**
2027	**495,200**
2028	**191,400**
2029	**254,900**
2031	**148,200**
	$ 1,834,100

As at November 30, 2011, the Company has unclaimed share issue costs of $295,000 (2010 - $217,000) which may be available to reduce future taxable income. The Company also has an earned depletion base of $5,000 (2010 - $5,000) and Canadian exploration expenditures of $3,045,480 (2010 - $Nil), which under certain circumstances, may be utilized to reduce taxable income in future years.

10. RELATED PARTY TRANSACTIONS

During the year ended November 30, 2011, the Company paid management fees and related expenses of $50,762 (2010 - $41,500) to a corporation controlled by a director of the Company. Included in accounts payable and accrued liabilities is $nil (2010 - $nil) owing to this corporation.

During the year ended November 30, 2011, the Company paid filing fees of $30,000 (2010 - $30,000) to a corporation controlled by an officer of the Company of which $nil was included in accounts payable and accrued liabilities as at November 30, 2011 (2010 - $2,800). The Company also paid professional fees of $21,250 (2010 - $nil) to a corporation controlled by an officer of the Company of which $nil was included in accounts payable and accrued liabilities as at November 30, 2011 (2010 - $nil). The Company paid $58,816 (2010 - $51,796) of professional fees to an accounting firm of which an officer of the Company is a partner, of which $20,275 (2010 - $34,725) was included in accounts payable and accrued liabilities as at November 30, 2011. These balances are unsecured and non interest bearing with no fixed repayment terms.

During the year ended November 30, 2011, the Company was charged $951,203 (2010 - $648,674) by M'Ore Exploration Services Ltd. (“M'Ore”) for services and expense reimbursements. M'Ore is a corporation controlled by a director who is also an officer and significant shareholder of the Company. M’Ore is also a shareholder of the Company. Of these charges, $633,651 (2010 - $351,128) was capitalized as deferred exploration expenditures, $184,928 (2010 - $178,353) was for management fees and salaries, $43,051 (2010 - $26,386) was paid for rent and utilities, and the balance of $89,573 (2010 - $94,807) was paid for office and general expenses. Included in accounts payable and accrued liabilities as at November 30, 2011 was $78,305 (2010 - $87,178) owing to M’Ore. This amount is unsecured and non interest bearing with no fixed terms of repayment.

During the year ended November 30, 2011, the Company recorded directors’ fees of $nil (2010 - $5,000).

All of these transactions are in the normal course of business and are measured at the exchange amounts established and agreed to by the related parties.

See also Notes 8 and 12.

11. COMMITMENTS AND CONTINGENCIES

Consulting Agreement

The Company entered into an exploration management services agreement dated December 31, 2010 with M’Ore and the President of M’Ore. Pursuant to the agreement, M’Ore provides consulting and management services to the Company and incurs various administrative expenses, including administrative salaries and office and vehicle rentals on behalf of the Company. The term of the agreement is for a period of two years ended December 31, 2010 and can be renewed thereafter at the end of every 12 months. Pursuant to this agreement, management fees and salaries incurred by M’Ore are capped at $200,000 per annum. Additionally the Company entered into a lease with M'Ore whereby they will pay $30,000, plus operating expenses, per annum for rental of office and storage space. The lease also specifies rates to be charged for the use of various equipment if utilized by the Company. In the event the exploration management services agreement is terminated by the Company, the Company is required to pay an amount equal to $72,000.

11. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Environmental Considerations

The exploration for and development of resource properties involves the extraction, production and transportation of materials, which under certain conditions, can be hazardous or cause environmental pollution. The Company is continually taking action it believes appropriate to satisfy applicable federal, provincial and local environmental regulations and does not currently anticipate that compliance with federal, provincial and local environmental regulations will have a material adverse effect upon capital expenditures, results of operations or the competitive position of the Company in the mineral resource industry. However, due to the significant public and governmental interest in environmental matters related to those activities, the Company cannot predict the effects of possible future legislation, rule changes, or governmental or private claims.

Flow-through Expenditures

During the year ended November 30, 2011, the Company renounced Canadian exploration expenditures in the aggregate amount of $666,500 related to proceeds from the issuance of flow-through shares pursuant to the financings described in Notes 8(a)(ii)(iii)(iv) and (vii) and has incurred these qualifying Canadian exploration expenditures as at November 30, 2011. If the Company does not incur the required qualifying expenditures, it will be required to indemnify the holders of the flow-through shares for any tax and other costs payable by them as a result of the Company not making the required expenditures. See also Note 12.

12. SUBSEQUENT EVENTS

On December 2, 2011, 1,750,000 warrants exercisable at $0.20 per share expired unexercised.

In December 2011, the Company issued 5,266,666 flow-through units to Manitoba residents at $0.12 per unit for gross proceeds of $632,000. Each flow-through unit consisted of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at a price of $0.15 per share until December 2013. The Company is committed to incur prior to December 31, 2012, on a best efforts basis, $632,000 in qualifying Canadian exploration expenditures pursuant to this private placement. An officer of the Company purchased 50,000 units for $6,000. A family member of another officer of the Company purchased 100,000 units for gross proceeds of $12,000, and a corporation controlled by an officer who is also a director of the Company purchased 350,000 units for gross proceeds of $42,000 pursuant to this financing.

In December 2011, the Company announced that it acquired 100% of the Otter Lake property, Manitoba, Canada, for $5,000 and 50,000 common shares of the Company subject to regulatory approval. The acquisition is subject to a 1% NSR, which can be purchased by the Company for $500,000.

In January 2012, the Company announced that it reached an agreement with Jaxon Minerals Inc (“Jaxon”) to option the Company's Burn property for $10,000, 1,900,000 shares of Jaxon, and a work commitment for $600,000 over 4 years to earn a 100% interest. The Company will retain a 2.5% NSR of which 1% can be acquired by Jaxon for $1,000,000 or alternatively, at the Company's option, payment of a $1.00 per ton royalty for ore extracted from the property.

Subsequent to November 30, 2011, the Company renounced CEE in the aggregate amount of $3,469,300 related to proceeds from the issuance of flow-through shares pursuant to the financings described in Notes 8(a)(viii)(ix) and above in Note 12. The Company is committed to incur these expenditures, on a best efforts basis, prior to December 31, 2012. As at November 30, 2011, the commitment to incur $2,837,300 arising from the financings described in Notes 8(a)(viii) and (ix) have been met.