JOSEPHINE MINING CORP.
(formerly Green Park Capital Corp.)

INTERIM FINANCIAL STATEMENTS
(Unaudited- Expressed in Canadian dollars)

FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2011 and 2010

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JOSEPHINE MINING CORP.
(An exploration stage company)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited)
(Stated in Canadian dollars)

	September 30, 2011	December 31, 2010	January 1, 2010
ASSETS		(Note 12)	(Note 12)
CURRENT ASSETS			
Cash and cash equivalents	2,520,521	16,022	38,911
Prepaid expenses	49,163	11,446	11,783
Accounts receivable	1,883	-	-
Total Current Assets	2,571,567	27,468	50,694
NON-CURRENT ASSETS			
Property and equipment (Note 5)	88,570	-	-
Mineral Properties (Note 6)	6,299,596	1,129,760	739,319
Deposits	115,988	17,501	18,384
Total Non-Current Assets	6,504,154	1,147,261	757,703
TOTAL ASSETS	$ 9,075,721	$ 1,174,729	$ 808,397
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	974,472	$329,286	53,767
Accrued liabilities - related parties (Note 8)	-	203,752	67,232
Total Current Liabilities	$ 974,472	$ 533,038	$ 120,999
STOCKHOLDERS' EQUITY			
Share capital (Note 7(b))	7,264,401	1,760,755	1,207,151
Contributed surplus (Note 7(d))	507,534	-	-
Warrants (Note 7(e))	3,502,935	46,825	46,825
Accumulated deficit	(3,315,513)	(1,086,849)	(589,669)
Accumulated other comprehensive income (loss)	141,892	(79,040)	23,091
Total Stockholders' Equity	8,101,249	641,691	687,398
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 9,075,721	$ 1,174,729	$ 808,397

GOING CONCERN (Note 2)
COMMITMENTS AND CONTINGENCIES (Note 6 and 8)
SUBSEQUENT EVENTS (Note 11)

The accompanying notes are an integral part of these interim consolidated financial statements.

JOSEPHINE MINING CORP.

(An exploration stage company)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(Unaudited)

(Stated in Canadian dollars)

	Three months ended September 30, 2011	Three months ended September 30, 2010 (Note 12)	Nine months ended September 30, 2011	Nine months ended September 30, 2010 (Note 12)
OPERATING EXPENSES				
General and administrative	243,203	56,896	682,365	197,914
Exploration	67,868	22,367	187,126	304,181
Payroll	360,319	-	558,594	-
Stock based compensation (Note 7)	145,421	-	333,308	-
Listings and filings fees	4,877	-	18,523	-
Depreciation	8,554	-	11,816	-
Bank charges and interest	2,034	-	3,361	-
TOTAL EXPENSES	832,276	79,263	1,795,093	502,095
OTHER INCOME AND EXPENSES				
Other income	8,205	-	24,225	-
Public company listing (Note 3)	-	-	(458,329)	-
Foreign exchange gain	5,885	-	533	-
TOTAL OTHER INCOME AND EXPENSES	14,090	-	(433,571)	-
NET LOSS	(818,186)	(79,263)	(2,228,664)	(502,095)
OTHER COMPREHENSIVE INCOME (LOSS)	241,521	(12,545)	220,932	(18,350)
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO STOCKHOLDERS	(576,665)	(91,808)	(2,007,732)	(520,445)
NET LOSS PER COMMON SHARE, BASIC AND DILUTED	(0.03)	(0.01)	(0.11)	(0.05)
WEIGHTED AVERAGE COMMON STOCK SHARES OUTSTANDING, BASIC AND DILUTED	25,451,010	10,500,010	20,898,428	10,500,010

The accompanying notes are an integral part of these interim consolidated financial statements.

JOSEPHINE MINING CORP.
(An exploration stage company)
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(Stated in Canadian dollars)

	Nine months ended September 30, 2011	Nine months ended September 30, 2010 (Note 12)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	(2,228,664)	(502,095)
Stock compensation expense (Note 7(f))	333,308	-
Public company listing expense (Note 3)	458,329	-
Foreign currency translation	220,932	(18,402)
Depreciation	11,816	-
Changes in assets and liabilities:		
Increase in prepaid expenses	(37,717)	(6,183)
Increase in accounts receivable	(1,883)	-
Increase in accounts payable and accrued liabilities	645,186	(20,547)
Decrease in accrued liabilities - related parties	(203,752)	61,483
Net cash used in operating activities	(802,445)	(485,744)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(100,386)	-
Payments toward mineral properties	(2,926,543)	(51,374)
Payment of deposits	(98,487)	351
Net cash used by investing activities	(3,125,416)	(51,023)
CASH FLOWS FROM FINANCING ACTIVITIES		
Equity financing	-	513,872
Proceeds from unit financing	6,432,360	-
Net cash provided by financing activities	6,432,360	513,872
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	2,504,499	(22,895)
Cash, beginning of period	16,022	38,911
Cash, end of period	**2,520,521**	**16,016**

The accompanying notes are an integral part of these interim consolidated financial statements.

JOSEPHINE MINING CORP.

(An exploration stage company)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Unaudited)

(Stated in Canadian dollars)

	Share capital						
	Number of common shares	Amount	Warrants	Contributed Surplus	Deficit	Accumulated other comprehensive income	Total
Balance, January 1, 2010	10,500,010	$1,207,151	$46,825	-	($589,669)	$23,091	$687,398
Additional capital contributed	-	513,872	-	-	-	-	513,872
Loss for period	-	-	-	-	(502,095)	-	(502,095)
Other comprehensive income for the period	-	-	-	-	-	(18,350)	(18,350)
Balance, September 30, 2010	10,500,010	1,721,023	46,825	-	(1,091,764)	4,741	680,825
Balance, January 1, 2011	10,500,010	1,760,755	46,825	-	(1,086,849)	(79,040)	641,691
Additional capital contributed	-	39,244	-	-	-	-	39,244
Unit offering shares (Note 3)	14,000,000	7,000,000	-	-	-	-	7,000,000
Unit offering w arrants (Note 3)	-	(1,214,031)	1,214,031	-	-	-	-
0890810 B.C. Ltd. shares eliminated (Note 3)	(10,500,010)	-	-	-	-	-	-
Qualifying Transaction (Note 3)	10,500,010	425,000	2,243,293	-	-	-	2,668,293
Share issuance costs	-	(800,031)	-	-	-	-	(800,031)
Green Park shares acquired (Note 7)	850,000	-	-	-	-	-	-
Incentive stock options (Note 7)	-	-	-	8,972	-	-	8,972
Corporate finance units (Note 7)	75,000	37,500	-	6,504	-	-	44,004
Agent's option (Note 7)	-	-	-	167,722	-	-	167,722
Other comprehensive income for the period	-	-	-	-	-	220,932	220,932
7,000 Warrants exercised (Note 7)	7,000	6,464	(1,214)	-	-	-	5,250
19,000 Options exercised (Note 7)	19,000	9,500	-	-	-	-	9,500
Stock Compensation Expense (Note 7)	-	-	-	324,336	-	-	324,336
Net Loss for the period	-	-	-	-	(2,228,664)	-	(2,228,664)
Balance, September 30, 2011	25,451,010	7,264,401	3,502,935	507,534	(3,315,513)	141,892	8,101,249

The accompanying notes are an integral part of these interim consolidated financial statements.

1. Nature and continuance of operations

Josephine Mining Corp. (the "Company") (formerly Green Park Capital Corp.) was incorporated on June 4, 2007, under the Business Corporations Act of British Columbia and is in the exploration stage. The registered office of the Company is 1000 - 595 Burrard Street - P.O. Box 49290 - Vancouver, British Columbia, Canada V7X 1S8. On March 24, 2011, the Company completed its Qualifying Transaction (Note 3), as defined under the rules of the TSX Venture Exchange (the "Exchange"), by acquiring 0890810 B.C. Ltd. ("0890810"). 0890810 amalgamated with 0854742 B.C. Ltd. ("0854742"), which was formerly known as Josephine Mining Corp., immediately prior to the Qualifying Transaction. Since incorporation, 0854742's sole activities have related to the retention and exploration of mineral properties known as the Turner Gold Property (including ancillary properties) located in southern Oregon. The Turner Gold Property is therefore the Company's primary asset and the focus of all of the Company's operating activities.

On February 24, 2011, Gold Coast Mining Inc. ("Gold Coast"), was incorporated in Washington State, and is a wholly owned subsidiary of 0890810. Gold Coast's activities are related to the exploration and retention of the mineral properties of its parent.

In connection with the Qualifying Transaction, the Company changed its name to Josephine Mining Corp., ceased to be a Capital Pool Company ("CPC") as defined in Policy 2.4 of the Exchange and commenced trading as a Tier 2 mining issuer on the TSX Venture Exchange on March 29, 2011. On commencement of trading, the Company's trading symbol changing from "GRP.H" to "JMC".

2. Going Concern

These condensed interim consolidated financial statements have been prepared assuming the Company will continue as a going concern, which contemplates the realization of assets and discharge of liabilities in the normal course of business. As shown in the accompanying consolidated financial statements, the Company has had no operating revenues and has incurred an accumulated loss of $3,315,513 through September 30, 2011. These factors raise doubt about the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent upon obtaining necessary financing to complete exploration activities and placement of a mineral property into commercial production. Management is actively targeting sources of additional financing; while the Company has been successful in raising funds from related parties and other private parties in the past, there can be no assurance that it will be able to do so in the future. There can be no objective reliance on continuing support from related parties, which has been essential for the Company's development. The condensed interim consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classification of liabilities that might be necessary in the event the Company cannot continue in existence.

3. Qualifying Transaction and Financing

Pursuant to the terms of the Qualifying Transaction, the Company issued 10,500,010 common shares to acquire 100% of the issued and outstanding shares of 0890810. In addition, the Company issued 14,000,000 common shares to replace 14,000,000 shares issued by 0854742 pursuant to a unit offering ("the Unit Offering") completed immediately prior to the Qualifying Transaction. Each unit issued consisted

of one common share and one half of one common share purchase warrant to acquire one common share at an exercise price of $0.75 before March 24, 2013. The unit price was $0.50, resulting in gross proceeds to 0854742 of $7,000,000.

In conjunction with the Qualifying Transaction, the Company also:

1. Granted 5,250,000 common share purchase warrants with an exercise price of $1.50 and an expiration date of March 24, 2016. These warrants were granted to replace 5,250,000 warrants previously granted by 0890810 in conjunction with 0890810's acquisition of the Turner Gold Property (Note 7(e)).

2. Granted 5,250,000 common share purchase warrants with an exercise price of $2.00 and an expiration date of March 24, 2016. These warrants were granted to replace 5,250,000 warrants previously granted by 0890810 in conjunction with 0890810's acquisition of the Turner Gold Property (Note 7(e)).

3. Granted 7,000,000 warrants with an exercise price of $0.75 and an expiration date of March 24, 2013 to replace the warrants granted as part of the Unit Offering (Note 7(e)).

4. Issued 75,000 corporate finance units, each consisting of one common share and one warrant with an exercise price of $0.75 and an expiration date of March 24, 2013. The corporate finance units were issued to the agents acting for the Company on the Unit Offering (Note 7(e)). The deemed value of the shares issued as part of the unit issuance was $0.50 per share.

The Qualifying Transaction was considered a reverse acquisition of a non-trading shell company within the meaning ascribed by IFRS 2 – Share Based Payment. 0890810 was deemed the accounting acquirer and the continuing historical accounting information is from its operations.

The net liabilities of the Company at the date of acquisition were as follows:

Cash	$ 11,781
Receivables	3,999
Payables and accrued liabilities	(49,109)
	$ (33,329)

The fair value of the consideration transferred was $425,000, resulting in a public listing expense of $458,329 on the transaction.

4. Significant Accounting Policies

a) Conversion to International Financial Reporting Standards

The Canadian Accounting Standards Board ("AcSB") confirmed in February 2008 that IFRS would replace Canadian generally accepted accounting principles ("CGAAP") for publicly accountable enterprises for financial periods beginning on or after January 1, 2011, with the option available to adopt IFRS early from periods beginning on or after January 1, 2009 upon receipt of approval from

the Canadian Securities regulatory authorities. As required. he Company has commenced reporting using IFRS standards starting on January 1, 2011.

b) Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These condensed interim financial statements were approved by the Company's board of directors on November 22, 2011.

The condensed interim consolidated financial statements should be read in conjunction with Note 3 in the December 31, 2010 audited financial statements and Note 4 of the March 31, 2011 financial statements.

c) Basis of preparation

These condensed interim consolidated financial statements have been prepared on a historical cost basis.

These condensed consolidated interim financial statements, including comparatives, have been prepared on the basis of IFRS standards that are published at the time of preparation and that are effective on September 30, 2011.

d) Basis of consolidation

The condensed interim consolidated financial statements include the accounts of the Company; 0890810, the Company's wholly-owned subsidiary; and Gold Coast, 0890810's wholly-owned subsidiary. Inter-company balances and transactions are eliminated in preparing the condensed consolidated interim financial statements.

e) Property and equipment

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost of property and equipment is related to the actual costs and expenses associated with placing the property in service. Any equipment with a life of two years or less is expensed upon acquisition. When parts of an item of property and equipment have different useful lives, they are accounted for as separate components. Automotive items are depreciated using the straight line over five years. Equipment and software is depreciated using straight line method over three years. The gain or loss on disposal of any item of property is determined by comparing the proceeds from disposal with the carrying amount of the property and the resulting gain or loss is recognized on the consolidated interim Statement of Comprehensive Loss.

f) Foreign currencies

The presentation and functional currency of the Company is the Canadian dollar. The functional currency of 0890810 and Gold Coast is the United States dollar.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At each financial position reporting date all assets and liabilities that are denominated in foreign currencies are translated at period end rates prevailing at the date of the statement of financial position and differences are recorded in other comprehensive income.

g) Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises cash and cash equivalents, derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of comprehensive income.

Loans and receivables – This category comprises accounts receivable. These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

All financial assets except for those classified as fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial liabilities

The Company classifies all of its financial liabilities into the following category:

Other financial liabilities - This category includes amounts due to related parties and accounts payables and accrued liabilities, all of which are recognized at amortized cost.

h) Cash and cash equivalents

Cash and cash equivalents include money market instruments which are readily convertible into cash or have maturities at the date of purchase of less than ninety days.

i) Impairment of long-lived assets

Equipment and the investment in mineral properties are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Indications of impairment may include, but are not limited to, significantly declining precious metals prices or increased risk of realization of a return on investment on precious metals properties.

An asset's recoverable amount is the higher of fair value less costs 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 current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately as additional depreciation. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal is recognized as a reduction in the depreciation charge for the period.

j) Mineral properties

The Company is in the exploration stage with respect to its investment in mineral properties and accordingly follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of mineral claims. Such costs include, but are not exclusive to, geological, geophysical studies, exploratory drilling and assaying. At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable reserves. The aggregate costs related to abandoned mineral claims are charged to operations at the time of any abandonment or when it has been determined that there is evidence of a permanent impairment.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

The Company recognizes in income costs recovered on mineral properties when amounts received or receivable are in excess of the carrying amount.

Upon transfer of "Exploration and Evaluation Costs" into "Mine Development," all subsequent expenditure on the construction, installation or completion of infrastructure facilities will be capitalized within "Mine Development". After production starts, all assets included in "Mine Development" will be transferred to "Producing Mines".

All capitalized exploration and evaluation expenditures are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that an exploration expenditure is not expected to be recovered, it is charged to the results of operations. Exploration areas where reserves have been discovered, but require major capital expenditures before production can begin, are continually evaluated to ensure that commercial quantities of reserves exist or to ensure that additional exploration work is underway as planned.

k) Share-based payment transactions

The Company's share option plan allows the Company's employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value is measured at grant date and each tranche is recognized on a graded-vesting basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each statement of financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. Upon exercise of options the expense previously recognized in relation to those options is credited to share capital.

l) Asset retirement obligation

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising for the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying value of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight line method. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses. The Company has not recorded as asset retirement obligation to date, however, the Company has an exploration reclamation bond with the State of Oregon which covers the disturbance at the Turner Gold project.

m) Significant accounting judgments and estimates

The preparation of these condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The condensed consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- the recoverability of amounts receivable and prepayments which are included in the condensed consolidated interim statement of financial position;

- the inputs used in accounting for share based payment expense in the condensed consolidated interim statement of comprehensive loss;

n) New accounting standards and interpretations

At the date of authorization of these Financial Statements, the IASB and IFRIC have issued the following new and revised standards, amendments and interpretations which are not yet effective during the nine months ended September 30, 2011.

- IFRS 9, 'Financial Instruments' was issued in November 2009 as the first step in its project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 introduces new requirements for classifying and measuring financial assets that must be applied starting January 1, 2013, with early adoption permitted. The IASB intends to expand IFRS 9 during the intervening period to add new requirements for classifying and measuring financial liabilities, de-recognition of financial instruments, impairment and hedge accounting.

- IFRS 10, 'Consolidated Financial Statements' was issued in May 2011 and will supersede the consolidation requirements in SIC-12 'Consolidation – Special Purpose Entities' and IAS 27 'Consolidated and Separate Financial Statements' effective for annual periods beginning on or after January 1, 2013, with early application permitted. IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard also provides additional guidance to assist in the determination of control where this is difficult to assess.

- IFRS 11, 'Joint Arrangements' was issued in May 2011 and will supersede existing IAS 31, 'Joint Ventures' effective for annual period beginning on or after January 1, 2013, with early application permitted. IFRS 11 provides for the accounting of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). The standard also eliminates the option to account for jointly controlled entities using the proportionate consolidation method.

- IFRS 12, 'Disclosure of Interests in Other Entities' was issued in May 2011 and is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. IFRS 12 is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

- IFRS 13, 'Fair Value Measurement' was issued in May 2011 and sets out in a single IFRS a framework for measuring fair value. 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. This definition of fair value emphasizes that fair value is a market-based measurement, not an entity-specific measurement. In addition, IFRS 13 also requires specific disclosures about fair value measurement. IFRS 13 is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

- In May 2011, the IASB published IFRS 28 *Investments in Associates and Joint Ventures,* which are effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. Amendments to IAS 28 provide additional guidance applicable to accounting for interests in joint ventures or associates when a portion of an interest is classified as held for sale or when the Corporation ceases to have joint control or

significant influence over an associate or joint venture. When joint control or significant influence over an associate or joint venture ceases, the Corporation will no longer be required to re-measure the investment at that date. When a portion of an interest in a joint venture or associate is classified as held for sale, the portion not classified as held for sale shall be accounted for using the equity method of accounting until the sale is completed at which time the interest is reassessed for prospective accounting treatment.

- In June 2011, the IASB issued IAS 1 *Presentation of Items of OCI: Amendments to IAS 1 Presentation of Financial Statements*. The amendments stipulate the presentation of net earnings and OCI and also require the Corporation to group items within OCI based on whether the items may be subsequently reclassified to profit or loss. Amendments to IAS 1 are effective for the Corporation beginning on January 1, 2012 with retrospective application and early adoption permitted.

The application of these standards, amendments and interpretations are not anticipated to have a material impact on the results and financial positions of the Company.

5. Property and Equipment

	Software	Equipment	Vehicles	Total
Cost				
Balance, January 1, 2010 and December 31, 2010	$ -	-	-	-
Acquisitions	47,121	27,142	26,848	101,111
Balance, September 30, 2011	47,121	27,142	26,848	101,111
Accumulated Depreciation				
Balance, January 1, 2010 and December 31, 2010	-	-	-	-
Depreciation expense	6,544	3,312	2,685	12,541
Balance, September 30, 2011	6,544	3,312	2,685	12,541
Net book value, September 30, 2011	$ 40,577	23,830	24,163	88,570

There were no circumstances requiring impairment loss to be recognized during the nine months ended September 30, 2011.

6. Mineral Properties

Option #1:

On June 26, 2009, 0854742 entered into an Option to Purchase agreement for land, patented mining claims and unpatented mining claims in Josephine County, Oregon, USA. This Option to Purchase agreement relates to a minerals exploration property known as the “Turner Gold Property”. The agreement gave the Company the exclusive option to purchase the property for a period of eighteen (18) months commencing June 26, 2009. 0854742 made an initial payment of US$100,000 pursuant to this agreement. The contract provided for the extension of the option term for an additional twelve months via an additional payment of US$300,000 on December 26, 2010, increasing the option term to thirty (30) months.

On December 14, 2010, the option agreement was amended to extend the payment date on the remaining US$300,000 payment due on December 26, 2010. The amendment required 0854742 to pay US$15,000 by December 26, 2010 and the balance of US$285,000 was to be paid on or before January 25, 2011. 0854742 made the US$300,000 extension payment on December 26, 2010 and therefore the option term increased to thirty months from the effective date of June 26, 2009 to December 26, 2011.

The total purchase price of the property is US$2,000,000, and all payments made on the Option terms apply to the final purchase price. The Company chose to extend the option, and negotiated an additional extension so that the Company has to pay US$300,000 by December 26, 2011 and US$1,350,000 is due in full upon the earlier of September 28, 2012, or upon the Company obtaining all permits and/or approvals necessary to commence mining operations plus three months from the date of the execution of the permit.

If the Company does not exercise the option and purchase the Property, all amounts paid by the Company are forfeited.

Option #2:
On June 18, 2011, the Company entered into a second Option to Purchase agreement for approximately 333 acres of land in Josephine County, Oregon. The agreement gives the Company the exclusive option to purchase the property for a period of twelve (12) months commencing June 18, 2011. The Company made an initial payment of US$25,000 pursuant to this agreement. The contract provides for an extension of the option term for an additional twelve (12) months via an additional payment of US$25,000 by June 30, 2012. The contract provides for an additional extension of the option term for an additional twenty-four (24) months via an additional payment of US$50,000 by June 30, 2013.

The total purchase price of the property is US$925,000 and all payments made on the option terms apply to the final purchase price. In the event the Company utilizes all extensions allowed in the contract, the remaining US$825,000 is due in full upon the earlier of June 30, 2015, or upon the Company obtaining all permits and/or approvals necessary to commence mining operations plus three months from the date of the execution of the permit.

If the Company does not exercise the Option and purchase the land, all amounts paid by the Company are forfeited.

At September 30, 2011 the Mineral Properties were comprised of the following:

Balance, December 31, 2010	$ 1,129,760
Balance, January 1, 2011	1,129,760
Option and land payments	342,016
Exploration expenditures	2,506,322
Warrants issued (i)	2,243,293
Exchange rate adjustment	78,205
Balance, September 30, 2011	$ 6,299,596

i) The incremental fair value of the 10,500,000 warrants previously granted and modified in conjunction with the Qualifying Transaction was accounted for as an investment in mineral properties (Note 7).

7. Capital and Reserves

a) *Authorized share capital*

As of September 30, 2011 the Company's authorized share capital was comprised of an unlimited number of common shares and preferred shares without par value.

b) *Common shares issued:*

Balance, January 1, 2011	10,500,010	$	1,760,755
Additional capital contributed (i)	-		39,244
Unit offering (Note 3)	14,000,000		7,000,000
0890810 B.C. Ltd. shares eliminated	(10,500,010)		-
Shares issued to effect Qualifying Transaction (Note 3)	10,500,010		425,000
Green Park shares acquired	850,000		-
Warrants to replace Unit Offering warrants (Note 3)	-		(1,214,031)
Corporate finance units (Note 3)	75,000		37,500
Warrants exercised (ii)	7,000		6,464
Options exercised (iii)	19,000		9,500
Share issuance costs	-		(800,031)
Balance, September 30, 2011	25,451,010	$	7,264,401

i. Additional capital contributed by 0890810's former shareholders prior to the Qualifying Transaction.

ii. Warrants from corporate finance units exercised at $0.75 per share.

iii. Options outstanding prior to Qualifying Transactions exercised at $0.75 per share.

c) *Escrowed shares:*

In connection with the Qualifying Transaction, all shares held in escrow at September 30, 2011 have been consolidated on the basis of one post-consolidation share for every five pre-consolidation shares, resulting in a total of 250,000 shares held in escrow upon completion of the Qualifying Transaction. An additional 10,500,010 that were purchased by a major shareholder through the private placement, were put into escrow as per an escrow agreement dated March 24, 2011.

After the completion of a Qualifying Transaction, as required by the British Columbia Securities Commission and the Exchange, the escrowed shares will be released pro rata to the escrow shareholders as follows:

i) 10% - upon final exchange approval to a Qualifying Transaction by the Company;
ii) 15% - 6 months following the initial release;
iii) 15% - 12 months following the initial release;
iv) 15% - 18 months following the initial release;

v) 15% - 24 months following the initial release;
vi) 15% - 30 months following the initial release; and
vii) 15% - 36 months following the initial release.

As per the escrow agreements, 1,075,001 shares were released on March 29, 2011 (first release) and another 1,612,501 were released on September 27, 2011 (second release) as per (i) and (ii) noted in the above schedule.

d) Contributed Surplus

Balance, December 31, 2010 and January 1, 2010	-
Incentive stock options (i)	8,972
Corporate finance units (ii)	6,504
Agent's option (iii)	167,722
Stock based compensation	324,336
Balance, September 30, 2011	$ 507,534

i. In conjunction with the Qualifying Transaction the Company granted an additional 1,850,000 incentive stock options to officers, directors and consultants (Note 7(f)).

ii. In conjunction with the Qualifying Transaction the Company issued 75,000 corporate finance units, each consisting of one common share and one half of one warrant to acquire one common share at a $0.75 exercise price before March 24, 2013 (Note 7(b)). The value of the 37,500 warrants granted in conjunction with this issuance was calculated using the Black Scholes option pricing model assuming:

	March 24, 2011
Expected volatility	120%
Risk free rate	1.71%
Expected dividend yield	0%
Expected life	1.0 year
Annual forfeiture rate	2.50%

Expected volatility was determined based on analysis of historical trading data of companies similar to the Company.

iii. In conjunction with the Qualifying Transaction and related financing the Company granted agent's options to acquire 735,000 units at an exercise price of $0.50 per unit before March 24, 2013. Each unit consists of one common share and one half of one common share purchase warrant. The value of the options was determined using the Black Scholes option pricing model using the assumptions described in 7(d)(ii).

e. *Warrants issued:*

	Number	Amount
Balance, December 31, 2010 and January 1, 2010	10,500,000	$ 46,825
Cancellation	(10,500,000)	(46,825)
Finder's warrants, $1.50 exercise price (i)	5,250,000	1,216,372
Finder's warrants, $2.00 exercise price (ii)	5,250,000	1,073,746
Warrants from unit financing (iii)	7,000,000	1,214,031
Exercise of warrants (iv)	(7,000)	(1,214)
Balance, September 30, 2011	17,493,000	$ 3,502,935

i. On March 24, 2011, the Company granted 5,250,000 finder's warrants with an exercise price of $1.50 and an expiration date of March 24, 2016. These warrants were granted to replace 5,250,000 warrants previously granted by 0890810 in conjunction with 0890810's acquisition of the Turner Gold Property. The value attributable to these warrants was calculated using the Black Scholes option pricing model assuming:

Expected volatility (1)	120%
Risk free rate (2)	1.88%
Expected dividend yield (3)	0%
Expected life (4)	2.50 years

1. Based on volatility of five peer companies with similar equity structures.
2. Based on five-year Treasury Bond rate.
3. Based on management's expectations over the next three to five years.
4. Based on contract terms.

ii. On March 24, 2011, the Company granted 5,250,000 finder's warrants with an exercise price of $2.00 and an expiration date of March 24, 2016. These warrants were granted to replace 5,250,000 warrants previously granted by 0890810 in conjunction with 0890810's acquisition of the Turner Gold Property. The value attributable to these warrants was calculated using the Black Scholes option pricing model assumptions described in Note 7(e)(i).

iii. On March 24, 2011, the Company issued 7,000,000 warrants to replace warrants granted by 0854742 pursuant the Unit Offering. Each warrant carries an exercise price of $0.75 and an expiration date of March 24, 2013. The value of these warrants was calculated using the Black Scholes option pricing model assuming:

	March 24, 2011
Expected volatility	120%
Risk free rate	1.71%
Expected dividend yield	0%
Expected life	1.0 year

Expected volatility was determined based on analysis of historical trading data of companies similar to the Company.

iv. On April 26, 2011, 7,000 warrants were exercised at a price of $0.75 per share.

f. Stock options:

The Company has a stock option plan (the "Plan") under which it is authorized to grant options to directors, officers, consultants or employees of the Company. The number of options granted under the Plan is limited to 10% in the aggregate of the number of issued and outstanding common shares of the Company at the date of the grant of the options. The board of directors has discretion over the vesting of options. The Company's shareholders approved the 2010 incentive stock option plan at its annual general meeting.

A summary of stock options outstanding is as follows:

Grant Date		Exercise Price	December 31, 2010	Granted	Exercised	Expired or Cancelled	September 30, 2011		Weighted Average Exercise Price
March 28, 2008	$	0.30	110,000		19,000	15,000	76,000		
March 24, 2011 - Agent's Options	$	0.50							
Agent's Options Warrants				735,000			735,000		
Corporate Finance				37,500			37,500		
March 25, 2011	$	0.50		1,850,000			1,850,000		
June 14, 2011	$	0.60		400,000			400,000		
Total options outstanding							3,098,500	$	0.52
Total options exercisable							981,834	$	0.52

On March 28, 2008, the Company granted 550,000 stock options, each with an exercise price of $0.06 and an expiration date of March 28, 2013, to its directors and officers. Pursuant to the stock consolidation that occurred on March 24, 2011, the number of these options was adjusted by a factor of one (1) new option for each five (5) options outstanding. In addition, the exercise price of these options was adjusted by a factor of five, resulting in a new exercise price of $0.30.

In conjunction with the Qualifying Transaction and related financing the Company granted agent's options to acquire 735,000 units at an exercise price of $0.50 per unit before March 24, 2013. Each unit consists of one common share and one half of one common share purchase warrant. The value of the options was determined using the Black Scholes option pricing model using the assumptions described in 7(d)(ii).

On March 24, 2011, the Company issued 37,500 warrants through the corporate finance units. Each warrant has an exercise price of $0.75 and an expiration date of March 24, 2013. The value of the 37,500 warrants granted was calculated using the Black Scholes option pricing model assumptions described in Note 6(e)(iii).

On March 24, 2011, the Company granted an additional 1,850,000 stock options to directors, officers and employees of the Company. One half of these options vest on the first anniversary of the grant date and

the remaining options vest on the second anniversary of the grant date. The total value of these options was $625,280 as determined using the Black Scholes option valuation model given the following assumptions:

	March 24, 2011
Expected volatility	120%
Risk free rate	2.15%
Expected dividend yield	0%
Expected life	3.25 years
Annual forfeiture rate	5.00%

On June 14, 2011, the Company granted an additional 400,000 stock options to a director of the Company. A third of these options vested immediately, a third will vest on the first anniversary of the grant date, and the remaining options vest on the second anniversary of the grant date. The total value of these options was $175,693 as determined using the Black Scholes option valuation model given the following assumptions:

	June 14, 2011
Expected volatility	120%
Risk free rate	2.04%
Expected dividend yield	0%
Exptected life	3.97 years
Annual forfeiture rate	5.00%

Stock compensation expense for the nine months ended September 30, 2011 was $333,308. Expected volatility was determined based on analysis of historical trading data of companies similar to the Company.

8. Related Party Transactions

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

The following entities transacted with the Company in the reporting period of these Financial Statements. The terms and conditions of the transactions with key management personnel and their related parties were no more favorable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities at an arm's length basis.

(a) Transactions with Key Management Personnel

The key managers, with the power and responsibility, directly or indirectly, to plan, direct and control the operations of the Company, including directors, include the following:

Listing of Key Managers

Directors:	
Robert L. Russell	Chairman of the Board of Directors
R. Llee Chapman	Director
Andrew Russell	Director
Anthony Dutton	Director

Managers:	
Robert L. Russell	Chief Executive Officer
R. Llee Chapman	Chief Financial Officer
Robert Dumont	Vice President, Business Development

The aggregate value of transactions with key management are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2011	2010	2011	2010
Compensation	$ 403,150	-	$ 556,346	-
Share-based compensation	115,593	-	272,539	-
Total	$ 518,743		$ 828,885	

Key management was employed by RMMI on a consulting basis during the three and nine months ended September 30, 2010. The Company compensated RMMI pursuant to a Finder's Agreement, and RMMI ultimately incurred the expense of key managers.

Finder's Agreement

On June 22, 2009, 0854742 entered into a finder's agreement with Russell Mining and Minerals Inc. ("RMMI"), an entity under common management and control as the Company, for the mining claims located in Josephine County, Oregon. Pursuant to this agreement, RMMI agreed to advance the Company funds and provide the technical support to complete a reserve study on the claims. The agreement also contemplates RMMI and the Company entering into a management agreement for RMMI to provide technical and administrative services to the Company.

In return, the Company agreed to pay RMMI the following:

- 10,500,010 common shares of 0854742 (issued during the period ended December 31, 2009);
- 5,250,000 warrants to acquire shares of 0854742, each with a 5-year term and an exercise price of US$1.50 (issued during the period ended December 31, 2009);
- 5,250,000 warrants to acquire shares of 0854742, each with a 5-year term and an exercise price of US$2.00 (issued during the period ended December 31, 2009);

- A fee of $1,500,000 USD due in 24 equal installments beginning when production begins on the property.

Pursuant to the Qualifying Transaction, the Company issued 10,500,010 shares to RMMI in exchange for the 10,500,010 common shares of 0854742. The Company also granted 10,500,000 new finder's warrants to RMMI to replace the finder's warrants granted to RMMI by 0854742 (Note 7).

Consulting Agreement

The Company is party to a consulting agreement with RMMI dated April 15, 2009, pursuant to which RMMI provides services and office space. The Company also utilizes the services of the employees of RMMI. RMMI has billed the Company a total of US$150,000 for management services for the period ending September 30, 2011. During the nine month period ended September 30, 2011 the Company incurred $12,880 (2010 – US$31,500) in rent expense to RMMI. The Company's accrued liabilities-related parties as at September 30, 2011 included $0 owing to RMMI.

The Company's legal counsel at Macleod Dixon LLP is also a related party due to the fact that he is the corporate secretary. Macleod Dixon billed the Company $109,206 during the nine month period ending September 30, 2011 and US$63,746 for the nine month period ending September 30, 2010. The Company owed Macleod Dixon LLP $14,865 at September 30, 2011, which is included in accounts payable.

The above transactions were conducted in the normal course of operations and measured at the agreed upon exchange amounts, which is the amount of consideration established and agreed to by the related parties and which is similar to those negotiated with third parties.

9. Financial Instruments

The fair values of the Company's cash and cash equivalents, accounts receivable, accounts payables and accrued liabilities and accrued liabilities-related parties approximate their carrying values because of the short-term nature of these instruments.

The Company expects its current capital resources will be sufficient to carry its exploration plans and operations through its current operating period.

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents:	$2,520,521	-	-	$2,520,521
	$2,520,521	-	-	$2,520,521

The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk, and commodity price risk.

a) Currency risk

The Company's property interests in the United States make it subject to foreign currency fluctuations which may adversely affect the Company's financial position, results of operations and cash flows. The Company is affected by changes in exchange rates between the Canadian Dollar and foreign functional currencies. The Company does not invest in foreign currency contracts to mitigate the risks.

b) Credit risk

The Company's cash and cash equivalents are held in large Canadian financial institutions. The Company does not have any asset-backed commercial paper in its short-term investments. The Company's receivable consists of goods and services tax due from the federal government of Canada.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure.

Accounts payable and accrued liabilities are due within twelve months of the balance sheet date.

d) Commodity price risk

The ability of the Company to explore its mineral properties and the future profitability of the Company are directly related to the market price of gold and other precious metals. The Company has not hedged any of its potential future gold sales. The Company's input costs are also affected by the price of fuel. The Company monitors gold and fuel prices to determine the appropriate course of action to be taken by the Company.

10. Management of Capital Risk

The Company manages its cash and cash equivalents, common shares, stock options and warrants as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company is not subjected to any internally or externally imposed capital requirements.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares and acquire or dispose of assets.

In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to invest its excess cash in highly liquid short-term interest-bearing investments with short term maturities.

11. Subsequent Events

There are no subsequent events to report for this period.

12. Transition to IFRS

These are the Company's third condensed consolidated interim financial statements for the period covered by the first annual consolidated financial statements prepared in accordance with IFRS. The accounting policies in Note 4 have been applied as follows:

- in preparing the condensed consolidated interim financial statements for the nine months ended September 30, 2011;
- the comparative information for the nine months ended September 30, 2010;
- the statement of financial position as at December 31, 2010 and January 1, 2010.

Based on assessment and analysis of IFRS and the differences between IFRS and CGAAP, management has determined that no adjustments are required to reconcile the Company's historical financial statements in order to comply with the requirements of IFRS.