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

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2011 and 2010

Management's Responsibility for Financial Statements

In management's opinion, the accompanying consolidated financial statements of Josephine Mining Corp. have been prepared within reasonable limits of materiality and in accordance with International Financial Reporting Standards. Since a precise determination of many assets and liabilities is dependent on future events, the preparation of financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgment and with all information available up to April 2, 2012.

To meet its responsibility for reliable and accurate financial statements, management has developed and maintains a system of internal controls to provide reasonable assurance that the Company's transactions are authorized, assets are safeguarded and proper records maintained.

The consolidated financial statements have been audited by MNP LLP, Independent Registered Chartered Accountants. Their responsibility is to express a professional opinion on the fair presentation of the consolidated financial statements in accordance with Canadian generally accepted auditing standards. The Independent Registered Chartered Accountants Report outlines the scope of their examination and sets forth their opinion.

The Audit Committee, consisting of two independent directors, has reviewed these statements with management and the Independent Registered Chartered Accountants and has recommended their approval to the Board of Directors. The Board of Directors has approved the consolidated financial statements of the Company. The audit committee also considers the independence of the external auditors and reviews their fees.

"SIGNED"
Robert L. Russell
President and Chief Executive Officer

"SIGNED"
Llee Chapman
Chief Financial Officer

Spokane, Washington
April 2, 2012

Independent Auditors' Report

To the Stockholders of Josephine Mining Corp.:

We have audited the accompanying consolidated financial statements of Josephine Mining Corp. which comprises the consolidated statements of financial position as at December 31, 2011, December 31, 2010 and January 1, 2010, and the consolidated statements of comprehensive loss, changes in equity, and cash flows for the years ended December 31, 2011 and December 31, 2010, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"), 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.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the 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 auditors' 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 consolidated financial statements present fairly, in all material respects, the financial position of Josephine Mining Corp. and its subsidiaries as at December 31, 2011, December 31, 2010 and January 1, 2010, and their financial performance and their cash flows for the years ended December 31, 2011 and December 31, 2010 in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 2 in the financial statements which indicates that Josephine Mining Corp. incurred significant losses from operations, negative cash flows from operating activities and has an accumulated deficit. This, along with other matters as described in Note 2, indicate the existence of a material uncertainty which may cast significant doubt about the ability of Josephine Mining Corp. to continue as a going concern.

April 2, 2012
Calgary, AB

Chartered Accountants

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

	December 31, 2011	December 31, 2010 (Note 14)	January 1, 2010 (Note 14)
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	728,272	16,018	38,911
Prepaid expenses	56,623	11,445	11,783
Accounts receivable	4,527	-	-
Total Current Assets	789,422	27,463	50,694
NON-CURRENT ASSETS			
Property and equipment (Note 6)	80,027	-	-
Mineral Properties (Note 7)	7,293,077	1,129,534	739,319
Deposits	78,849	17,497	18,384
Total Non-Current Assets	7,451,953	1,147,031	757,703
TOTAL ASSETS	$ 8,241,375	$ 1,174,494	$ 808,397
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	727,686	314,221	53,767
Accrued liabilities - related parties (Note 9)	53,033	218,711	67,232
Total Current Liabilities	$ 780,719	$ 532,932	$ 120,999
STOCKHOLDERS' EQUITY			
Share capital (Note 8(b))	7,264,401	1,720,880	1,207,151
Contributed surplus (Note 8(d))	678,299	-	-
Warrants (Note 8(e))	3,502,935	46,825	46,825
Accumulated deficit	(4,083,769)	(1,072,652)	(573,166)
Accumulated other comprehensive income (loss)	98,790	(53,491)	6,588
Total Stockholders' Equity	7,460,656	641,562	687,398
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 8,241,375	$ 1,174,494	$ 808,397

GOING CONCERN (Note 2)
COMMITMENTS AND CONTINGENCIES (Note 7 and 9)
SUBSEQUENT EVENTS (Note 13)

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

Approved on behalf of the Board of Directors:

Robert L. Russell ("Signed") James O'Neil ("Signed")

JOSEPHINE MINING CORP.
(An exploration stage company)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Stated in Canadian dollars)

Years Ended December 31,	**2011**	**2010 (Note 14)**
OPERATING EXPENSES		
General and administrative	974,724	239,299
Exploration	275,250	260,187
Payroll	769,295	-
Stock based compensation (Note 8(d))	504,073	-
Listings and filings fees	27,049	-
Depreciation	19,821	-
Bank charges and interest	5,341	-
TOTAL EXPENSES	2,575,553	499,486
OTHER INCOME AND EXPENSES		
Other income	26,622	-
Public company listing (Note 3)	(458,329)	-
Foreign exchange gain	(3,857)	-
TOTAL OTHER INCOME AND EXPENSES	(435,564)	-
NET LOSS	(3,011,117)	(499,486)
OTHER COMPREHENSIVE INCOME (LOSS)	152,281	(60,079)
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO STOCKHOLDERS	(2,858,836)	(559,565)
NET LOSS PER COMMON SHARE, BASIC AND DILUTED	(0.14)	(0.05)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING, BASIC AND DILUTED	22,045,928	10,500,010

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

JOSEPHINE MINING CORP.

(An exploration stage company)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Stated in Canadian dollars)

	Share capital						
	Number	Amount	Warrants	Contributed Surplus	Deficit	Accumulated other comprehensive income	Total
Balance, January 1, 2010	10,500,010	$1,207,151	$46,825	-	($573,166)	$6,588	$687,398
Additional capital contributed	-	513,729	-	-	-	-	513,729
Net Loss for the year	-	-	-	-	(499,486)	-	(499,486)
Other comprehensive loss for the year	-	-	-	-	-	(60,079)	(60,079)
Balance, December 31, 2010	10,500,010	1,720,880	46,825	-	(1,072,652)	(53,491)	641,562
Additional capital contributed	-	79,119	-	-	-	-	79,119
Unit offering shares (Note 3)	14,000,000	7,000,000	-	-	-	-	7,000,000
Unit offering warrants (Note 3 and 8)	-	(1,214,031)	1,214,031	-	-	-	-
0890810 B.C. Ltd. shares eliminated (Note 3)	(10,500,010)	-	-	-	-	-	-
Qualifying Transaction (Note 3 and 8)	10,500,010	425,000	2,243,293	-	-	-	2,668,293
Share issuance costs	-	(800,031)	-	-	-	-	(800,031)
Green Park shares acquired (Note 8)	850,000	-	-	-	-	-	-
Corporate finance units (Note 8)	75,000	37,500	-	6,504	-	-	44,004
Agent's option (Note 8)	-	-	-	167,722	-	-	167,722
Warrants exercised (Note 8)	7,000	6,464	(1,214)	-	-	-	5,250
Options exercised (Note 8)	19,000	9,500	-	-	-	-	9,500
Stock Compensation Expense (Note 8)	-	-	-	504,073	-	-	504,073
Net Loss for the year	-	-	-	-	(3,011,117)	-	(3,011,117)
Other comprehensive income for the year	-	-	-	-	-	152,281	152,281
Balance, December 31, 2011	25,451,010	7,264,401	3,502,935	678,299	(4,083,769)	98,790	7,460,656

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

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

Years Ended December 31,	**2011**	**2010 (Note 14)**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	(3,011,117)	(499,486)
Add (deduct) non-cash items:		
Stock -based compensation expense	504,073	-
Public company listing expense	458,329	-
Foreign currency translation	152,281	(60,079)
Depreciation	19,821	-
	(1,876,613)	(559,565)
Changes in assets and liabilities:		
Increase in prepaid expenses	(45,178)	338
Increase in accounts receivable	(4,527)	-
Increase in accounts payable and accrued liabilities	413,465	260,454
Decrease in accrued liabilities - related parties	(165,678)	151,479
Net cash used in operating activities	(1,678,531)	(147,294)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(99,848)	-
Payments toward mineral properties	(3,920,250)	(390,215)
Payment of deposits	(61,352)	887
Net cash used by investing activities	(4,081,450)	(389,328)
CASH FLOWS FROM FINANCING ACTIVITIES		
Equity financing	-	513,729
Proceeds from unit financing	6,472,235	-
Net cash provided by financing activities	6,472,235	513,729
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	712,254	(22,893)
Cash, beginning of period	16,018	38,911
Cash, end of period	**728,272**	**16,018**

The accompanying notes are an integral part of these 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 changed from "GRP.H" to "JMC."

2. Going Concern

These 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 deficit of $4,083,769 through December 31, 2011 (2010- $1,072,652). 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 and 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 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 on March 24, 2011, 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 common shares issued by 0854742 pursuant to a unit offering ("the Unit Offering") completed concurrent with 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 8(e(i))).

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 8(e(ii))).

3. Granted 7,000,000 share purchase 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 8(e(iii))).

4. Issued 75,000 corporate finance units, each consisting of one common share and one half 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 8(d)). 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 the Company has commenced reporting

using IFRS standards starting on January 1, 2010. The Company's reconciliation to IFRS is outlined in Note 14.

b) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and its interpretations including International Accounting Standards (IAS) prevailing as of December 31, 2011, as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

These consolidated financial statements were approved by the Company's board of directors on April 2, 2012.

c) Basis of preparation

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments measured at fair value.

These consolidated 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 December 31, 2011.

d) Basis of consolidation

The 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 consolidated 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 method 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 or equipment 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 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 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 loss.

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 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) *Income taxes*

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting or taxable loss

and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting period and are reduced to the extent that the Company does not consider it probable that the deferred tax asset will be realized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

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 as allowed under IFRS. Those costs that are not allowed to be capitalized under IFRS are expensed. Those costs capitalized 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 mineral properties 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. Currently all of the Company's mineral properties are classified as Exploration and Evaluation Assets.

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 Asset" 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) Impairment of long-lived assets

Property and 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 or 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.

l) 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 contributed surplus. 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 contributed surplus recognized in relation to those options is credited to share capital.

m) Loss per share

The Company presents the basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

n) Significant accounting judgments and estimates

The preparation of these 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 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:

- impairment of mineral properties which is included in the consolidated statement of financial position;
- fair value of financial instruments which are included in the consolidated statement of financial position;
- the recoverability of amounts receivable and prepayments which are included in the consolidated statement of financial position;
- the inputs used in accounting for share based payment expense in the consolidated statement of comprehensive loss;

o) *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 year ended December 31, 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 periods 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 IAS 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 Company 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 Company 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 Company 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 Company beginning on January 1, 2012 with retrospective application and early adoption permitted.

- In December 2010, the IASB amended IAS 12, *Income Taxes* (effective January 1, 2012) to remove subjectivity in determining on which basis an entity measures the deferred tax relating to an asset. The amendment introduces a presumption that an entity will assess whether the carrying value of an asset will be recovered through the sale of the asset.

- In January 2008, the IASB amended IAS 27, *Separate Financial Statements*, which has subsequently been amended by IFRS 9 and other standards. IAS 27 has the objective of setting standards to be applied in accounting for investments in subsidiaries, joint ventures and associates when an entity elects, or is required by local regulations, to present separate (non-consolidated) financial statements.

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

5. Change in Accounting Policy

During 2011, the Company changed the Presentation Currency from the US dollar to the Canadian dollar. On March 24, 2011 the Company completed its Qualifying Transaction. 0890810 was deemed the accounting acquirer and the continuing historical accounting information is from its operations and the presentation currency for 0890810 was the US dollar. The presentation currency for the parent company (formerly Green Park Capital Corp.) was the Canadian dollar. Management decided to change the presentation to Canadian dollar in part because the Canadian dollar is the currency in which the Company's shares are traded. Comparative figures for 2010 have been re-presented in Canadian dollars.

The change of the Company's presentation currency was accounted for in accordance with IAS 21 "The Effects of Changes in Foreign Exchange Rates."

On the change of the Company's presentation currency, comparative figures previously reported in US dollars were translated into Canadian dollars as follows:

- Income and expenses were translated at the average exchange rate for the relevant period;
- Assets and liabilities were translated at the closing exchange rate on the relevant balance sheet date; and
- Equity items were translated at historical exchange rates.

Previously reported in US dollars and translated to Canadian dollars:

Consolidated Statement of Comprehensive Loss:

	December 31, 2010	
	USD	CDN
General and administrative	232,100	239,299
Exploration	250,373	260,187
	482,473	499,486
Other income	-	-
Net loss	**482,473**	**499,486**

Consolidated Statement of Financial Position:

	December 31, 2010		January 1, 2010	
	USD	CDN	USD	CDN
Current assets	27,465	27,463	48,257	50,694
Non-current assets	1,147,147	1,147,031	721,278	757,703
Total assets	**1,174,612**	**1,174,494**	**769,535**	**808,397**
Current liabilities	532,985	532,932	115,182	120,999
OCI	-	(53,491)	-	6,587
Equity	641,627	695,053	654,353	680,810
Total liabilities and equity	**1,174,612**	**1,174,494**	**769,535**	**808,397**

6. Property and Equipment

	Software	Equipment	Vehicles	Total
Cost				
Balance, January 1, 2010 and December 31, 2010	$ -	-	-	-
Acquisitions	46,533	26,803	26,512	99,848
Balance, December 31, 2011	46,533	26,803	26,512	99,848
Accumulated Depreciation				
Balance, January 1, 2010 and December 31, 2010	-	-	-	-
Depreciation expense	10,341	5,504	3,977	19,821
Balance,December 31, 2011	10,341	5,504	3,977	19,821
Net book value, December 31, 2011	$ 36,192	$ 21,299	$ 22,535	$ 80,027

There were no circumstances requiring impairment loss to be recognized during the year ended December 31, 2011.

7. Mineral Properties

The Company has entered into two Option to Purchase agreements as follows:

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.

During the year the Company chose to extend the option, and negotiated an additional extension. As a result of this negotiating, the Company paid 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. 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.

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 a further 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 December 31, 2011, the Mineral Properties were comprised of the following:

Balance, January 1, 2010	$	739,319
Option payments		299,970
Exploration expenditures		90,245
Balance, December 31, 2010	$	1,129,534
Option and land payments		342,016
Exploration expenditures		3,578,234
Warrants issued (Note 8(e))		2,243,293
Balance, December 31, 2011	$	7,293,077

8. Capital and Reserves

a) Authorized share capital

As of December 31, 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, 2010	10,500,010		1,207,151
Additional capital contributed	-		513,729
Balance, December 31, 2010	10,500,010	$	1,720,880
Additional capital contributed by shareholders	-		79,119
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 8(e)(iii))	-		(1,214,031)
Corporate finance units (Note 8(d)(ii))	75,000		37,500
Warrants exercised (Note 8(e)(iv))	7,000		6,464
Options exercised (Note 8(f))	19,000		9,500
Share issuance costs	-		(800,031)
Balance, December 31, 2011	25,451,010	$	7,264,401

c) *Escrowed shares:*

In connection with the Qualifying Transaction, all shares held in escrow at December 31, 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 shares were purchased by a major shareholder through the private placement and 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. The number of shares in escrow at year-end is 8,062,508.

d) Contributed Surplus

Balance, December 31, 2010 and January 1, 2010	-
Incentive stock options (Note 8(f)(iv))	8,972
Corporate finance units (i)	6,504
Agent's option (Note 8(f)(ii))	167,722
Stock based compensation (Note 8(f))	495,101
Balance, December 31, 2011	$ 678,299

i. 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. 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%

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, December 31, 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 (Note 6). The value attributable to these warrants was calculated using the Black Scholes option pricing model assuming:

Expected volatility (i)	120%
Risk free rate (ii)	1.88%
Expected dividend yield (iii)	0%
Expected life (iv)	2.50 years

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 (Note 6). The value attributable to these warrants was calculated using the Black Scholes option pricing model assumptions described in Note 8(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:

Expected volatility	120%
Risk free rate	1.71%
Expected dividend yield	0%
Expected life	1.0 year

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 2011 incentive stock option plan at its annual general meeting.

A summary of stock options outstanding is as follows:

Grant Date		Exercise Price	Balance at 1/1/10 and 12/31/2010	Granted	Exercised	Expired or Cancelled	Balance at 12/31/2011	Expiry		Weighted Average Exercise Price
March 28, 2008 (i)	$	0.30	110,000	-	19,000	15,000	76,000	3/25/2012		
March 24, 2011- Agent's Options					-	-				
Agent's Options (ii)	$	0.50	-	735,000	-	-	735,000	3/24/2013		
Corporate Finance (iii)	$	0.75	-	37,500	-	-	37,500	3/24/2013		
March 24, 2011 (iv)	$	0.50	-	1,850,000	-	-	1,850,000	3/24/2016		
June 14, 2011 (v)	$	0.60	-	400,000	-	-	400,000	6/14/2016		
October 1, 2011 (vi)	$	0.70	-	100,000	-	-	100,000	10/1/2016		
October 1, 2011 (vi)	$	1.00	-	50,000	-	-	50,000	10/1/2016		
Total options outstanding							3,248,500		$	0.53
Total options exercisable							1,019,334		$	0.53

i) 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.

ii) 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 Note 8(e)(iii).

iii) On March 24, 2011, the Company issued 75,000 corporate finance units in which an additional 37,500 common shares could be purchased with an exercise price of $0.75 and has an expiration date of March 24, 2013. The value of the 37,500 options granted was calculated using the Black Scholes option pricing model assumptions described in Note 8(e)(iii).

iv) 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:

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

v) 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:

Expected volatility	120%
Risk free rate	2.04%
Expected dividend yield	0%
Expected life	3.97 years
Annual forfeiture rate	5.00%

vi) On October 1, 2011, the Company granted 150,000 stock options to an investor relations firm that is currently providing services to the Company. The stock options will expire after three years. 100,000 of the options have an exercise price of $0.70 and the remaining options have an exercise price of $1.00. A quarter of the options vested immediately, a quarter vested on January 1, 2012, a quarter will vest on April 1, 2012, and the remaining options will vest on July 1, 2012. The total value of these options was $30,914 as determined using the Black Scholes option valuation model given the following assumptions:

Expected volatility	104%
Risk free rate	0.88%
Expected dividend yield	0%
Expected life	1.68 years
Annual forfeiture rate	5.00%

Stock compensation expense for the twelve months ended December 31, 2011 was $504,073 (2010-$0). Expected volatility was determined based on analysis of historical trading data of companies similar to the Company.

9. 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 Management

Directors:

Robert L. Russell	Chairman of the Board of Directors
R. Llee Chapman	Director
Andrew Russell	Director
Anthony Dutton	Director
Jim O'Neil	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 was as follows:

	2011	2010
Compensation	$ 758,138	-
Share-based compensation	391,105	-
Total	$ 1,149,243	

There was an outstanding balance of $39,668 (2010- $0) of compensation due to the officers in the accounts payable and accrued liabilities account as of December 31, 2011 as well as bonus accrual of $262,500 (2010-$0) which is subject to board approval.

Key management was employed by Russell Mining and Mineral Inc. (“RMMI”) on a consulting basis during the twelve months ended December 31, 2010. The Company compensated RMMI pursuant to a Finder’s Agreement, and RMMI ultimately incurred the expense of key management.

Finder’s Agreement

On June 22, 2009, 0854742 entered into a finder’s agreement with RMMI, an entity related through common management, 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 8(e)).

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 $222,400 (2010- $0) for management services for the period ended December 31, 2011. For the year ended December 31, 2011, the Company incurred $15,146 (2010 – $39,230) in rent expense to RMMI. The Company's accrued liabilities-related parties as at December 31, 2011 included $35,988 (2010- $0) owing to RMMI.

The Company's legal counsel at Macleod Dixon LLP ("Macleod Dixon") (currently Norton Rose Canada LLP) is also a related party due to the fact that he is the corporate secretary. Macleod Dixon billed the Company $137,331 (2010- $68,558) during the year ended December 31, 2011. The Company owed Macleod Dixon $15,490 (2010- $14,637) at December 31, 2011, which is included in accounts payable.

St. Augustine Gold & Copper Ltd. ("SAGC") a company related due to common management billed the Company $16,707 (2010-$0) for the year ending December 31, 2011. The Company's accrued liabilities-related parties as at December 31, 2011 included $16,707 (2010- $0) owing to SAGC.

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.

10. Deferred Taxes

	December 31, 2011	**December 31, 2010**
	$	**$**
Current tax expense	-	-
Deferred tax expense	-	-
	-	-

Taxation in the Group's operational jurisdictions is calculated at the rates prevailing in the respective jurisdictions. There is no tax charge arising for the Group for the year, in either Canada or the US.

The difference between tax expense for the year and the expected income taxes based on the statutory tax rates arises as follows:

	December 31, 2011	December 31, 2010
	$	$
Loss before tax per the accounts	(3,011,117)	(499,486)
Income taxed at local statutory rates - 26.50% (2010 - 28.50%)	(797,946)	(142,354)
Foreign income taxed at other than Canadian statutory rates	(164,932)	-
Effect of reduction in statutory rate	46,033	8,261
Non-deductible expense	272,301	-
Share issuance costs	(200,008)	-
Impact of resource property transaction with an affiliated company	(95,117)	-
Change in unrecognized deferred tax assets	939,669	134,093
Income tax recovery on loss	-	-

Effective January 1, 2011, the Canadian Federal corporate tax rate decreased from 18.00% to 16.50% and the British Columbia provincial tax rate decreased from 10.50% to 10.00%. The tax rate of 38.50% represents the federal statutory rate applicable for the 2011 taxation year for the US.

Deferred Tax Assets and Liabilities

The nature and tax effect of the temporary differences giving rise to the deferred tax assets and liabilities as at December 31, 2011 and 2010 are summarized as follows:

	December 31, 2011	December 31, 2010
	$	$
Non-capital losses	2,056,600	95,390
Undeducted financing costs	163,398	-
Resource properties	(1,157,552)	203,927
Re-organizational costs	177,939	-
Unrecognized deferred tax asset	(1,240,385)	(299,317)
	-	-

As at December 31, 2011, the Company has estimated non-capital losses for Canada of $925,220 and in the US of $4,741,027 which expire in 2031 for tax purposes, that may be carried forward to reduce taxable income derived in future years, as summarized below:

Non-capital Canadian tax losses expiring as follows:

	Year of Expiry	Taxable Losses
	2029	56,532
	2030	278,168
	2031	590,520
Total		925,220

11. 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).

Cash and cash equivalents are measured using level 1 inputs.

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. A 10% change in the US dollar exchange rate relative to the Canadian dollar would change the Company's net loss by $156,872.

As at December 31, 2011 and December 31, 2010, the following balances are denominated in US dollars:

As at	December 31, 2011	December 31, 2010	January 1, 2010
Cash and cash equivalents	$ 400,255	$ 16,019	$ 37,040
Prepaid expenses	37,117	11,445	11,216
Acounts receivable	484	-	-
Property and equipment	78,481	-	-
Mineral properties	4,952,225	1,129,647	703,778
Deposits	77,326	17,500	17,500
Accounts payable and accrued liabilities	185,508	314,253	51,182
Accrued liabilities- related parties	52,009	218,733	64,000

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.

		2011		Thereafter
Accounts payables and accrued liabilities	$	727,686		-
Due to related parties	$	53,033		-
	$	780,719	$	-

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.

12. 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.

13. Subsequent Events

There are no subsequent events to report for this period.

14. Transition to IFRS

These are the Company's first consolidated 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 consolidated financial statements for the year ended December 31, 2011;
- the comparative information for the year ended December 31, 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 December 31, 2011 historical financial statements and the January 1, 2010 statement of financial position in order to comply with the requirements of IFRS.