
Condensed Interim Financial Statements

CANADIAN OREBODIES INC.

October 31, 2011

(Unaudited)

Responsibility for Financial Statements

The accompanying condensed interim financial statements for Canadian Orebodies Inc. have been prepared by management in accordance with International Accounting Standard 34 - Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances. These statements are presented on the accrual basis of accounting. Accordingly, a precise determination of many assets and liabilities is dependent upon future events. Therefore, estimates and approximations have been made using careful judgement. Recognizing that the Company is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these unaudited condensed interim financial statements have been fairly presented.

The auditors of Canadian Orebodies Inc. have not performed a review of the unaudited condensed interim financial statements for the nine months ended October 31, 2011.

CANADIAN OREBODIES INC.
Condensed interim statements of financial position
(Unaudited)

	October 31 2011	January 31 2011	February 1 2010
Assets			
Current assets			
Cash and cash equivalents	\$ 900,415	\$ 716,001	\$ 375,244
Accounts receivable	241,758	52,567	4,643
Prepaid expenses	15,440	8,927	10,693
Exploration advances	1,005,000	-	-
Marketable securities (note 3)	895,000	624,700	-
	3,057,613	1,402,195	390,580
Mineral properties and deferred exploration costs (note 4)	6,651,626	2,710,317	3,826,293
Total Assets	\$ 9,709,239	\$ 4,112,512	\$ 4,216,873
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	\$ 745,934	\$ 336,355	\$ 277,614
Due to related party (note 10)	233,035	233,035	233,035
	978,969	569,390	510,649
Future income tax liability	-	-	122,000
	978,969	569,390	632,649
Shareholders' Equity			
Share Capital (note 5)	11,224,436	6,189,894	5,130,836
Reserves (note 6 & 7)	3,706,627	1,755,761	1,324,821
Deficit	(6,200,793)	(4,402,533)	(2,871,433)
	8,730,270	3,543,122	3,584,224
Total Equity and Liabilities	\$ 9,709,239	\$ 4,112,512	\$ 4,216,873

See accompanying notes to the financial statements

CANADIAN OREBODIES INC.
Condensed interim statements of Comprehensive loss
(Unaudited)

	Three months ended October 31,		Nine months ended October 31,	
	2011	2010	2011	2010
Revenue			\$ -	\$ -
Expenses				
Professional and consulting	\$ 33,654	\$ 20,874	\$ 243,819	\$ 106,000
Management and administrative services	59,075	30,000	122,805	92,487
Office and administration	2,533	18,441	50,118	66,825
Shareholder information	26,410	5,039	171,980	57,964
Representation and travel	12,183	-	17,128	1,164
Share based compensation	43,000	-	328,200	123,585
Write-off of mineral properties and deferred exploration expenditures	886,132	-	886,132	43,983
Interest income	(12,751)	-	(21,921)	-
	1,050,236	74,354	1,798,261	492,008
Loss before income taxes and other items	(1,050,236)	(74,354)	(1,798,261)	(492,008)
Future income taxes	-	12,200	-	87,000
Net Loss before other comprehensive income (loss)	(1,050,236)	(62,154)	(1,798,261)	(405,008)
Comprehensive income (loss)				
Unrealized gain (loss) on available-for-sale marketable securities arising during the period	(161,000)	(6,400)	270,300	(206,800)
Total comprehensive income (loss)	\$ (1,211,236)	\$ (68,554)	\$ (1,527,961)	\$ (611,808)
Basic and diluted net income (loss) per share (note 8)	\$ 0.01	\$ 0.00	\$ (0.02)	\$ (0.01)

See accompanying notes to the financial statements

CANADIAN OREBODIES INC.
Condensed interim statement of cash flows
(Unaudited)

	Nine months ended October 31,	
	2011	2010
Operating Activities		
Net loss	\$ (1,798,261)	\$ (405,008)
Adjustments to reconcile net loss from operating activities		
Future income tax recovery	-	(87,000)
Write-off of mineral properties and deferred exploration activities	886,132	43,983
Share based compensation	328,200	123,585
Changes in non-cash working capital items		
Accounts receivable	(189,190)	(12,849)
Prepays and deposits	(6,513)	(5,012)
Accounts payable and accrued liabilities	409,579	132,974
Exploration advances	(1,005,000)	-
	(1,375,053)	(209,327)
Financing Activities		
Issue of common shares	5,250,000	-
Exercise of warrants	540,158	-
Share issue costs	(315,000)	-
Proceeds from exercise of options	-	24,000
	5,475,158	24,000
Investing Activities		
Mineral Properties and deferred exploration expenditures	(3,915,691)	(146,643)
Net change in cash and cash equivalents	184,414	(331,970)
Cash and cash equivalents, beginning of period	716,001	375,244
Cash and cash equivalents, end of period	\$ 900,415	\$ 43,274
Non-cash transactions		
Issuance of common shares for property acquisition	\$ 911,750	\$ 28,000
Marketable securities received from disposition of mineral properties	\$ -	\$ 885,200

See accompanying notes to the financial statements

CANADIAN OREBODIES INC.
Condensed interim statements of changes in equity
(Unaudited)

	Share Capital		Reserves			Total
	Number of shares	Amount \$	Equity settled employee benefits \$	Warrants \$	Available for sale financial assets \$	
Balance, February 1, 2010	62,687,565	5,130,836	509,000	815,821	-	3,584,224
Issued for mineral properties	350,000	28,000	-	-	-	28,000
Exercise of options	200,000	6,000	-	-	-	6,000
Fair value of options issued	-	-	123,585	-	-	123,585
Unrealized gain (loss) on marketable securities	-	-	-	-	(206,800)	-
Future tax liability pursuant to flow through shares	-	(49,000)	-	-	-	(49,000)
Comprehensive loss for the period	-	-	-	-	-	(826,100)
Balance, October 31, 2010	63,237,565	5,115,836	632,585	815,821	(206,800)	2,866,709
Exercise of options	600,000	146,000	(128,000)	-	-	18,000
Private placement	12,651,332	1,112,288	-	-	-	1,112,288
Debt settlement	1,828,558	164,570	-	-	-	164,570
Exercise of warrants	400,000	24,000	-	(4,400)	-	19,600
Fair value of warrants issued	-	(372,800)	-	372,800	-	-
Fair value of options issued	-	-	(685)	-	-	(685)
Unrealized gain on marketable securities	-	-	-	-	274,440	-
Comprehensive loss for the period	-	-	-	-	-	(637,360)
Balance, January 31, 2011	78,717,455	6,189,894	503,900	1,184,221	67,640	3,543,122
Private placement, issued for cash	15,000,000	5,250,000	-	-	-	5,250,000
Cost of issue	-	(603,630)	-	-	-	(603,630)
Fair value of warrants issued	-	(1,237,600)	-	1,237,600	-	-
Issued for mineral properties	3,175,000	911,750	-	-	-	911,750
Exercise of warrants	3,199,421	714,022	-	(173,864)	-	540,158
Fair value of options issued	-	-	328,200	-	-	328,200
Fair value of broker warrants	-	-	-	288,630	-	288,630
Unrealized gain on marketable securities	-	-	-	-	270,300	-
Total comprehensive loss for the period	-	-	-	-	-	(1,527,960)
Balance, October 31, 2011	100,091,876	11,224,436	832,100	2,536,587	337,940	8,730,270

See accompanying notes to the financial statements

CANADIAN OREBODIES INC.
Notes to the condensed interim financial statements
October 31, 2011
(Unaudited)

1. Nature of operations and continuance of operations

Canadian Orebodies Inc. (the "Company") was incorporated pursuant to the provision of the Business Corporations Act (of Alberta) on January 28, 2008 ("inception date"). On July 21, 2008, the Company was authorized to continue its operations from the jurisdiction of Alberta to Ontario. Its principal business activity is the exploration of mineral properties. The address of the Company's registered office is Suite 301 – 141 Adelaide Street West, Toronto, Ontario M5H 3L5. The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of the amount shown for mineral properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete exploration and development, and upon future profitable production or proceeds from disposition of such properties.

The accompanying condensed interim financial statements have been prepared on the basis of a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company is currently in the exploration stage and has not commenced commercial operations. As at the date of issue of these interim financial statements, the Company has an accumulated deficit of \$6,200,793 and is not yet generating operating cash flows.

Continuation of the Company as a going concern is dependent upon obtaining additional capital. The interim financial statements do not include any adjustments relating to the realization of assets and liquidation of liabilities that might be necessary should the Company be unable to continue as a going concern. Although successful resolution of these uncertainties is not assured, management is of the opinion that additional capital can be raised.

2. Significant accounting policies

(a) Conversion to International Financial Reporting Standards

These are the Company's third IFRS condensed interim financial statements for part of the period covered by the first IFRS annual financial statements to be presented in accordance with IFRS for the year ending January 31, 2012. Previously, the Company prepared its annual and interim financial statements in accordance with Canadian GAAP ("GAAP").

These unaudited condensed interim 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 do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the Company's annual financial statements as at January 31, 2011. As these are the Company's third financial statements prepared under IFRS, they include certain disclosures that were not included in those most recent GAAP annual financial statements, but are required to be included in annual financial statements prepared in accordance with IFRS.

The condensed interim financial statements were approved by the Board of Directors on December 15, 2011

CANADIAN OREBODIES INC.
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October 31, 2011
(Unaudited)

2. Significant accounting policies - continued

(b) Basis of presentation

These unaudited condensed interim financial statements have been prepared on a historical cost basis except for the revaluation of certain financial instruments. In addition, these unaudited condensed interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

In the preparation of these unaudited condensed interim financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the period. Actual results could differ from these estimates.

(c) 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:

Loans and receivables - These are financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost initially and subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Marketable securities are classified as available-for-sale and they are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the income statement.

All financial assets except for those at 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

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

(d) Cash and cash equivalents

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.

2. Significant accounting policies - continued

(e) Mineral properties and deferred exploration expenditures

The Company is in the exploration stage with respect to its investment in mineral properties and follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of mineral claims and crediting all revenues received against the cost of the related claims. Such costs include, but are not limited to geological, geophysical studies, exploratory drilling and sampling.

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.

All capitalized exploration and evaluation expenditure 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.

(f) 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: goodwill not deductible for tax purposes; 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 end of the reporting period.

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 utilised. To the extent that the Company does not consider it probable that a future tax asset will be recovered, it provides a valuation allowance against that excess.

2. Significant accounting policies - continued

(g) Share-based payment transactions

The 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 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.

(h) Asset retirement obligation

The operations of the Company are subject to regulations governing the environment, including future site restoration costs for mineral properties. The Company recognizes the fair value of a liability for an asset retirement obligation in the period in which it is incurred when a reasonable estimate of fair value can be made. If a reasonable estimate of fair value cannot be made in the period the asset retirement obligation is incurred, the liability is recognized when a reasonable estimate of fair value can be made.

The Company has determined that there are no asset retirement obligations or any other environmental obligations with respect to its mineral properties, and therefore no liability has been recognized in these financial statements.

(i) 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 loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

(j) Significant accounting judgments and estimates

The preparation of these condensed interim 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 interim financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the interim 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.

2. Significant accounting policies - continued

(k) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the October 31, 2011 reporting period. The following standards are assessed not to have any impact on the Company's financial statements:

IFRS 9 Financial Instruments: effective for accounting periods commencing on or after January 1, 2013.

IFRS 10, 11, 12 and 13 were all issued in May 2010 and are effective for annual periods beginning January 1, 2013 with early adoption allowed.

IFRS 10 Consolidated Financial Statements replaces the consolidation guidance in IAS 27. Consolidated and Separate Financial Statements and **SIC 12 Consolidation - Special Purpose Entities** by introducing a single consolidation model for all entities based on control, irrespective of the nature of the investee.

IFRS 11 Joint Arrangements introduces new accounting requirements for joint arrangements, replacing IAS 31 **Interest in Joint Ventures**. It eliminates the option of accounting for jointly controlled entities by proportionate consolidation.

IFRS 12 Disclosure of Interests in Other Entities requires enhanced disclosures about both consolidated entities and unconsolidated entities in which an entity has involvement.

IFRS 13 Fair Value Measurement replaces the guidance on fair value measurement in existing IFRS accounting literature with a single standard. It defines and provides guidance on determining fair value and requires disclosures about fair value measurements, but does not change the requirements regarding which items are measured or disclosed at fair value.

3. Marketable securities

Marketable securities consist of equity securities over which the Company does not have control or significant influence. Marketable securities are designated as available-for-sale and valued at fair value. Unrealized gains and losses due to period end revaluation to fair value, other than those determined to be other than temporary losses, are recorded as other comprehensive income or loss.

CANADIAN OREBODIES INC.
Notes to the condensed interim financial statements
October 31, 2011
(Unaudited)

4. Mineral properties and deferred exploration expenditures

Management reviews property exploration costs to ensure deferred expenditures include only costs and projects that are eligible for capitalization. Specific changes to the Company's mineral property portfolio that occurred during the nine months ended October 31, 2011 are as follows:

	Haig Inlet Iron Ore Project	Coral Rapids Project	Hawkins Project	Lithium Rare Metal Project	Trump Webequie Area Project	Total
January 31, 2011	\$ 60,080	\$ 886,132	\$ 687,650	976,455	\$ 100,000	\$2,710,317
Additions	4,547,492	-	-	148,994	130,955	4,827,441
Write-offs	-	(886,132)	-	-	-	(886,132)
October 31, 2011	\$4,607,572	\$ -	\$ 687,650	\$ 1,125,449	\$ 230,955	\$6,651,626

Haig Inlet Iron Ore Property

On June 15, 2011, the Company closed the Haig Inlet Iron Ore Property acquisition and a private placement contemporaneously as described below:

On February 14, 2011 the Company entered into a non-arm's length Purchase Agreement (the "Agreement") to acquire up to a 100% legal and beneficial interest (subject to a 3% GOR retained by the Vendors, of which 1/3rd can be purchased by the Company for a maximum of \$3,000,000) in the Inuit Owned Lands Mineral Exploration Agreement (the "NTI Agreement") with Nunavut Tunngavik Incorporated ("NTI") which covers the Haig Inlet Iron Ore Project with an area of approximately 2,680 hectares, located on the Belcher Islands, Nunavut, Canada (the "Property").

Terms of Agreement:

The Agreement is a non-arm's length transaction between Donald McKinnon, Gordon McKinnon, Randall Salo (the "Vendors") and the Company. In order to purchase a 100% interest in the NTI Agreement, the Company is required to:

1. Issue to the Vendors an aggregate amount of 3,000,000 common shares (issued) on closing to earn a 10% interest in the NTI Agreement.
2. Issue to the Vendors an aggregate amount of 4,000,000 common shares on the first year anniversary of closing to earn an additional 15% interest in the NTI Agreement.
3. Issue to the Vendors an aggregate amount of 7,000,000 common shares on the second year anniversary of closing to earn the remaining 75% interest in the Agreement.

After the issuance of 3,000,000 common shares on closing to earn a 10% interest in the NTI Agreement, the Company may elect not to proceed with the share issuances outlined in items 2 and 3 above.

4. Grant a 3% Gross Overriding Royalty ("GOR") of which 1/3rd may be purchased at anytime by the Company for \$3,000,000, in the event that the Company has acquired the 100% interest in the NTI Agreement. If the Company has elected not to purchase a 100% interest in the NTI Agreement, the consideration for a purchase of such 1/3rd of the GOR shall be pro-rated to the Company's interest in the NTI Agreement at such time.

Terms of Agreement: - continued

5. Grant a \$250,000 advance royalty, in the event that the Company has acquired the 100% interest in the NTI Agreement, commencing on the earlier of (i) the date on which a production lease is entered into pursuant to the NTI Agreement, or (ii) on the 6th year anniversary from closing. If the Company does not hold the 100% interest in the NTI Agreement at such time as the advance royalty becomes payable, the advance royalty shall be pro-rated to the Company's interest in the NTI Agreement at such time.
6. Enter into a joint venture agreement on closing which governs the activities of the Company and the Vendors in respect of the Property and the NTI Agreement, until such time, as the Company acquires a 100% interest in the NTI Agreement.

In addition, if the Company has acquired a 100% interest in the NTI Agreement, the Company covenants to issue and deliver to the Vendors an additional 14,000,000 common shares on the following basis:

1. Issue an aggregate 7,000,000 common shares (each such common share a "First Milestone Share") in the event that a technical report compliant with NI 43-101, which demonstrates at least 80,000,000 tonnes of Mineral Resources (defined in the Agreement as 'indicated mineral resources' or 'measured mineral resources' as those terms are defined in NI 43-101) grading at least an average of 23% iron.
2. Issue a further 7,000,000 common shares (each such common share a "Second Milestone Share") in the event that a technical report compliant with NI 43-101, which demonstrates at least 200,000,000 tonnes which includes the 80,000,000 tonnes comprising the threshold for the First Milestone Shares, of Mineral Resources grading at least an average of 23% iron.
In the event that the Company has not acquired a 100% interest in the NTI Agreement at the relevant time that First Milestone Shares or Second Milestone Shares are to be issued, the Company covenants to issue to the Sellers in aggregate a percentage of First Milestone Shares or Second Milestone Shares, as the case may be, that is equal to the Company's interest in the NTI Agreement at the relevant time.

The Agreement as provides an extended area concept whereby the 3% GOR and the requirement to issue First Milestone Shares and/or Second Milestone Shares applies beyond the Property to include (i) specified additional areas in proximity to the Property where the Company has staked mineral dispositions, and (ii) any areas or part thereof, lying within a distance of 10 kilometres from the external perimeters of the Property in which the Company has or will stake any mineral dispositions.

Lithium & Rare Metals
Falcon Lake Property

On November 20, 2009, the Company entered into an option agreement to acquire a 100% interest in various mining claims known as Falcon Lake, Barbara Lake and Greenbush Lake Properties that make up its lithium and rare metals properties, for 1,600,000 shares of the Company valued at \$160,000 and 1,600,000 warrants of the Company valued at \$104,000. Each warrant entitles the holder to purchase one common share of the Company at \$0.15 for a period of two years from the date of issue. The vendor retains a 2% NSR on the property, one half of which can be purchased for \$1,000,000. The fair value of the warrants was calculated using the Black-Scholes option pricing model with the following assumptions: risk free interest rate - 1.47%; expected volatility - 130.6%; expected life of warrants - 2 years and expected dividend yield - Nil.

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(Unaudited)

4. Mineral properties and deferred exploration expenditures - continued

Ultra Lithium Inc. Option

On March 3, 2010, the Company signed a property option agreement with Ultra Lithium Inc. ("Ultra") and the underlying property owners (the "Owners") to acquire 80% interest in 129 mining claims units located approximately 60km northeast of Armstrong, Ontario. The owners retain a 2% NSR, 50% of which can be purchased by the Company for \$1,000,000. Commencing on the fourth anniversary, the Joint venture group will need to pay \$10,000 per annum in pre-production royalties in either cash or shares.

In order for the Company to earn its interest it is required to:

- 1) Pay to Ultra \$100,000 in cash as follows: \$10,000 (paid) on signing, \$15,000 (paid) on the first anniversary of signing, \$25,000 on the second anniversary of signing, and \$50,000 on the third anniversary of signing;
- 2) Issue to Ultra an aggregate amount of 650,000 common shares of the Company as follows: 200,000 (issued) within 10 days of TSXV approval, 175,000 (issued) on the first anniversary of signing, 150,000 on the second anniversary of signing, and 125,000 on the third anniversary of signing;
- 3) Issue to the Owners an aggregate amount of 150,000 common shares (issued) of the Company on TSXV approval; and
- 4) Fund \$350,000 of exploration expenditures on the property as follows: \$50,000 (completed) by October 31 2010, \$50,000 by October 31 2011 (completed), \$100,000 by October 31 2012, and \$150,000 by October 31 2013.

Coral Rapids and Hawkins Property

The Coral Rapids property comprised of 13 claim units covering 208 hectares located in Valentine Township, approximately 85 kilometers NE of Kapaskasing. As at October 31, 2011, the Company wrote down the value of the property to \$Nil.

The Hawkins property is comprised of 86 claim units covering 1,376 hectares located in Hawkins Township, approximately 200 kilometers East of Timmins

Trump Property (Webequie)

On July 8, 2008, the Company announced it has entered into a LOI with Rainy Mountain Royalty Corp. (formally East West Resource Corporation) granting it an option to acquire 80% legal and beneficial interest in 96 claim units comprising more than 1,536 hectares in the James Bay Lowlands. In order to earn its 80% legal and beneficial interest, Orebodies is required to:

- a. Pay to Rainy Mountain \$10,000 (paid);
- b. Issue to Rainy Mountain an aggregate amount of 280,000 common shares of Orebodies (issued);
- c. Commission a VTEM airborne survey on the property (completed);
- d. Rainy Mountain will hold a 20% carried interest in the property until a Bankable Feasibility study is produced.

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4. Mineral properties and deferred exploration expenditures - continued

Webequie Area Project

On May 11, 2010, the Company completed a purchase and assumption agreement with Ring of Fire Resources Inc. (Formerly Hawk Uranium Inc.) ("ROF") whereby, ROF has acquired the 100% legal and beneficial interest in the Company's eight 100% owned properties (subject to a 10% NPI retained by the Company), and 100% interest in the Company's seven 50% owned properties (subject to a 10% NPI retained by the Company on the portion of those properties to be acquired by ROF, which would be converted to a 0.15% net smelter returns royalty if ROF's interest in those properties is reduced to less than 10% and therefore converted to a net smelter returns royalty) held through a joint venture with Macdonald Mines Exploration Ltd. and Temex Resources Corp.. The Properties in total consist of 444 (100% owned) claim units comprising 7,104 hectares and 891 (50% owned) claim units comprising 14,256 hectares, all which are located in the James Bay Lowlands 'Ring of Fire', Ontario. As consideration for the sale, the Company has received 5,000,000 common shares of ROF, and 4,000,000 warrants of ROF to purchase shares at a price of \$0.15 for four years valued at \$563,850. The expiry can be accelerated in year three if the share price trades above \$0.30 for 10 consecutive days and in year four if the share price trades above \$0.40 for 10 consecutive days.

5. Share capital

a) Authorized share capital

At October 31, 2011, the authorized share capital consisted of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

b) Common shares issued

At October 31, 2011, the issued share capital amounted to \$11,224,436. The change in issued share capital for the periods was as follows:

	Shares	Amount
Balance, January 31, 2010	62,687,565	\$ 5,130,836
Issued for mineral properties	350,000	28,000
Private placement, issued for cash	12,651,332	1,138,619
Issued on settlement of debt	1,828,558	164,570
Exercise of options, issued for cash	800,000	152,000
Exercise of warrants, issued for cash	400,000	24,000
Cost of issue	-	(26,331)
Fair value to warrants issued	-	(372,800)
Future tax liability pursuant to flow through shares renunciation	-	(49,000)
Balance, January 31, 2011	78,717,455	\$ 6,189,894
Issued for mineral properties	3,175,000	911,750
Exercise of warrants	3,199,721	540,158
Fair value to warrants issued	-	173,864
Private placement	15,000,000	5,250,000
Cost of issue	-	(603,630)
Fair value of warrants from PP	-	(1,237,600)
Balance, October 31, 2011	100,092,176	\$ 11,224,436

5. Share capital - continued

Private Placement - Fiscal year ended January 31, 2011

On November 19, 2010, the Company closed a private non-brokered private placements comprising of 12,651,332 units at a price of \$0.09 per unit for gross proceeds of \$1,138,619.

Each unit consists of one common share and one half share purchase warrant. One whole warrant entitles the holder to purchase one common share at an exercisable price of \$0.18 per share for a period of two years from the date of issuance. The exercise date maybe accelerated at the option of the Company, if the closing price on the TSX Venture Exchange exceeds \$0.30 per share for a period of 20 consecutive trading days, commencing anytime after the date that is four months and one day after the Closing Date, by giving notice to the holders thereof, in which case the Warrants will expire on the twentieth business day after the date on which such notice has been given. The value of the 6,325,666 warrants issued were valued at \$356,800 using the Black-Scholes model for option pricing. The assumptions used to determine the value were: expected dividend yield - 0%; expected volatility - 155%; risk-free interest rate - 1.58% and an expected life of 2 years.

In connection with the private placement offering, the Company paid a finder's fee of \$40,733, and issued 283,555 broker options valued at \$16,000. Each broker option entitles the holder to acquire one unit consisting of one common share and one-half of one common share purchase warrant for \$0.09 per share for a period of two years after closing. Each share purchase warrant is exercisable at \$0.18 per share for a period of two years from the date of issue.

Private Placement - Fiscal year ending January 31, 2012

On June 15, 2011, the Company closed a private placement held in escrow as described below:

On March 10, 2011 (the "Escrow Closing Date"), the Company completed a brokered private placement of 15,000,000 subscription receipts ("Subscription Receipts") at a price of C\$0.35 per Subscription Receipt for aggregate gross proceeds of C\$5,250,000 (the "Offering"). The gross proceeds from the sale of the Subscription Receipts (the "Escrowed Proceeds") were deposited in escrow with an escrow agent (the "Escrow Agent"). The escrowed proceeds (less the Agents' commission related to the sale of the Subscription Receipts) were released on June 16, 2011 on satisfying the following conditions:

(i) disinterested shareholders' approval on the acquisition of a 100% legal and beneficial interest in the Inuit Owned Lands Mineral Exploration Agreement (the "Exploration Agreement") with Nunavut Tunngavik Incorporated which covers the Haig Inlet Iron Ore Project, located on the Belcher Islands, Nunavut, Canada in accordance with applicable corporate and securities laws, including the rules of TSX Venture Exchange (the "TSX-V");

(ii) the Agents have been provided with a favourable opinion regarding legal ownership of the land underlying the Exploration Agreement; and

(iii) the Company delivered to the Agents a certificate confirming that all regulatory and other approvals required in respect of the Acquisition.

Each Subscription Receipt was automatically converted into one unit of the Company (a "Unit") without payment of additional consideration and without any further action by the holder thereof.

5. Share Capital - continued

Each Unit consists of one common share in the capital of the Company (each a "Common Share") and one-half of one Common Share purchase warrant (each whole Common Share purchase warrant, a "Warrant"). Each Warrant will entitle the holder thereof to purchase one Common Share (a "Warrant Share") at a price of C\$0.475 per Warrant Share for a period of 18 months following the date that the Escrowed Funds were released to the Company.

The Company paid to the Agents, in aggregate, a cash fee of 6% of the gross proceeds of the Offering, which was paid upon the Escrowed Funds being released to the Company. Additionally, the Company issued to the Agents, 900,000 compensation options, which is equal to 6% of the number of Subscription Receipts sold under the Offering, with each such compensation option entitling the holder to purchase one Unit of the Company at a price of C\$0.35 for a period of 18 months from the date that the Escrowed Funds were released to the Company. The value ascribed to the 900,000 compensation options was estimated at \$288,630 using the Black-Scholes model for option pricing. The assumptions used were: Dividend rate - Nil%; Interest rate - 2.44%; annualized volatility - 145.54% and an expected life of 1.76 years.

Debt Settlement

On November 19, 2010, the Company issued 1,828,558 common shares valued at \$164,570 to settle a debt owing by the Company.

Exercise of warrants

During the nine months ended October 31, 2011, a total of 3,199,721 share purchase warrants with exercise prices ranging between \$0.09 to \$0.20 per share were exercised for gross proceeds aggregating \$540,158.

6. Share Options

The Company has a Share Option Plan (the "Plan") under which it is authorized to grant options to purchase common shares of the Company to directors, senior officers, employees and/or consultants of the Company. The aggregate number of shares of the Company which may be issued and sold under the Plan will not exceed 10% of the total number of common shares issued and outstanding from time to time. Share options are granted with a maximum term of five years with vesting requirements at the discretion of the Board of Directors.

The Company records a charge to the statement of loss and comprehensive loss using the Black-Scholes fair valuation option pricing model with respect to a share option grant. The valuation is dependent on a number of estimates, including the risk free interest rate, the level of share volatility, together with an estimate of the level of forfeiture. The level of share volatility is calculated with reference to the historic traded daily closing share price at the date of issue. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable measure of the fair value of the Company's share purchase options.

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6. Share Options - continued

The following table reflects the continuity of share options for the period ended October 31, 2011:

	Options	Weighted Avg. Exercise Price
Balance, January 30, 2010	4,250,000	0.14
Granted	1,925,000	0.10
Exercised	(800,000)	0.03
Cancelled	(300,000)	0.15
Balance, January 31, 2011	5,075,000	0.13
Granted	1,125,000	0.32
Balance, October 31, 2011	6,200,000	0.17

On March 24, 2011, the Company granted to Directors, Officers and consultants of the Company 925,000 share options exercisable at \$0.335 per share for a period of five years from the date of issuance. On August 5, 2011, the Company granted 200,000 share options to an employee exercisable at \$0.265 per share for a period of five years from date of issuance. The value ascribed to the 1,125,000 share options granted was estimated at \$328,200 using the Black-Scholes model for option pricing. The assumptions used to determine the value were: expected dividend yield - 0%; weighted expected volatility - 147%; risk-free interest rate - 2.37% and an expected life of 5 years.

The following table reflects the actual share options issued and outstanding as at October 31, 2011.

	No. of options Outstanding and Exercisable	Average Exercise Price	Expiry Date
	1,950,000	0.18	March 31, 2013
	1,200,000	0.10	September 17, 2014
	1,925,000	0.10	July 28, 2015
	925,000	0.335	March 24, 2016
	200,000	0.265	August 5, 2016
	6,200,000	0.17	

7. Warrants

A summary of the Company's outstanding warrants, as at October 31, 2011 and January 31, 2011 are as follows:

	October 31 2011	January 31 2011
Balance, beginning of period	11,983,965	15,300,166
Issued	8,850,000	6,750,999
Exercised	(3,199,721)	(400,000)
Expired	-	(9,667,200)
Balance, end of period	17,634,244	11,983,965

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7. Warrants - continued

The exercise price and expiry date on the warrants outstanding as at October 31, 2011 are as follows:

Warrants	Exercise Price	Type	Expiry Date
400,000	0.15	Warrants	December 16, 2011
1,750,000	0.20	Warrants	December 18, 2011
350,000	0.12	Finder's unit	December 18, 2011
175,000	0.20	Finder's warrant on unit	December 18, 2011
466,000	0.20	Warrants	December 31, 2011
160,200	0.12	Finder's unit	December 31, 2011
80,100	0.20	Finder's warrants on unit	December 31, 2011
5,120,111	0.18	Warrants	November 19, 2012
141,055	0.09	Finder's unit	November 19, 2012
141,778	0.18	Finder's warrants on unit	November 19, 2012
7,500,000	0.475	Warrants	December 15, 2012
900,000	0.35	Finder's unit	December 15, 2012
450,000	0.475	Finder's warrants on unit	December 15, 2012
17,634,244	-		

8. Loss per share

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the nine months ended October 31, 2011 was based on the loss attributable to common shareholders of \$1,798,261 (2010 – \$405,008) and a weighted average number of common shares outstanding of 93,463,438 (2010 – 63,395,899).

Diluted loss per share did not include the effect of the share options and warrants outstanding respectively as they are anti-dilutive.

9. Capital risk management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

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9. Capital risk management - continued

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the nine months ended October 31, 2011. The Company is not subject to externally imposed capital requirements.

Financial risk Factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

(a) Credit risk

The Company's credit risk is primarily attributable to accounts receivable. The Company has no significant concentration of credit risk arising from operations. Management believes that the credit risk concentration with respect to financial instruments included in accounts receivable is remote.

(b) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at October 31, 2011, the Company has a working capital of \$2,078,644. The Company had a cash balance of \$900,415 (January 31, 2011: \$716,001) to settle current liabilities of \$978,969 (January 31, 2011: \$569,390). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

(c) Market risk

(i) Interest rate risk

The Company has cash balances and no interest-bearing debt. Interest rate risk is remote.

(ii) Price risk

The Company is indirectly exposed to price risk with respect to the price of base metals. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. Price risk is remote since the Company is not a producing entity.

Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market.

The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

(d) Fair Value

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

(e) Sensitivity analysis

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

The Company's investments in public companies are sensitive to a plus or minus 50% change in Canadian equity prices which would affect comprehensive income (loss) by approximately \$500,000.

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10. Related Party Transactions

a) The financial statements include balances and transactions with directors and/or officers of the Company and/or corporations related to or controlled by them. These transactions are measured and recorded at their exchange amounts, being the amounts agreed to by the related parties.

	Nine months ended October 31	
	2011	2010
Professional and consulting fees	\$ 40,500	\$ 33,500
	October 31	January 31
	2011	2011
Due to related parties	\$ 233,035	\$ 233,035

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

b) During the nine months ended October 31, 2011, 900,000 (2010: 1,900,000) share options were granted to directors and officers.

c) During the nine months ended October 31, 2011, the Company made an exploration cost advance of \$475,000 and incurred additional exploration drilling costs aggregating \$1,248,245 to Cyr Drilling International Inc, a company controlled by a director.

11. Subsequent events

Between November 3, 2011 and November 17, 2011, 1,542,300 share purchase warrants were exercised at prices between \$0.12 to \$0.20 for gross proceeds of \$271,204.

On November 18, 2011, the Company closed a non-brokered private placement comprising of 2,455,000 flow through units at a price of \$0.35 per unit and 1,500,000 non flow through units at \$0.30 per unit for gross proceeds of \$1,309,250.

Each flow through unit and non flow through unit consists of one common share and one-half share purchase warrant. One whole purchase share warrant entitles the holder to purchase one common share of the Company at \$0.475 per share for a period of 18 months from the date of issuance. The exercise date maybe accelerated at the option of the Company, if the closing price on the TSX Venture Exchange exceeds \$0.60 per share for a period of 20 consecutive trading days, commencing anytime after the date that is four months and one day after the Closing Date, by giving notice to the holders thereof, in which case the Warrants will expire on the twentieth business day after the date on which such notice has been given.

In connection with the private placement, the Company paid finders fees of \$78,555 and issued 237,300 broker options. Each broker option entitles the holder to purchase one unit at a price of \$0.30 per unit. Each unit consists of one common share and one-half share purchase warrant. One whole warrant entitles the holder to purchase one common share of the Company at \$0.475 per share for a period of 18 months from the date of issuance.

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12. Transition to International Financial Reporting Standards

As stated in Note 2, these are the Company's third condensed interim financial statements for the period covered by the first annual consolidated financial statements prepared in accordance with IFRS.

The accounting policies in Note 2 have been applied as follows:

- in preparing the condensed consolidated interim financial statements for the nine months ended October 31, 2011;
- the comparative information for the three months and nine months ended October 31, 2010 for the condensed interim statements of comprehensive loss;
- the comparative information for the nine months ended October 31, 2010 for the condensed interim statements of cash flow;
- the statement of financial position as at January 31, 2011; and
- the preparation of an opening IFRS statement of financial position on the Transition Date, February 1, 2010.

In preparing the opening IFRS statement of financial position, comparative information for the nine months ended October 31, 2010 and the financial statements for the year ended January 31, 2011, the Company has adjusted amounts reported previously in financial statements prepared in accordance with GAAP.

An explanation of how the transition from GAAP to IFRS has affected the Company's financial position, financial performance and cash flows is summarized below.

The guidance for the first time adoption of IFRS is set out in IFRS 1. IFRS 1 provides for certain mandatory exceptions and optional exemptions for first time adopters of IFRS. In preparing these financial statements, the Company has elected to apply the following transitional arrangements:

(a) Business combinations

IFRS 1 indicates that a first-time adopter may elect not to apply IFRS 3 Business Combinations retrospectively to business combinations that occurred before the date of transition to IFRS. The Company takes advantage of this election and applies IFRS 3 to business combinations that occurred on or after January 1, 2010. There is no adjustment required on the transition date.

(b) Share-based payment transactions

IFRS 2 Share-based payment has not been applied to equity instruments that were granted on or before November 7, 2002, nor has it been applied to equity instruments granted after 7 November 7, 2002 that vested before transition date.

(c) Reclassification within Equity section

IFRS requires an entity to present for each component of equity, a reconciliation between the carrying amount at the beginning and end of the period, separately disclosing each change.

- i. Under GAAP, the company had separate classifications for contributed surplus, warrants and other comprehensive income within the shareholders' equity section of the statement of financial position (previously referred to as balance sheet). Under IFRS, these captions are amalgamated under "**reserves**"

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12. Transition to International Financial Reporting Standards - continued

ii. The Company has issued flow-through shares which is a unique tax incentive under the Canadian Income Tax Act. As there is no specific guidance on the accounting for flow-through shares within IFRS, the Company has reviewed and re-stated the tax component otherwise recognized under GAAP. As a result, the Company has made an adjustment increasing the share capital aggregating \$345,000 against deficit.

Appended below are the reconciliations and re-classifications related to the above.

(d) Reconciliation between IFRS and GAAP

The February 1, 2010 GAAP balance sheet has been reconciled to IFRS as follows:

	GAAP	February 1, 2010 Effect of transition to IFRS	IFRS
Assets			
Current assets			
Cash and cash equivalents	\$ 375,244	\$ -	\$ 375,244
Accounts receivable	4,643	-	4,643
Prepaid insurance	10,693	-	10,693
	390,580	-	390,580
Mineral Properties and deferred exploration expenditures	3,826,293	\$ -	3,826,293
Total Assets	\$ 4,216,873	\$ -	\$ 4,216,873
Liabilities			
Current			
Accounts payable and accrued liabilities	\$ 277,614	\$ -	\$ 277,614
Due to related party	233,035	-	233,035
	510,649	-	510,649
Future income tax liability	122,000	-	122,000
	632,649	-	632,649
Shareholders' Equity			
Share Capital	4,785,836	345,000	5,130,836
Contributed surplus	1,324,821	(1,324,821)	-
Reserves	-	1,324,821	1,324,821
Deficit	(2,526,433)	(345,000)	(2,871,433)
	3,584,224	-	3,584,224
Total Equity and Liabilities	\$ 4,216,873	\$ -	\$ 4,216,873

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(e) Reconciliation between IFRS and GAAP - continued

The October 31, 2010 GAAP balance sheet has been reconciled to IFRS as follows:

	GAAP	October 31, 2010 Effect of transition to IFRS	IFRS
Assets			
Current assets			
Cash and cash equivalents	\$ 43,274	\$ -	\$ 43,274
Accounts receivable	17,492	-	17,492
Prepaid insurance	15,705	-	15,705
Marketable securities	648,400	-	648,400
	724,871	-	724,871
Mineral Properties and deferred exploration expenditures	3,101,753	-	3,101,753
Total Assets	\$ 3,826,624	\$ -	\$ 3,826,624
Liabilities			
Current			
Accounts payable and accrued liabilities	\$ 410,588	\$ -	\$ 410,588
Due to related party	233,035	-	233,035
	643,623	-	643,623
Future income tax liability	84,000	-	84,000
	727,623	-	727,623
Shareholders' Equity			
Share Capital	4,788,836	345,000	5,133,836
Contributed surplus	1,448,406	(1,448,406)	-
Other comprehensive income	(206,800)	206,800	-
Reserves	-	1,241,606	1,241,606
Deficit	(2,931,441)	(345,000)	(3,276,441)
	3,099,001	-	3,099,001
Total Equity and Liabilities	\$ 3,826,624	\$ -	\$ 3,826,624

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(e) Reconciliation between IFRS and GAAP - continued

The January 31, 2011 GAAP balance sheet has been reconciled to IFRS as follows:

	GAAP	January 31, 2011 Effect of transition to IFRS	IFRS
Assets			
Current assets			
Cash and cash equivalents	\$ 716,001	\$ -	\$ 716,001
Accounts receivable	52,567	-	52,567
Prepaid insurance	8,927	-	8,927
Marketable securities	624,700	-	624,700
	1,402,195	-	1,402,195
Mineral Properties and deferred exploration expenditures	2,710,317	-	2,710,317
Total Assets	\$ 4,112,512	\$ -	\$ 4,112,512
Liabilities			
Current			
Accounts payable and accrued liabilities	\$ 336,355	\$ -	\$ 336,355
Due to related party	233,035	-	233,035
	569,390	-	569,390
Shareholders' Equity			
Share Capital	5,844,894	345,000	6,189,894
Contributed surplus	1,688,121	(1,688,121)	-
Accumulated other comprehensive income	67,640	(67,640)	-
Reserves	-	1,755,761	1,755,761
Deficit	(4,057,533)	(345,000)	(4,402,533)
	3,543,122	-	3,543,122
Total Equity and Liabilities	\$ 4,112,512	\$ -	\$ 4,112,512

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(e) Reconciliation between IFRS and GAAP - continued

The GAAP interim statement of loss and comprehensive loss for the three month period ended October 31, 2010 has been reconciled to IFRS as follows:

	Three months ended October 31, 2010		
	GAAP	Effect of transition to IFRS	IFRS
Expenses			
Professional and consulting	\$ 20,874	\$ -	\$ 20,874
Management and administrative services	30,000	-	30,000
Office and administration	18,441	-	18,441
Shareholder information	5,039	-	5,039
Representation and travel	-	-	-
Share based compensation	-	-	-
Write-off mineral properties and deferred exploration expenditures	-	-	-
Loss before income taxes	(74,354)	-	(74,354)
Future income tax recovery	12,200	-	12,200
Net loss before other comprehensive loss	(62,154)	-	(62,154)
Other comprehensive loss			
Unrealised gain (loss) on marketable securities	(6,400)	-	(6,400)
Net loss and other comprehensive loss	\$ (68,554)	\$ -	\$ (68,554)

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(e) Reconciliation between IFRS and GAAP - continued

The GAAP statement of loss and comprehensive loss for the nine months ended October 31, 2011 has been reconciled to IFRS as follows:

	Nine months ended October 31, 2011		
	GAAP	Effect of transition to IFRS	IFRS
Expenses			
Professional and consulting	\$ 106,000	\$ -	\$ 106,000
Management and administrative expenses	92,487	-	92,487
Office and administration	66,825	-	66,825
Shareholder information	57,964	-	57,964
Representation and travel	1,164	-	1,164
Share based compensation	123,585	-	123,585
Write-off of mineral properties and deferred exploration expenditures	43,983	-	43,983
	492,008	-	492,008
Loss before recovery of income taxes	(492,008)	-	(492,008)
Future income tax recovery	87,000	-	87,000
Net loss before other comprehensive loss	(405,008)	-	(405,008)
Other comprehensive loss			
Unrealised gain (loss) on marketable securities	(206,800)	-	(206,800)
Net loss and comprehensive loss	\$ (611,808)	\$ -	\$ (611,808)

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(e) Reconciliation between IFRS and GAAP - continued

The GAAP interim statement of cash flows for the nine months ended October 31, 2010 has been reconciled to IFRS as follows:

	Nine months ended October 31, 2010		
	GAAP	Effect of transition to IFRS	IFRS
Operating Activities			
Net loss	\$ (405,008)	\$ -	\$ (405,008)
Adjustments to reconcile net loss to cash flow from operating activities:			
Share-based compensation	123,585	-	123,585
Future income tax recovery	(87,000)	-	(87,000)
Write-off of mineral properties and deferred exploration expenditures	43,983	-	43,983
Changes in non-cash working capital items			
Accounts receivable	(12,849)	-	(12,849)
Prepays and deposits	(5,012)	-	(5,012)
Accounts payable and accrued liabilities	132,974	-	132,974
	(209,327)	-	(209,327)
Financing Activities			
Proceeds from exercise of options	24,000	-	24,000
Investing Activities			
Mineral properties and deferred exploration expenditures	(146,643)	-	(146,643)
Net change in cash and cash equivalents	(331,970)	-	(331,970)
Cash and cash equivalents, beginning of period	375,244	-	375,244
Cash and cash equivalents, end of period	\$ 43,274	\$ -	\$ 43,274

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(e) Reconciliation between IFRS and GAAP - continued

The GAAP statement of cash flows for the year ended January 31, 2011 has been reconciled to IFRS as follows:

	Year ended January 31, 2011		
	GAAP	Effect of transition to IFRS	IFRS
Operating Activities			
Net loss	\$ (1,531,100)	\$ -	\$ (1,531,100)
Adjustments to reconcile net loss to cash flow from operating activities:			
Share-based compensation	122,900	-	122,900
Future income taxes	(170,660)	-	(170,660)
Write-off of mineral properties and deferred exploration expenditures	1,151,893	-	1,151,893
Debt settlement	164,570	-	164,570
Changes in non-cash working capital items			
Accounts receivable	(47,923)	-	(47,923)
Prepaid insurance and deposits	1,766	-	1,766
Accounts payable and accrued liabilities	(171,678)	-	(171,678)
	(480,232)	-	(480,232)
Financing Activities			
Private placement, net of financing costs	1,097,888	-	1,097,888
Exercise of options	24,000	-	24,000
Exercise of warrants	24,000	-	24,000
	1,145,888	-	1,145,888
Investing Activities			
Mineral properties and exploration expenditures	(324,899)	-	(324,899)
Net change in cash and cash equivalents	340,757	-	340,757
Cash and cash equivalents, beginning of period	375,244	-	375,244
Cash and cash equivalents, end of period	\$ 716,001	\$ -	\$ 716,001