VIPER GOLD LTD.

(Formerly LeBoldus Capital Inc.)

CONDENSED INTERIM FINANCIAL STATEMENTS

For the Three Months Ended

March 31, 2011 and 2010

(Unaudited)

(Expressed in Canadian Dollars)

Viper Gold Ltd.

Condensed Interim Statements of Financial Position

(Expressed in Canadian Dollars)

(Unaudited)

	Notes	As at March 31, 2011	As at December 31, 2010	As at January 1, 2010
			(Note 14)	*(Note 14)*
Assets				
Current assets				
Cash		$ 1,171,975	$ 1,323,599	$ 155,466
Amounts receivable		11,360	18,609	2,579
Prepaid expenses and deposits		10,839	9,076	25,000
		1,194,174	1,351,284	183,045
Equipment	*5*	947	1,051	-
Mineral exploration properties	*6*	402,982	330,982	-
Total assets		$ 1,598,103	$ 1,683,317	$ 183,045
Liabilities and Shareholders' Equity				
Current liabilities				
Accounts payable and accrued liabilities		$ 10,233	$ 83,886	$ 21,646
Shareholders' Equity				
Share capital	*7*	1,447,051	1,375,051	231,926
Warrants	*7*	422,583	422,583	-
Share-based payments reserve		183,896	44,582	20,255
Deficit		(465,660)	(242,785)	(90,782)
Total equity		1,587,870	1,599,431	161,399
Total liabilities and equity		$ 1,598,103	$ 1,683,317	$ 183,045

Going concern (note 2)

Commitments and contingencies (note 12)

Approved on Behalf of the Board:

Joseph Del Campo	*Paul C. Davis*
Director	Director

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

Viper Gold Ltd.

Condensed Interim Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

(Unaudited)

	Notes	For the three months ended March 31, 2011	2010
			(Note 14)
Continuing operations			
Expenses			
Share-based payments	*8*	$ 139,314	$ -
General and administrative expenses		71,229	10,319
Professional and consulting fees		12,228	500
Amortization		104	-
Interest (income)		-	(54)
		222,875	10,765
Net loss and comprehensive loss for the period		$ (222,875)	$ (10,765)
Basic and diluted loss per share	*9*	$ (0.02)	$ (0.01)

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

Viper Gold Inc.
Condensed Interim Statements of Changes in Equity
(Expressed in Canadian Dollars)
(Unaudited)

	Notes	Capital stock		Warrants	Share-based payments reserve	Deficit	Total Equity
		Number of shares	Amount				
Balance at January 1, 2011		11,705,000	$ 1,375,051	$ 422,583	$ 44,582	$ (242,785)	$ 1,599,431
Issued to Duran Ventures Inc. for mineral properties	*7 (a)(ii)*	300,000	72,000	-	-	-	72,000
Share-based payments	*8*	-	-	-	139,314	-	139,314
Net loss		-	-	-	-	(222,875)	(222,875)
Balance at March 31, 2011		12,005,000	$ 1,447,051	$ 422,583	$ 183,896	$ (465,660)	$ 1,587,870
Balance at January 1, 2010		2,500,000	$ 231,926	$ -	$ 20,255	$ (90,782)	$ 161,399
Issued on private placement	*7 (a)(i)*	2,000,000	200,000	-	-	-	200,000
Share issuance cost		-	(11,790)	-	-	-	(11,790)
Net loss		-	-	-	-	(10,765)	(10,765)
Balance at March 31, 2010		4,500,000	$ 420,136	$ -	$ 20,255	$ (101,547)	$ 338,844

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

Viper Gold Ltd.

Condensed Interim Statements of Cash Flows

(Expressed in Canadian Dollars)

(Unaudited)

	Notes	For the three months ended March 31, 2011	2010
			(Note 14)
Cash flows from operating activities			
Net loss for the period		$ (222,875)	$ (10,765)
Adjustments to reconcile net loss before tax to net cash flows:			
Non-cash adjustments:			
Amortization		104	-
Share-based payments	*8*	139,314	-
		(83,457)	(10,765)
Working capital adjustments:			
Decrease in amounts receivable		7,249	(1,007)
Increase in prepaid expenses and deposits		(1,763)	-
(Decrease) increase in accounts payable and accrued liabilities		(73,653)	13,585
Net cash flows (used in) from operating activities		(151,624)	1,813
Cash flows from investing activities			
Refund of Kinetex purchase agreement		-	25,000
(Deposit) on Duran option agreement		-	(25,457)
Net cash flows used in investing activities		-	(457)
Cash flows from financing activities			
Proceeds on private placement - gross	*7 (a)(i)*	-	200,000
Share issue costs		-	(11,789)
Net cash flows from financing activities		-	188,211
Net (decrease) increase in cash		(151,624)	189,567
Cash - Beginning of the period		1,323,599	155,466
Cash - End of the period		$ 1,171,975	$ 345,033
Suplemental information:			
Common shares issued for interest in exploration properties	*7 (a)(ii)*	$ 72,000	$ -

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

1. NATURE OF OPERATIONS

Viper Gold Ltd. (formerly LeBoldus Capital Inc.) (the "Company") was incorporated in Canada pursuant to the provisions of the Business Corporations Act (Alberta) on January 29, 2008. Until August 19, 2010, the Company was classified as a capital pool company as defined by TSX Venture Exchange (the "TSXV") Policy 2.4. During the year ended December 31, 2010, the Company completed its Qualifying Transaction, namely, the optioning of the Corongo Property as described in Note 6. The Company is a public corporation whose shares are listed and posted for trading on the TSXV under the symbol "VPR" (formerly "LEB"). The Company is in the business of acquiring and exploring mineral properties with a view to developing mineable deposits of precious and base metals.

The address of the Company's executive office is: First Canadian Place Suite 5700, 100 King Street West, Toronto, Ontario, M5X 1C7, Canada.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write downs of the carrying values. The Company's mineral property interests are located outside of Canada and are subject to the risk of foreign investment, including increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations, and political uncertainties.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current state of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory and environmental requirements.

2. GOING CONCERN

The Company is in the development stage and has entered into an option agreement providing for the right to acquire a 50% interest in certain mineral claims in Peru from which no revenue has yet been generated. The exploration and development of mineral properties involves significant financial risk, with recoverability of costs incurred being subject to future profitable production from economically recoverable reserves and/or financing through issuance of shares or sale of property interests.

These condensed interim financial statements have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business at amounts different from those in these condensed interim financial statements. The continuing operations of the Company are dependent upon its ability to obtain the necessary financing to meet ongoing administration expenses and related liabilities as they fall due.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) First-time adoption of International Financial Reporting Standards ("IFRS") and statement of compliance

The Company prepares financial statements in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") as set out in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards ("IFRS"), and require publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, the Company has commenced reporting on this basis in these condensed interim financial statements. In these condensed interim financial statements, the term "Canadian GAAP" refers to Canadian GAAP before the adoption of IFRS.

These condensed interim financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting ("IAS 34") and IFRS 1, First-Time Adoption of International Financial Reporting Standards ("IFRS 1"). Subject to certain transition elections disclosed below, the Company has consistently applied the same accounting policies in the opening IFRS statement of financial position as at January 1, 2010 and throughout all periods presented, as if these policies had always been in effect. As disclosed in Note 14, there was no significant impact of the transition to IFRS on the Company's reported statements of financial position, net loss and comprehensive loss and cash flows, including the nature and effect of significant changes in accounting policies from those used in the financial statements for the year ended December 31, 2010.

The policies applied in these condensed interim financial statements are based on IFRS issued and outstanding as of June 23, 2011, the date the Board of Directors approved these condensed interim financial statements. Any subsequent changes to IFRS that are given effect in the annual financial statements for the year ending December 31, 2011 could result in restatement of these condensed interim financial statements, including the transition adjustments recognized on change-over to IFRS.

The condensed interim financial statements should be read in conjunction with the Company's Canadian GAAP annual financial statements for the year ended December 31, 2010. Note 14 discloses IFRS information for the year ended December 31, 2010 that is material to the understanding of these condensed interim financial statements.

(b) Basis of preparation

These condensed interim financial statements are presented in Canadian dollars. The financial statements are prepared on the historical cost basis. In addition, these financial statements are prepared using the accrual basis of accounting except for cash flow information.

(c) Share-based payments

The Company's share option plan allows 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 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.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

(d) Deferred taxes

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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.

(e) Equipment and amortization

Equipment is carried at cost, less accumulated depreciation and accumulated impairment losses. The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the statement of comprehensive income or loss.

The Company provides for amortization of its equipment using the straight line method with annual rate of 33% which is designed to amortize the cost of the equipment over its estimated useful life. One half of the year's amortization is recorded in the year of acquisition.

(f) Mineral exploration properties

Exploration and evaluation
Once a license to explore an area has been secured, expenditures on exploration and evaluation activities are capitalized to mineral exploration properties. Exploration expenditure relates to the initial search for deposits with economic potential and to detailed assessments of deposits or other projects that have been identified as having economic potential.

Management reviews the carrying value of capitalized exploration costs at least annually. In the case of undeveloped projects, there may be only inferred resources to form a basis for the impairment review. The review is based on a status report regarding the Company's intentions for development of the undeveloped property. In some cases, the undeveloped properties are regarded as successors to ore bodies currently in production. Where this is the case, it is intended that these will be developed and go into production when the current source of ore is exhausted or to replace the reduced output.

Once an economically viable reserve has been determined for an area and the decision to proceed with development has been approved, exploration and evaluation assets attributable to that area are first tested for impairment and then reclassified to construction in progress within property, plant and equipment.

Subsequent recovery of the resulting carrying value depends on successful development or sale of the undeveloped project. If a project does not prove viable, all irrecoverable costs associated with the project net of any impairment provisions are written off.

Development
When economically viable reserves have been determined and the decision to proceed with development has been approved, the expenditures related to construction are capitalized as construction-in-progress and classified as a component of property plant and equipment. Costs associated with the commissioning of new assets, in the period before they are operating in the way intended by management, are capitalized.

Development expenditure is net of the proceeds of the sale of ore extracted during the development phase. Interest on borrowings related to the construction and development of assets are capitalized until substantially all the activities required to make the asset ready for its intended use are complete.

The costs of removing overburden to access ore are capitalized as pre-production stripping costs and classified as a component of property, plant and equipment.

(g) Impairment of non-financial assets

The carrying values of capitalised exploration and evaluation expenditures, mine properties and property, plant and equipment are assessed for impairment when indicators of such impairment exist. If any indication of impairment exists an estimate of the asset's recoverable amount is calculated. The recoverable amount is determined as the higher of the fair value less costs to sell for the asset and the asset's value in use.

Impairment is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other Company assets. If this is the case, the individual assets of the Company are grouped together into cash generating units ("CGUs") for impairment purposes. Such CGUs represent the lowest level for which there are separately identifiable cash inflows that are largely independent

of the cash flows from other assets. This generally results in the Company evaluating its non-financial assets on a geographical or licence basis.

If the carrying amount of the asset exceeds its recoverable amount, the asset is impaired and an impairment loss is charged to the statement of loss and comprehensive loss so as to reduce the carrying amount to its recoverable amount. Impairment losses related to continuing operations are recognised in the statement of loss and comprehensive loss in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill and indefinite life intangibles, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of the recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation/amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of loss and comprehensive loss.

(h) Provisions

General
Provisions are recognised when (a), the Company has a present obligation (legal or constructive) as a result of a past event, and (b), it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Rehabilitation provision
The Company records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas.

The obligation generally arises when the asset is installed or the ground / environment is disturbed at the production location. When the liability is initially recognised, the present value of the estimated cost is capitalised by increasing the carrying amount of the related mining assets to the extent that it was incurred prior to the production of related ore. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in the income statement as a finance cost. Additional disturbances or changes in rehabilitation costs will be recognised as additions or charges to the corresponding assets and rehabilitation liability when they occur. For closed sites, changes to estimated costs are recognised immediately in the statement of loss and comprehensive loss.

(i) Foreign currencies

The Company considers the Canadian dollar to be the functional currency of its primary operations. Transactions if foreign currencies are translated into the currency of measurement at the exchange rates in effect on the transaction date. Monetary statement of financial position items expressed in foreign currencies are translated into Canadian dollars at the exchange rates in effect at the statement of financial position date. The resulting exchange gains and losses are recognized in the statement of loss and comprehensive loss.

(j) Financial assets and liabilities

The Company's financial assets and liabilities include cash, amounts receivable and accounts payable and accrued liabilities.

Financial assets
Financial assets within the scope of IAS 39 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or derivatives. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, (i.e., the date that the Company commits to purchase or sell the asset).

The Company’s financial assets include cash and amounts receivable.

Subsequent measurement
The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of loss and comprehensive loss.

The Company has not designated any financial assets upon initial recognition as at fair value through profit or loss. The Company evaluated its financial assets at fair value through profit and loss (held for trading) to determine whether the intent to sell them in the near term is still appropriate. When the Company is unable to trade these financial assets due to inactive markets and management’s intent to sell them in the foreseeable future significantly changes, the Company may elect, in rare circumstances, to reclassify these financial assets. The reclassification to loans and receivables, available-for-sale or held-to-maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at

amortised cost using the effective interest rate method ("EIR"), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of loss and comprehensive loss. The losses arising from impairment are recognised in the statement of loss and comprehensive loss.

Derecognition
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired;
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

  (a) the Company has transferred substantially all the risks and rewards of the asset; or
  (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset.

In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets:
The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost, the Company first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the income statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the income statement.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

Financial liabilities

Initial recognition and measurement
Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Company's financial liabilities include accounts payable and accrued liabilities.

Subsequent measurement
The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss:
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the income statement. The Company has not designated any financial liabilities upon initial recognition as at fair value through profit or loss.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is

treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Fair value of financial instruments
The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

(k) Cash and cash equivalents

Cash includes cash on hand and balances with banks. Deposits are held in a Canadian financial institutions. As at March 31, 2011, December 31, 2010 and January 1, 2010, the Company did not have any cash equivalents.

(l) Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(m) Interest and other income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

(n) Expenses

Operating leases

Operating lease payments are recognized as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(o) Loss per share

Basic loss per common share is calculated by dividing the loss attributed to shareholders for the period by the weighted average number of common shares outstanding in the period. The Company uses the treasury stock method to determine the dilutive effect of the share purchase warrants and the stock options. Diluted loss per common share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares.

(p) Segment reporting

A segment is a component of the Company that is distinguishable by economic activity (business segment), or by its geographical location (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Company operates in one business segment, mineral exploration. The Company's sole exploration property interest is located in Peru (see Note 6). Substantially all of the Company's operating expenditures are incurred in Canada.

(q) Accounting standards effective in the current period but not yet adopted

IFRS 9, *Financial Instruments: Classification and Measurement*, issued in December 2009, effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments. Management anticipates that this standard will be adopted in the Company's financial statements for the period beginning January 1, 2013 and has not yet considered the potential impact of the adoption of IFRS 9.

IFRS 7, *Financial Instruments - Disclosures* ("IFRS 7"), was amended by the IASB in October 2010 and provides guidance on identifying transfers of financial assets and continuing involvement in transferred assets for disclosure purposes. The amendments introduce new disclosure requirements for transfers of financial assets including disclosures for financial assets that are not derecognized in their entirety, and for financial assets that are derecognized in their entirety but for which continuing involvement is retained. The amendments to IFRS 7 are effective for annual periods beginning on or after July 1, 2011. The Company is currently assessing the impact on its financial statements.

IFRS 13, Fair Value Measurement defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except for: share-based payment transactions within the scope of IFRS 2 *Share-based Payment*; leasing transactions within the scope of IAS 17 *Leases*; measurements that have some similarities to fair value but that are not fair value, such as net realizable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets.* This standard is effective for annual periods beginning on or after January 1, 2013, with early application permitted. The Company has not yet considered the potential impact of the adoption of IFRS 13.

4. 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 condensed 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.

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:

i. the recoverability of mineral exploration properties which are included in the condensed interim statement of financial position;
ii. the inputs used in accounting for the valuation of warrants and stock options which are included in the condensed interim statement of financial position;
iii. the inputs used in accounting for the share-based payment expense in the condensed interim statement of loss and comprehensive loss;
iv. the nil provision for rehabilitation provision; and
v. the nil provision for income taxes and composition of deferred income tax assets and liabilities.

5. EQUIPMENT

	Cost	Accumulated depreciation	Net book value
As at March 31, 2011	$ 1,259	$ 312	$ 947
As at December 31, 2010	$ 1,259	$ 208	$ 1,051
As at January 1, 2010	$ -	$ -	$ -

6. MINERAL EXPLORATION PROPERTIES

	Balance January 1, 2010	2010 Additions	Balance December 31, 2010	2011 Additions	Balance March 31, 2011
Corongo Property	$ -	$ 330,982	$ 330,982	$ 72,000	$ 402,982

On March 17, 2010, the Company entered into an option agreement ("Option Agreement") with Duran Ventures Inc. ("Duran"), an arm's length resources company, and its subsidiary Minera Aguila de Oro S.A.C. ("Minera"), providing for the right to acquire a 50% interest in certain mineral claims comprising a prospective gold property known as the Corongo Property in Peru. The Option Agreement was subsequently amended June 22, 2010 and again on August 5, 2010. The Option Agreement, as amended, provides for the acquisition of a 50% interest in certain mineral claims comprising the Corongo Property in consideration for: (i) the payment of US$25,000 in cash upon execution of the Agreement ($25,457 paid), (ii) the Company incurring not less than US$1,000,000 in exploration expenditures on the Corongo Property (US$250,000 or $260,525 incurred) prior to March 10, 2012; and (iii) the issuance of 1,000,000 common shares in the capital of the Company as to: (a) 300,000 common shares on or prior to the closing of the Qualifying Transaction (issued and valued at $45,000); (b) 300,000 common shares on or prior to March 10, 2011 (issued and valued at $72,000); and (c) 400,000 common shares on or prior to March 10, 2012. The Company will be the operator of the project.

The right of the Company to acquire a 50% interest in the Corongo Property is an option only. The Company is not required to complete any cash payments, exploration expenditures or share issuances under the Option Agreement and may terminate its option at any time without further obligation to Duran under the Option Agreement.

7. SHARE CAPITAL AND OTHER EQUITY

(a) Authorized, issued and outstanding shares

Authorized - an unlimited number of common shares, with no par value, are authorized for issuance of which issued and outstanding were 12,005,000, 11,705,000 and 2,500,000 shares as at March 31, 2011, December 31, 2010 and January 1, 2010, respectively.

- an unlimited number of preferred shares issuable in series, of which none are issued.

(i) Private placements

On February 25, 2010, the Company issued 2,000,000 common shares at a price of $0.10 per share for gross aggregate proceeds of $200,000.

On August 17, 2010, the Company issued a total of 1,750,000 units at a price of $0.20 per unit for gross proceeds of $350,000. Each unit consisted of one common share and one common share purchase warrant of the Company with each warrant entitling the holder to purchase one additional common share of the Company at a price of $0.40 per share for a period of 24 months from the closing of the offering, subject to acceleration in certain circumstances. Directors and officers of the Company subscribed for an aggregate of 300,000 units for gross proceeds of $60,000 pursuant to this financing.

On December 17, 2010, the Company issued a total of 5,155,000 units at a price of $0.25 per unit for gross proceeds of $1,288,750. Each unit consisted of one common share and one common share purchase warrant of the Company with each warrant entitling the holder to purchase one additional common share of the Company at a price of $0.30 per share for a period of 24 months from the closing of the offering, subject to acceleration in certain circumstances.

(ii) Shares issued for mineral exploration properties

On August 17, 2010, the Company issued 300,000 common shares valued at $0.15 per share based on the price of the financing that closed August 17, 2010, to Duran under the Option Agreement described in note 6. On March 10, 2011, the Company issued another 300,000 common shares valued at $0.24 per share (being the market price on the date of issue) to Duran pursuant to the Option Agreement.

(b) Warrants

Details of common share purchase warrants outstanding at March 31, 2011 are as follows:

	Number of Warrants	Exercise price	Expiry date
Share purchase warrants			
Issued on private placement	1,750,000	$0.40	August 17, 2012
Issued on private placement	5,155,000	$0.30	December 17, 2012
Agents' compensation warrants			
prospectus	104,000	$0.20	August 17, 2011
prospectus	409,200	$0.25	December 17, 2011
	7,418,200		

Common share purchase warrant transactions during the three month period ending March 31, 2011 and for the year ended December 31, 2010 are as follows:

	March 31, 2011			December 31, 2010		
	Number of Warrants	Weighted average exercise price	Grant Date Fair Value	Number of Warrants	Weighted average exercise price	Grant Date Fair Value
Outstanding – beginning of the period	7,418,200	$0.32	$ 422,583	-	-	-
Issued	-	-	-	7,418,200	$0.32	$ 477,027
Less: issue costs	-	-	-	-	-	(54,444)
Outstanding – end of the period	7,418,200	$0.32	$ 422,583	7,418,200	$0.32	$ 422,583

The grant date fair value of the 1,750,000 warrants and 104,000 finders' warrants issued in connection with the private placement that closed on August 17, 2010 has been estimated at $81,094 and $4,919 respectively, using the Black-Scholes option pricing model. The following weighted average assumptions were used: Risk-free interest rate – 1.39%; Expected volatility – 100%; Expected dividend yield – nil; Expected life – 2 years and 1 year, respectively.

The grant date fair value of the 5,155,000 warrants and 409,200 finders' warrants issued in connection with the private placement that closed on December 17, 2010 has been estimated at $370,088 and $20,926 respectively, using the Black-Scholes option pricing model. The following weighted average assumptions were used: Risk-free interest rate – 1.63%; Expected volatility – 100%; Expected dividend yield – nil; Expected life – 2 years and 1 year, respectively.

The weighted average remaining contractual life of the issued and outstanding warrants as at March 31, 2011 was 1.48 years.

(c) Share-based payments reserve

Share-based payments reserve is primarily comprised of entries relating to share based payments and exercise of options.

8. SHARE - BASED PAYMENTS – EMPLOYEE SHARE OPTION PLAN

The Company has adopted a stock option plan (the "Plan") for its directors, officers, employees and consultants to acquire common shares of the Company at a price determined by the fair market value of the shares at the date immediately preceding the date on which the option is granted. The terms and conditions of the options are determined by the Board of Directors.

The aggregate number of common stock options shall not exceed 10% of the issued and outstanding common shares of the Company, with no one individual being granted more than 5% of the issued and outstanding common shares. In addition, the exercise price of options granted under the plan shall not be lower than the exercise price permitted by the TSX Venture Exchange, and all options granted under the plan will have a term not to exceed five years.

A summary of the status of the Plan for the three month period ended March 31, 2011 and for the year ended December 31, 2010, and changes during periods ended on those dates is presented below:

	March 31, 2011		December 31, 2010	
	Number of stock options	Weighted average exercise price	Number of stock options	Weighted average exercise price
Outstanding – beginning of the period	500,000	$0.20	350,000	$0.20
Granted	581,000	$0.38	250,000	$0.20
Expired	-	-	(100,000)	$0.20
Outstanding – end of the period	1,081,000	$0.29	500,000	$0.20

As at March 31, 2011, the Company had stock options issued to directors, officers and employees of the Company outstanding as follows:

Date of grant	Number of options	Exercisable	Exercise price	Expiry date
July 10, 2008	250,000	250,000	$0.20	July 10, 2013
August 17, 2010	200,000	200,000	$0.20	August 17, 2015
October 15, 2010	50,000	25,000	$0.20	October 15, 2015
January 26, 2011	481,000	456,000	$0.40	January 26, 2016
March 29, 2011	100,000	100,000	$0.26	March 29, 2016
	1,081,000	1,031,000		

On August 17, 2010, the Company granted options to two directors of the Company to acquire an aggregate of 200,000 options, exercisable at a price of $0.20 per common share for a period of five years from the date of grant. The options vested immediately upon grant.

On October 1, 2010, the Company granted options to a consultant to acquire an aggregate of 50,000 options, exercisable at a price of $0.20 per share for a period of five years from the date of grant. The options vest in four equal tranches every quarter with the first tranche having vested on December 31, 2010.

On January 26, 2011, the Company granted a total of 481,000 stock options to directors, officers and a consultant of the Company, exercisable at a price of $0.40 per common share for a period of five years from the date of grant. The 456,000 options granted to directors and officers vested immediately. The 25,000 options granted to the consultant vest as to ¼ on each of the 3rd, 6th, 9th, and 12th month anniversaries of the date of grant.

On March 29, 2011, the Company granted options to a director of the Company to acquire an aggregate of 100,000 stock options, exercisable at a price of $0.26 per common share for a period of five years from the date of grant, all of which vested immediately.

The grant date fair value of the options granted in the three months ended March 31, 2011 was estimated to be $139,314 (2010 - $nil). This amount was recognized as a share-based payment expense in the three months ended March 31, 2011 as substantially all of the options vested immediately (2010 - $nil). The related credit is included in the share-based payments reserve.

The grant date fair value of the options granted was estimated determined using the Black-Scholes option pricing model, using the following range of assumptions:

	2011	2010
Risk-free interest rate	2.20% - 2.56%	2.03% – 2.18%
Expected life	5 years	5 years
Expected volatility	100%	100%
Dividend yield	nil	nil
Exercise price	$0.20 - $0.40	$0.20
Grant date fair value per option	$0.20 - $0.25	$0.13

9. LOSS PER SHARE

(a) Basic

Basic loss per share is calculated by dividing the net loss attributable to common shareholders by the weighted average number of common shares in issue during the period.

	For the three months ended March 31,	
	2011	2010
Net loss attributable to common shareholders	$ (222,875)	$ (10,765)
Weighted average number of common shares issued	11,775,000	1,755,556
Basic loss per share	$ (0.02)	$ (0.01)

(b) Diluted

Diluted loss per share has not been presented as issued and outstanding warrants and options are considered to be anti-dilutive.

10. FINANCIAL RISK MANAGEMENT

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no changes in the risks, objectives, policies and procedures from the previous year.

(a) Credit risk management

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and amounts receivables. Cash is held with a reputable Canadian financial institution, from which management believes the risk of loss is remote. Financial instruments included in amounts receivable consists of harmonized sales tax due from the Federal Government of Canada. Management believes that the credit risk concentration with respect to financial instruments included in sundry receivables is minimal.

(b) Liquidity risk

As at March 31, 2011, the Company had working capital of $1,183,941 (December 31, 2010 - $1,267,398; January 1, 2010 - $161,399). The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company has a sufficient cash balance to settle current liabilities.

(c) Market risk

At the present time, the Company does not hold any interest in a mining property that is in production. The Company's viability and potential success depends on its ability to develop, exploit, and generate revenue from the development of mineral deposits. Revenue, cash flow, and profits from any future mining operations in which the Company is involved will be influenced by precious and/or base metal prices and by the relationship of such prices to productions cots. Such prices can fluctuate widely and are affected by numerous factors beyond the Company's control.

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The Company is required to make all exploration expenditures required under the Option Agreement in US dollars (Note 6). As at March 31, 2011, the Company had cash balances of $730,324 (December 31, 2010 - $nil; January 1, 2010 - $nil) in U.S. dollars.

Sensitivity to a plus or minus 5% change in the foreign exchange rate would have affected the net loss by approximately $34,000 in the three month period ended March 31, 2011.

The Company does not undertake currency hedging activities to mitigate its foreign currency risk.

(e) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has cash balances and currently does not carry interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its financial institutions. It is management's opinion that the Company is not exposed to significant interest rate risk.

(f) Commodity price risk

The ability of the Company to develop its properties and the future profitability of the Company is directly related to the market price of certain minerals.

(g) Fair value of financial assets and liabilities

The book values of cash, amounts receivable, and accounts payable and accrued liabilities approximate their respective fair values due to the short-term nature of these instruments.

The fair values together with the carrying amounts shown in the statements of financial position are as follows:

	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	As at March 31, 2011		As at December 31, 2010		As at January 1, 2010	
Cash	$1,171,975	$1,171,975	$1,323,599	$1,323,599	$ 155,466	$ 155,466
Amounts receivable	11,360	11,360	18,609	18,609	2,579	2,579
Accounts payable and accrued liabilities	(10,233)	(10,233)	(83,886)	(83,886)	(21,646)	(21,646)
Unrecognized (losses) / gains		$ -		$ -		$ -

11. CAPITAL RISK MANAGEMENT

The Company defines capital as Shareholders' equity which at March 31, 2011 was $1,587,870 (December 31, 2010 - $1,599,431; January 1, 2010 - $161,399). The Company manages its capital structure and makes adjustments to it, in order to have the funds available to support its exploration, development and operations activities.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of its mineral properties and maximize shareholder returns. The Company satisfies its capital requirements through careful management of its cash resources and by utilizing bank indebtedness or equity issues, as necessary, based on the prevalent economic conditions of both the industry and the capital markets and the underlying risk characteristics of the related assets. As at March 31, 2011, the Company had no bank debt.

Management reviews its capital management approach on an ongoing basis. There were no changes in the Company's approach to capital management during the three month period ended March 31, 2011. The Company is not subject to externally imposed capital requirements.

12. COMMITMENTS AND CONTINGENCIES

(a) Consulting agreements

On October 1, 2010, the Company engaged Advanture Capital Partners Inc. ("Advanture") to provide investor relations, corporate communications and marketing services. The agreement with Advanture was for an initial term of six months beginning October 1, 2010 and it was extended for a further six months. The Company is committed to monthly cash payments of $6,500. A grant of 50,000 stock options in the capital of the Company at an exercise price of $0.20 per share was made to Advanture, effective October 1, 2010. Another grant of 25,000 stock options in the capital of the Company at an exercise price of $0.40 per share was made to Advanture, effective January 26, 2011.

On October 27, 2010 (effective August 17, 2010), the Company entered into a consulting agreement with Paul C. Davis, the Company's President and Chief Executive Officer, to provide management services to the Company. The Company will pay Mr. Davis a per diem rate of $650 to a maximum of $4,000 monthly, along with a vehicle allowance of $55 per day to a maximum of $330 per month. The agreement is for a one year term, expiring August 17, 2011.

(b) Office lease commitment

On February 14, 2011, the Company entered into a lease agreement for office space commencing May 1, 2011. The term of the lease is for a period of two years, expiring on April 30, 2013. As part of the agreement, the Company paid a rental deposit of $1,233 to be applied to the first rental payment due and an additional $1,253 to be held as a security deposit. Future minimum rental payments under this lease are as follows:

May 1, 2011 – December 31, 2011	$11,119
January 1, 2012 – December 31, 2012	$14,954
January 1, 2013 – April 1, 2013	$ 3,758
	$29,831

(c) Environmental matters

The Company currently has an exploration property interest in Peru. The enforcement of environmental regulation in Peru is evolving and the enforcement posture of government authorities is continually being reconsidered. The Company periodically evaluates its obligations under environmental regulations.

The Company's exploration activities are subject to various federal and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

13. COMPENSATION OF KEY MANAGEMENT AND RELATED PARTY TRANSACTIONS

Details of compensation of key management are disclosed below.

Key management include the Board of Directors, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions.

The remuneration of directors and key management of the Company for the three months ended March 31, 2011 and 2010 was as follows:

	2011	2010
Aggregate compensation	$ 11,700	$ Nil
Share-based payments	133,092	Nil
	$144,792	$ Nil

The directors and key management were awarded the following stock options under the employee stock option plan during the three months ended March 31, 2011:

Date of grant	Number of options	Exercise price	Expiry
January 26, 2011	456,000	$0.40	January 26, 2016
March 29, 2011	100,000	$0.26	March 29, 2016

During the three months ended March 31, 2011, the Company incurred legal fees in the amount of $128 (2010 - $8,790) from a law firm of which a director of the Company is a partner, of which $nil (December 31, 2010 - $62,662) is included in accounts payable.

During the three-month period ended March 31, 2011, a director and an officer of the Company was paid a total of $11,700 for services rendered, of which $nil (December 31, 2010 - $6,356) is included in accounts payable.

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

See also Note 7 for a description of related party share subscriptions.

14. TRANSITION TO IFRS

As stated in Significant Accounting Policies Note 3(a), these are the Company's first condensed interim financial statements prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB").

The policies set out in the Significant Accounting Policies section have been applied in preparing the condensed interim financial statements for the three months ended March 31, 2011, the comparative information presented in these financial statements for the three months ended March 31, 2010 and in the preparation of an opening IFRS balance sheet at January 1, 2010 (the Company's date of transition).

The Company has followed the recommendations in IFRS-1 *First-time adoption of IFRS*, in preparing its transitional statements.

IFRS Optional exemptions

IFRS-1 provides specific one-time choices and mandates specific one-time exceptions with respect to first-time adoption of IFRS.

- Property, plant and equipment - IFRS 1 provides a one-time choice of measuring property, plant and equipment at its fair value as deemed cost at the date of transition and using those amounts as deemed cost or using the historical valuation under the prior GAAP. For the purpose of subsequent measurement, the Company has elected to apply the cost model for property, plant & equipment rather than the fair value model available under IFRS. In preparing its opening IFRS statement of financial position, the Company has not adjusted amounts reported previously in financial statements prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") as there were no differences identified.

- Share-based payments - IFRS 2, *Share-based Payments*, encourages application of its provisions to equity instruments granted on or before November 7, 2002, but permits the application only to equity instruments granted after November 7, 2002 that had not vested by the Transition Date. The Company elected to avail itself of the exemption provided under IFRS 1 and applied IFRS 2 for all equity instruments granted after November 7, 2002 that had not vested by its Transition Date.

Mandatory exceptions to retrospective application

Estimates: Hindsight was not used to create or revise estimates and accordingly the estimates previously made by the company under Canadian GAAP are consistent with their application under IFRS.

Other IFRS-1 exemptions and mandatory exceptions have not been discussed above as they are not applicable to the Company.

Changes in accounting policies

In addition to the exemptions and exceptions discussed above, the following narratives explain the significant differences between the previous historical Canadian GAAP accounting policies and the current IFRS policies applied by the Company.

i. Share-based payments

IFRS 2 is effective for the Company as of January 1, 2010 and is applicable to stock options and grants that are unvested at that date. The transition rules in IFRS 1 and IFRS 2 as applied by the Company result in the following:

- Stock options and share grants prior to November 7, 2002 are not taken into account for IFRS 2;
- Stock options and share grants subsequent to November 7, 2002 are only taken into account if they have not vested as at January 1, 2010; and,
- From January 1, 2010, all stock options, share grants and other share-based payments will be expensed in accordance with the policy stated in Note 3.

Recognition of Expense

Canadian GAAP - Often in practice expense is recognized on a straight line basis over vesting period. Forfeitures may be recognized as they occur.
IFRS - Under IFRS 2, graded vesting awards must be accounted for as though each installment is a separate award. Forfeiture estimates are recognized in the current period and revised for actual experience in subsequent periods. IFRS does not provide for an election to treat the instruments as a pool and recognize expense on a straight line basis.

The effects of the foregoing differences have had in immaterial impact on the Company as a substantial portion of the Company's options vest immediately and are recognized as an expense immediately at date of grant.

Forfeitures

Canadian GAAP – Forfeitures of awards are recognized as they occur.
IFRS – An estimate is required of the number of awards expected to vest, which is revised if subsequent information indicates that actual forfeitures are likely to differ from the estimate. No adjustments were required.

ii. Contributed surplus

Canadian GAAP – Amounts recorded for expired, unexercised stock options and warrants remained in contributed surplus.
IFRS – On transition to IFRS the Company elected to change its accounting policy for the treatment of share-based payments and warrants whereby the amounts recorded for expired, unexercised stock options and warrants are transferred to deficit. No adjustments were required.

iii. Impairments

Recoverable Amount
Canadian GAAP - A recoverability test is performed by first comparing the undiscounted expected future cash flows to be derived from the asset to its carrying amount. If the asset does not recover its carrying value, an impairment loss is calculated as the excess of the asset's carrying amount over its fair value.
IFRS – The impairment loss is calculated as the excess of the asset's carrying amount over its recoverable amount, where recoverable amount is defined as the higher of the asset's fair value less costs to sell and its value-in-use. Under the value-in-use calculation, the expected future cash flows from the asset are discounted to their net present value. No adjustments were required.

Reversal of Impairment
Canadian GAAP - Reversal of impairment losses is not permitted.
IFRS - Reversal of impairment losses is required for assets other than goodwill if certain criteria are met. No adjustments were required.

Explanation of differences impacting the Company's financial statements including IFRS 1 First-Time Adoption of International financial Reporting Standards

IFRS 1 requires the Company to reconcile equity, comprehensive loss and cash flows for prior periods. In preparing its opening IFRS statement of financial position, the Company has not adjusted amounts reported previously in financial statements prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") as there were no differences identified. An explanation of how the transition from Canadian GAAP to IFRS has affected the Company's financial position, financial performance and cash flows, if there were any differences, is set out in the following tables. The tables are unaudited.

Reconciliation of equity:

	Canadian GAAP	Effect of transition to IFRS	IFRS	Canadian GAAP	Effect of transition to IFRS	IFRS	Canadian GAAP	Effect of transition to IFRS	IFRS
	January 1, 2010			March 31, 2010			December 31, 2010		
Assets									
Current assets									
Cash	$155,466	-	$155,466	$345,033	-	$345,033	$1,323,599	-	$1,323,599
Amounts receivable	2,579	-	2,579	3,586	-	3,586	18,609	-	18,609
Prepaid expenses and deposits	25,000	-	25,000	25,457	-	25,457	9,076	-	9,076
	183,045	-	183,045	374,076	-	374,076	1,351,284	-	1,351,284
Equipment	-	-		-			1,051	-	1,051
Mineral exploration properties	-	-		-			330,982	-	330,982
Total assets	$183,045	-	$183,045	$374,076	-	$374,076	$1,683,317	-	$1,683,317
Liabilities and Shareholders' Equity									
Current liabilities									
Accounts payable and accrued liabilities	$ 21,646	-	$ 21,646	$ 35,232	-	$ 35,232	$ 83,886	-	$ 83,886
Shareholders' Equity									
Share capital	231,926	-	231,926	420,136	-	420,136	1,375,051	-	1,375,051
Warrants	-	-	-	-	-	-	422,583	-	422,583
Contributed surplus	20,255	-	20,255	20,255	-	20,255	44,582	-	44,582
Deficit	(90,782)	-	(90,782)	(101,547)	-	(101,547)	(242,785)	-	(242,785)
Total equity	161,399	-	161,399	338,844	-	338,844	1,599,431	-	1,599,431
Total liabilities and equity	$183,045	-	$183,045	$374,076	-	$374,076	$1,683,317	-	$1,683,317

Reconciliation of loss and comprehensive loss for the three months period ended March 31, 2010 and year ended December 31, 2010:

	Three months period ended March 31, 2010			Year ended December 31, 2010		
	Canadian GAAP	Effect of Transition to IFRS	IFRS	Canadian GAAP	Effect of Transition to IFRS	IFRS
Continuing Operations						
Expenses						
General and administrative expenses	$ 10,319	-	$ 10,319	$ 76,922	-	$ 76,922
Share-based payments	-	-	-	24,327	-	24,327
Professional and consulting fees	500	-	500	50,719	-	50,719
Interest (income)	(54)	-	(54)	(173)	-	(173)
Ammortization	-	-	-	208	-	208
	10,765	-	10,765	152,003	-	152,003
Net loss and comprehensive loss for the period	$ (10,765)	-	$ (10,765)	$(152,003)	-	$(152,003)
Basic and diluted loss per share	$ (0.01)		$ (0.01)	$ (0.03)		$ (0.03)
Weighted average number of common shares	1,755,556		1,755,556	5,154,712		5,154,712