

SPARROW VENTURES CORP.

Condensed Interim Financial Statements (Unaudited)

Three Months Ended April 30, 2011 and 2010

(Expressed in Canadian Dollars)

SPARROW VENTURES CORP.

(the “Company”)

CONDENSED INTERIM FINANCIAL STATEMENTS

Three months ended April 30, 2011 and 2010

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The management of Sparrow Ventures Corp. is responsible for the preparation of the accompanying unaudited condensed interim financial statements. The unaudited condensed interim financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards for the preparation of condensed consolidated interim financial statements and are in accordance with IAS 34 - Interim Financial Reporting.

The Company’s auditor has not performed a review of these condensed interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity’s auditor.

July 21, 2011

SPARROW VENTURES CORP.

Condensed Interim Statements of Financial Position (Unaudited)
(Expressed in Canadian Dollars)

	April 30, 2011 \$	January 31, 2011 (Note 9) \$	February 1, 2010 (Note 9) \$
ASSETS			
CURRENT			
Cash	22,903	70,290	3,087
Short-term investments	300,000	300,000	650,000
Interest receivable	2,727	1,849	843
HST/GST recoverable	6,248	8,091	2,766
Prepaid expenses and deposits	1,500	1,500	1,500
	333,378	381,730	658,196
Equipment (Note 4)	1,769	1,913	-
Exploration and evaluation assets (Note 5)	-	87,531	-
	335,147	471,174	658,196
LIABILITY			
CURRENT			
Accounts payable and accrued liabilities	12,447	13,722	38,157
SHAREHOLDERS' EQUITY			
Share capital (Note 6)	997,098	997,098	986,098
Reserves (Note 6)	175,906	172,096	156,788
Deficit	(850,304)	(711,742)	(522,847)
	322,700	457,452	620,039
	335,147	471,174	658,196
Subsequent event (Note 10)			

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

SPARROW VENTURES CORP.

Condensed Interim Statements of Loss and Comprehensive Loss (Unaudited)
(Expressed in Canadian Dollars)

Three months ended April 30,	2011	2010
	\$	\$
EXPENSES		
Accounting, audit and legal	342	11,841
Bank charges	110	116
Consulting fees	8,161	4,485
Depreciation	144	-
Management fees (Note 7)	3,000	-
Office, rent and administration (Note 7)	15,209	8,391
Regulatory fees	5,950	(1,300)
Stock-based compensation (Note 6)	3,810	-
Transfer agent and shareholder information	1,676	1,222
Travel and promotion	13,513	3,145
	<hr/> 51,915	<hr/> 27,900
LOSS BEFORE OTHER ITEMS	(51,915)	(27,900)
Write-off of exploration and evaluation assets	(87,531)	-
Interest income	884	624
	<hr/> (86,647)	<hr/> 624
LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	<hr/> (138,562)	<hr/> (27,276)
BASIC AND DILUTED LOSS PER SHARE	<hr/> (0.01)	<hr/> (0.002)

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

SPARROW VENTURES CORP.

Condensed Consolidated Interim Statements of Changes in Equity (Unaudited)
(Expressed in Canadian Dollars)

	Notes	Share Capital		Reserve	Deficit	Total
		Number of shares #	Amount \$	Stock options \$	\$	\$
Balance, February 1, 2010	9	13,490,500	986,098	156,788	(522,847)	620,039
Comprehensive loss for the period		-	-	-	(27,276)	(27,276)
Balance, April 30, 2010		13,490,500	986,098	156,788	(550,123)	592,763
Comprehensive loss for the period		-	-	-	(161,619)	(161,619)
Shares issued for exploration and evaluation assets	5	100,000	11,000	-	-	11,000
Stock-based compensation		-	-	15,308	-	15,308
Balance, January 31, 2011		13,590,500	997,098	172,096	(711,742)	457,452
Comprehensive loss for the period		-	-	-	(138,562)	(138,562)
Stock-based compensation		-	-	3,810	-	3,810
Balance, April 30, 2011		13,590,500	997,098	175,906	(850,304)	322,700

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

SPARROW VENTURES CORP.

Condensed Interim Statements of Cash Flows (Unaudited)
(Expressed in Canadian Dollars)

Three months ended April 30,	2011	2010
	\$	\$
OPERATING ACTIVITIES		
Loss for the period	(138,562)	(27,276)
Adjustments for non-cash items:		
Depreciation	144	-
Stock-based compensation	3,810	-
Write-off of exploration and evaluation assets	87,531	-
Changes in non-cash working capital items		
Interest receivable	(878)	(413)
HST/GST recoverable	1,843	(558)
Accounts payable and accrued liabilities	(1,275)	(27,600)
NET CASH USED IN OPERATING ACTIVITIES	(47,387)	(55,847)
INVESTING ACTIVITY		
Short-term investments	-	80,000
INCREASE (DECREASE) IN CASH	(47,387)	24,153
Cash, beginning of period	70,290	3,087
CASH, END OF PERIOD	22,903	27,240

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

SPARROW VENTURES CORP.

Notes to the Condensed Interim Financial Statements
(Expressed in Canadian Dollars)

Three Months Ended April 30, 2011 and 2010
(Unaudited)

NOTE 1 – NATURE OF OPERATIONS AND GOING CONCERN

Sparrow Ventures Corp. (the “Company”) was incorporated on July 04, 2006 under the laws of the Business Corporations Act (British Columbia) under the name 0762477 B.C. Ltd. On December 17, 2008, the Company changed its name to Sparrow Ventures Corp. The Company’s shares are traded on the TSX Venture Exchange (“Exchange”) under the symbol “SPW”.

The head office, principal address and records office of the Company are located at Suite 507 – 700 West Pender Street, Vancouver, BC, Canada, V6C 1G8. The Company’s registered office address is located at Suite 1780 - 400 Burrard Street, Vancouver, British Columbia, Canada, V6C 3A6.

The Company is engaged in the acquisition, exploration and development of resource properties. During the year ended January 31, 2011, the Company entered into a mineral option agreement (Note 5) which constituted the Company’s Qualifying Transaction under the policies of the Exchange.

The Company is in the process of exploring its resource properties and has not yet determined whether these properties contain reserves that are economically recoverable. The Company’s ability to continue as a going concern and the recoverability of the amounts capitalized for exploration and evaluation assets are dependent upon the ability of the Company to raise additional financing in order to complete the exploration and development of its resource properties, the discovery of economically recoverable reserves, the attainment of future profitable production or proceeds from disposition of the Company’s resource properties. The outcome of these matters cannot be predicted at this time.

Management has estimated that the Company will have adequate funds from existing working capital to meet corporate, administrative and other obligations over the next twelve months. The Company will require additional financing as it determines to acquire additional properties or accelerate its work programs. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be available on acceptable terms.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

The financial statements were authorized for issue on July 21, 2011 by the Directors of the Company. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Statement of compliance and conversion

The condensed interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”), specifically IFRS 1 - “*First Time Adoption of International Financial Reporting Standards*” and with International Accounting Standard 34 – “*Interim Financial Reporting*”. The interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the audited annual financial statements of the Company for the year ended January 31, 2011.

The disclosures related to the transition from Canadian Generally Accepted Accounting Principles (“GAAP”) to IFRS are provided in Note 9.

SPARROW VENTURES CORP.

Notes to the Condensed Interim Financial Statements
(Expressed in Canadian Dollars)

Three Months Ended April 30, 2011 and 2010
(Unaudited)

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of preparation

The condensed interim financial statements are presented in Canadian dollars unless otherwise noted. The condensed interim financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable.

(c) Use of estimates and judgments

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation and judgment relate to the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments and stock-based compensation and other equity-based payments. Actual results may differ from those estimates and judgments.

(d) Functional and presentation of foreign currency

The presentation currency of the Company and the functional currency of the Company is the Canadian dollar.

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(f) Short-term investments

Short-term investments consist of investments in guaranteed investment certificates with maturities of more than three months and less than one year.

(g) Equipment

Equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of income and comprehensive income during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

Depreciation and amortization are calculated on a declining-balance basis to write off the cost of the assets to their residual values over their estimated useful lives. The depreciation and amortization rate applicable to equipment is 30%.

SPARROW VENTURES CORP.

Notes to the Condensed Interim Financial Statements
(Expressed in Canadian Dollars)

Three Months Ended April 30, 2011 and 2010
(Unaudited)

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Exploration and evaluation expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

(i) Impairment of assets

The carrying amount of the Company's assets (which include equipment and exploration and evaluation assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of income and comprehensive income.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

(j) Share capital

The proceeds from the exercise of stock options or warrants together with amounts previously recorded over the vesting periods are recorded as share capital. Share capital issued for non-monetary consideration is recorded at an amount based on fair market value on the date of issue.

SPARROW VENTURES CORP.

Notes to the Condensed Interim Financial Statements
(Expressed in Canadian Dollars)

Three Months Ended April 30, 2011 and 2010
(Unaudited)

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Share-based payments

The Company operates an employee stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using a Black-Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

(l) Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

(m) Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

SPARROW VENTURES CORP.

Notes to the Condensed Interim Financial Statements
(Expressed in Canadian Dollars)

Three Months Ended April 30, 2011 and 2010
(Unaudited)

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Financial instruments (continued)

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether impairment has arisen.

The Company does not have any derivative financial assets and liabilities.

(n) Future changes in accounting policies

(i) IFRS 9, Financial instruments

IFRS 9, Financial Instruments (“IFRS 9”) was issued by the International Accounting Standards Board (“IASB”) on November 12, 2009, and will replace IAS 39, Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized costs or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2013. The Company is currently evaluating the impact of IFRS 9 on its financial statements.

(ii) Amendments to IFRS 7, Financial instruments: Disclosures

This amendment increases the disclosure required regarding the transfer of financial assets, especially if there is a disproportionate amount of transfer transactions that take place around the end of a reporting period. This amendment is effective for annual periods beginning on or after July 1, 2011.

SPARROW VENTURES CORP.

Notes to the Condensed Interim Financial Statements
(Expressed in Canadian Dollars)

Three Months Ended April 30, 2011 and 2010
(Unaudited)

NOTE 3 – SHORT-TERM INVESTMENTS

April 30, 2011	Maturity	Principal \$	Accrued interest \$
Guaranteed Investment Certificates Prime less 1.80% annual interest rate	July 15, 2011	300,000	2,727
		<hr/>	<hr/>
January 31, 2011	Maturity	Principal \$	Accrued interest \$
Guaranteed Investment Certificates Prime less 1.80% annual interest rate	July 15, 2011	300,000	1,849
		<hr/>	<hr/>

NOTE 4 – EQUIPMENT

	Computer hardware \$
Costs:	
Balance, February 1, 2010	-
Additions	2,250
Balance, April 30, 2011 and January 31, 2011	<hr/> 2,250 <hr/>
Depreciation:	
Balance, February 1, 2010	-
Depreciation	337
Balance, January 31, 2011	<hr/> 337
Depreciation	144
Balance, April 30, 2011	<hr/> 481 <hr/>
Carrying amounts:	
February 1, 2010	-
January 31, 2011	1,913
April 30, 2011	<hr/> 1,769 <hr/>

SPARROW VENTURES CORP.

Notes to the Condensed Interim Financial Statements
(Expressed in Canadian Dollars)

Three Months Ended April 30, 2011 and 2010
(Unaudited)

NOTE 5 – EXPLORATION AND EVALUATION ASSETS

	Nebocat and Rim Properties \$
Balance, February 1, 2010	-
Acquisition costs	
Cash consideration	25,000
Common shares issued	11,000
Professional and regulatory fees	51,531
	<hr/>
Balance, January 31, 2011	87,531
Write-off of exploration and evaluation assets	(87,531)
	<hr/>
Balance, April 30, 2011	-

On May 26, 2010, the Company entered into a letter agreement with Full Metal pursuant to which Full Metal granted to the Company an option to acquire a 60% interest in Full Metal's Nebocat and RIM properties ("the Properties"). The Properties are located south of the community of Ross River, Yukon.

The terms of the agreement require the Company to meet the following obligations over a four-year period as follows:

	Number of Shares of the Company to be Issued to Full Metal	Cash Option Payment \$	Minimum Annual Exploration Expenditures \$
Upon TSX Venture Exchange Approval on August 25, 2010 (issued and paid)	100,000	25,000	-
On or before August 25, 2011	100,000	25,000	200,000
On or before August 25, 2012	100,000	50,000	400,000
On or before August 25, 2013	100,000	50,000	800,000
On or before August 25, 2014	-	-	1,600,000
	<hr/>	<hr/>	<hr/>
	400,000	150,000	3,000,000

Following the exercise of the option by the Company, the Company and Full Metal will continue the exploration and development of the Properties under a joint venture. The Company will be the operator of the Properties. The Properties are subject to Net Smelter Royalty of 2%.

During the three months ended April 30, 2011, the Company decided not to pursue its option agreement with Full Metal and wrote-off all acquisition costs of \$87,531.

SPARROW VENTURES CORP.

Notes to the Condensed Interim Financial Statements
(Expressed in Canadian Dollars)

Three Months Ended April 30, 2011 and 2010
(Unaudited)

NOTE 6 – SHARE CAPITAL

(a) Authorized

Unlimited Number of Voting Common Shares without Par Value

(b) Issued share capital

At April 30, 2011, there were 13,590,500 issued and fully paid common shares (January 31, 2011 – 13,590,500).

(c) Escrow shares

As of April 30, 2011, the Company has 3,150,001 (January 31, 2011 – 3,780,000) common shares held in escrow pursuant to the requirements of the Exchange and escrow agreement. Pursuant to the escrow agreement, 10% of the escrowed common shares were released from escrow following issuance of the final Exchange bulletin (“Final Exchange Bulletin”) on completion of the Qualifying Transaction, and in increments of 15% every six months thereafter over a period of thirty six months. If the Company meets the Exchange’s Tier 1 status after receipt of the Final Exchange Bulletin, the release of escrow shares will be accelerated.

(d) Stock options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, at its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Stock options will be exercisable for a period of up to 10 years from the date of grant and charitable options will be exercisable for a period of up to 10 years from the date of grant.

In connection with the foregoing, the number of common shares reserved for issuance to any individual director or officer will not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to all consultants will not exceed two percent (2%) of the issued and outstanding common shares. Options may be exercised no later than 90 days following cessation of the optionee’s position with the Company, provided that if the cessation of office, directorship, or consulting arrangement was by reason of death, the option may be exercised within a maximum period of six months after such death, subject to the expiry date of such option.

The Company has the following options outstanding:

	Number of Options	Weighted Average Exercise Price \$
Balance, February 1, 2010	1,195,000	0.10
Granted	269,000	0.11
Balance, January 31, 2011 and April 30, 2011	1,464,000	0.10

SPARROW VENTURES CORP.

Notes to the Condensed Interim Financial Statements
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Three Months Ended April 30, 2011 and 2010
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NOTE 6 – SHARE CAPITAL (Continued)

(d) Stock options (continued)

As at April 30, 2011, the Company has the following options outstanding:

Exercise Price \$	Options Outstanding #	Expiry Date	Options Exercisable #
0.105	330,000	February 5, 2014	330,000
0.10	865,000	May 26, 2018	865,000
0.11	100,000	August 31, 2020	50,000
0.12	169,000	October 7, 2020	84,500
	1,464,000		1,329,500

The Company uses the fair value method of accounting for all stock-based payments to directors, officers, employees and consultants providing similar service. During the three months ended April 30, 2011, the Company recorded stock-based compensation expense of \$3,810 (2010 - \$Nil) for stock options vested during the period.

(e) Loss per share

Basic loss per share is computed by dividing net loss for the period, applicable to common shareholders, by the weighted average number of common shares outstanding for the period, including contingently issuable shares when the conditions necessary for the issuance have been met. Diluted loss per share is calculated in a similar number except that the weighted average number of common shares outstanding is increased to include potential common shares from the assumed exercise of options, warrants and convertible securities, if dilutive.

Three months ended April 30,	2011	2010
	\$	\$
Loss per share - basic and diluted	0.01	0.002
Loss for the period	138,562	27,276
	#	#
Weighted average number of shares - basic and diluted	13,590,500	13,490,500

SPARROW VENTURES CORP.

Notes to the Condensed Interim Financial Statements
(Expressed in Canadian Dollars)

Three Months Ended April 30, 2011 and 2010
(Unaudited)

NOTE 7 – RELATED PARTY TRANSACTIONS

(a) Related party transactions

The Company incurred the following transactions with companies having directors in common:

Three months ended April 30,	2011	2010
	\$	\$
Office, rent and administration	11,600	4,500

(b) Compensation of key management personnel

Three months ended April 30,	2011	2010
	\$	\$
Short-term benefits - management fees	3,000	-
Stock-based compensation	308	-
	3,308	-

The Company's key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company and consist of its Directors, Chief Executive Officer and Chief Financial Officer.

(c) Related party balances

The following related party amounts are included in prepaid expenses and deposits:

	April 30, 2011	January 31, 2011
	\$	\$
Company having directors in common	1,500	1,500

These transactions are in the normal course of operations and are measured at the fair value amount of consideration established and agreed to by the related parties. Any amounts due to related parties are unsecured, non-interest bearing and have no specific repayment terms.

NOTE 8 – FINANCIAL RISK MANAGEMENT

(a) Fair value of financial instruments

The Company's financial instruments consist of cash, short-term investments, interest receivable, and accounts payable and accrued liabilities. Cash and short-term investments are classified as held-for-trading and accordingly carried at its fair value. Amounts receivable are classified as loans and receivables and are carried at their amortized costs. Accounts payable and accrued liabilities are classified as other financial liabilities and are carried at their amortized cost.

SPARROW VENTURES CORP.

Notes to the Condensed Interim Financial Statements
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Three Months Ended April 30, 2011 and 2010
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NOTE 8 – FINANCIAL RISK MANAGEMENT (Continued)

(a) Fair value of financial instruments (continued)

The carrying value of the Company's financial assets and liabilities approximates their fair value due to the relatively short periods to maturity of these investments. Fair value estimates are made at a specific point in time based on relevant market information and information about financial instruments. These estimates are subjective and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Financial instruments measured at fair value are classified into one of the three levels in the fair value hierarchy according to the relative reliability of the inputs used estimate the fair values. The three levels of the fair value hierarchy are:

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

As at April 30, 2011 and January 31, 2011, the Company's cash and short-term investments are classified as Level 1.

(b) Financial instruments risk

The Company is exposed in varying degrees to a variety of financial instrument related to risks. The Board approves and monitors the risk management processes:

(i) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company is subject to credit risk on the cash balances at the bank, its short-term bank guaranteed investment certificates and amounts receivable. Cash and cash equivalents consisting of Guaranteed Investment Certificates ("GICs") have been invested with Schedule 1 banks or equivalents, with its cash held in Canadian based banking institutions, authorized under the Bank Act to accept deposits, which may be eligible for deposit insurance provided by the Canadian Deposit Insurance Corporation. The receivables consist primarily of GST/HST recoverable of \$6,248 and interest receivable of \$2,727.

(ii) Liquidity risk

The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due. As at April 30, 2011, the Company had cash and short-term investments of \$322,903 to settle current liabilities of \$12,447 which mainly consist of accounts payable that are considered short term and settled within 30 days. The Company believes that it has sufficient capital to meet its requirements for the next twelve months.

SPARROW VENTURES CORP.

Notes to the Condensed Interim Financial Statements
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(Unaudited)

NOTE 8 – FINANCIAL RISK MANAGEMENT (Continued)

(b) Financial instruments risk (continued)

(iii) Market risk

a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's cash attract interest at floating rates and have maturities of 90 days or less. The Company's short-term investments are invested in GICs with greater than 90 day terms but not greater than one year. These GICs have a fixed interest rate for the term of the deposit. The interest on cash and GICs is typical of Canadian banking rates, which are low at present and the conservative investment strategy mitigates the risk of deterioration to the investment. A change of 100 basis points in the interest rates would not be material to the financial statements.

b) Commodity price risk

Commodity price risk is the risk of financial loss resulting from movements in the price of the Company's commodity inputs and outputs. The Company's risk relates primarily to the expected output to be produced at its exploration and evaluation assets described in note 5 to these financial statements of which production is not expected in the near future.

(c) Capital management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can continue to provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' equity as capital. The management of the capital structure is based on the funds available to the Company in order to support the acquisition, exploration and development of mineral properties and to maintain the Company in good standing with the various regulatory authorities. In order to maintain or adjust its capital structure, the Company may issue new shares or debt or sell assets to settle liabilities.

The properties in which the Company currently has an interest in are in the exploration stage, as such, the Company does not recognize revenue from its exploration properties. The Company's historical sources of capital have consisted of the sale of equity securities and interest income. In order for the Company to carry out planned exploration and development and pay for administrative costs, the Company will spend its working capital and expects to raise additional amounts externally as needed.

The Company has no debt and is not subject to externally imposed capital requirements.

There were no changes in the Company's management of capital during the three months ended April 30, 2011.

SPARROW VENTURES CORP.

Notes to the Condensed Interim Financial Statements
(Expressed in Canadian Dollars)

Three Months Ended April 30, 2011 and 2010
(Unaudited)

NOTE 9 – TRANSITION TO IFRS

The Company adopted IFRS on February 1, 2011, with the transition date of February 1, 2010 representing the Company's opening IFRS balance sheet. As required by IFRS 1, *First-time Adoption of IFRS*, the Company will apply the IFRS in effect as at January 31, 2012 on a full retrospective basis, except where permitted or required under an IFRS 1 exemption.

On adoption of IFRS 1, the Company elected to apply the following exemptions:

IFRS 2 "Share-based Payment" has not been applied to equity instruments that were granted on or before November 7, 2002, or equity instruments that were granted subsequent to November 7, 2002 and vested before the later of the date of transition to IFRS and January 1, 2005. The Company has elected not to apply IFRS 2 to awards that vested prior to February 1, 2010 (date of transition date to IFRS), which have been accounted for in accordance with Canadian GAAP.

IAS 16 "Property, Plant and Equipment" allows for property, plant and equipment to continue to be carried at cost less depreciation, same as under GAAP.

IFRS 1 also outlines specific guidelines that a first-time adopter must adhere to under certain circumstances. The Company has applied the following guidelines to its opening balance sheet dated February 1, 2010:

Estimates - In accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under previous GAAP, unless there is objective evidence that those estimates were in error. The Company's IFRS estimates as at February 1, 2010 are consistent with its previous estimates under GAAP for the same date.

SPARROW VENTURES CORP.

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Three Months Ended April 30, 2011 and 2010
(Unaudited)

NOTE 9 – TRANSITION TO IFRS (Continued)

Reconciliation of Assets, Liabilities and Equity

Note	As at February 1, 2010			As at April 30, 2010			As at January 31, 2011		
	Canadian GAAP \$	Effect of Transition to IFRS \$	IFRS \$	Canadian GAAP \$	Effect of Transition to IFRS \$	IFRS \$	Canadian GAAP \$	Effect of Transition to IFRS \$	IFRS \$
Assets									
Current assets									
Cash	3,087	-	3,087	27,240	-	27,240	70,290	-	70,290
Short-term investments	650,000	-	650,000	570,000	-	570,000	300,000	-	300,000
Interest receivable	843	-	843	1,256	-	1,256	1,849	-	1,849
HST/GST recoverable	2,766	-	2,766	3,324	-	3,324	8,091	-	8,091
Prepaid expenses and deposits	1,500	-	1,500	1,500	-	1,500	1,500	-	1,500
	658,196	-	658,196	603,320	-	603,320	381,730	-	381,730
Non-current assets									
Equipment	-	-	-	-	-	-	1,913	-	1,913
Exploration and evaluation assets	-	-	-	-	-	-	87,531	-	87,531
	-	-	-	-	-	-	89,444	-	89,444
Total assets	658,196	-	658,196	603,320	-	603,320	471,174	-	471,174

SPARROW VENTURES CORP.

Notes to the Condensed Interim Financial Statements
(Expressed in Canadian Dollars)

Three Months Ended April 30, 2011 and 2010
(Unaudited)

NOTE 9 – TRANSITION TO IFRS (Continued)

Reconciliation of Assets, Liabilities and Equity

Notes	As at February 1, 2010			As at April 30, 2010			As at January 31, 2011		
	Canadian GAAP \$	Effect of Transition to IFRS \$	IFRS \$	Canadian GAAP \$	Effect of Transition to IFRS \$	IFRS \$	Canadian GAAP \$	Effect of Transition to IFRS \$	IFRS \$
Liabilities									
Current liabilities									
Accounts payable and accrued liabilities	38,157	-	38,157	10,557	-	10,557	13,722	-	13,722
Equity									
Share capital	986,098	-	986,098	986,098	-	986,098	997,098	-	997,098
Reserves	9 (b) -	156,788	156,788	-	156,788	156,788	-	172,096	172,096
Contributed surplus	9 (a) 156,788	(156,788)	-	156,788	(156,788)	-	171,284	(171,284)	-
Deficit	9 (b) (522,847)	-	(522,847)	(550,123)	-	(550,123)	(710,930)	(812)	(711,742)
	620,039	-	620,039	592,763	-	592,763	457,452	-	457,452
Total equity and liabilities	658,196	-	658,196	603,320	-	603,320	471,174	-	471,174

SPARROW VENTURES CORP.

Notes to the Condensed Interim Financial Statements
(Expressed in Canadian Dollars)

Three Months Ended April 30, 2011 and 2010
(Unaudited)

NOTE 9 – TRANSITION TO IFRS (Continued)

Reconciliation of Loss and Comprehensive Loss

	Note	Three months ended April 30, 2010			Year ended January 31, 2011		
		GAAP \$	Effect of Transition to IFRS \$	IFRS \$	GAAP \$	Effect of Transition to IFRS \$	IFRS \$
Expenses							
Accounting, audit and legal		11,841	-	11,841	68,494	-	68,494
Depreciation		-	-	-	337	-	337
Bank charges		116	-	116	1,849	-	1,849
Consulting fees		4,485	-	4,485	4,000	-	4,000
Management fees		-	-	-	29,644	-	29,644
Office, rent and administration		8,391	-	8,391	43,568	-	43,568
Regulatory fees		(1,300)	-	(1,300)	3,345	-	3,345
Stock-based compensation	9(b)	-	-	-	14,496	812	15,308
Transfer agent and shareholder information		1,222	-	1,222	8,362	-	8,362
Travel and promotion		3,145	-	3,145	17,842	-	17,842
Loss from operations		(27,900)	-	(27,900)	(191,937)	(812)	(192,749)
Other item							
Interest income		624	-	624	3,854	-	3,854
Loss and comprehensive loss for the period		(27,276)	-	(27,276)	(188,083)	(812)	(188,895)
Basic and diluted loss per share		\$ (0.002)	-	\$ (0.002)	\$ (0.01)	-	\$ (0.01)

SPARROW VENTURES CORP.

Notes to the Condensed Interim Financial Statements
(Expressed in Canadian Dollars)

Three Months Ended April 30, 2011 and 2010
(Unaudited)

NOTE 9 – TRANSITION TO IFRS (Continued)

Reconciliation of Cash Flows

	Note	Three months ended April 30, 2010			Year ended January 31, 2011		
		GAAP \$	Effect of Transition to IFRS \$	IFRS \$	GAAP \$	Effect of Transition to IFRS \$	IFRS \$
Operation Activities							
Net loss		(27,276)	-	(27,276)	(188,083)	(812)	(188,895)
Items not affecting cash							
Depreciation		-	-	-	337	-	337
Stock-based compensation	9(b)	-	-	-	14,496	812	15,308
Change in non-cash working capital components							
Interest receivable		(413)	-	(413)	(1,006)	-	(1,006)
GST/HST recoverable		(558)	-	(558)	(5,325)	-	(5,325)
Accounts payable and accrued liabilities		(27,600)	-	(27,600)	(24,435)	-	(24,435)
		(55,847)	-	(55,847)	(204,016)	-	(204,016)
Investing Activities							
Short term investments		80,000	-	80,000	350,000	-	350,000
Equipment		-	-	-	(2,250)	-	(2,250)
Exploration and evaluation assets		-	-	-	(76,531)	-	(76,531)
		80,000	-	80,000	271,219	-	271,219
Net cash inflows		24,153	-	24,153	67,203	-	67,203
Cash, beginning of period		3,087	-	3,087	3,087	-	3,087
Cash, end of period		27,240	-	27,240	70,290	-	70,290

SPARROW VENTURES CORP.

Notes to the Condensed Interim Financial Statements
(Expressed in Canadian Dollars)

Three Months Ended April 30, 2011 and 2010
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NOTE 9 – TRANSITION TO IFRS (Continued)

Notes to Reconciliations

(a) Reserves

Under GAAP, amounts recorded in relation to the fair value of stock options granted and warrants issued were recorded to contributed surplus. Under IFRS, these amounts have been reclassified as reserves.

(b) Share-based payments

Under GAAP, the Company recognized an expense related to share-based payments on a straight-line basis through the date of full vesting and did not incorporate a forfeiture multiple on the grant date. Under IFRS, the Company is required to recognize the expense over the individual vesting periods for the graded vesting awards and estimate a forfeiture rate. As at February 1, 2010, all stock options granted were fully vested and no fair value adjustment was made accordingly. The Company elected to use the IFRS exemption whereby the liabilities for share-based payments that had vested or settled prior to February 1, 2010 were not required to be retrospectively restated. The IFRS fair value re-measurements subsequent to transition increased reserves by \$812 as at January 31, 2011 in comparison to GAAP and \$Nil as at April 30, 2010 with a corresponding increase to earnings.

NOTE 10 – SUBSEQUENT EVENT

Subsequent to April 30, 2011, the Company granted an aggregate 330,000 stock options to employee, directors and consultants of the Company at a price of \$0.11 per share expiring ten years from date of grant.