ROCKLAND MINERALS CORP.

(An Exploration Stage Company)

Financial Statements – unaudited
June 30, 2011

(Expressed in Canadian dollars)

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited interim financial statements for the six months ended June 30, 2011.

ROCKLAND MINERALS CORP.
Balance sheets (Unaudited)
(Expressed in Canadian dollars)

	June 30, 2011 $	December 31, 2010 $
Assets		
Current Assets		
Cash	439,929	390,198
Amounts receivable	172,417	105,829
Prepaid Expenses	32,319	21,250
	644,665	517,277
Mineral property costs (Note 4)	495,686	407,686
Deferred financing costs	–	–
	1,140,351	924,963
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities	278,416	160,969
Deferred tax liability	219,450	–
Due to related parties (Note 5)	2,885	9,753
	500,751	170,722
Shareholders' Equity		
Share capital (Note 6)	2,872,581	1,875,003
Contributed surplus (Note 7)	378,442	313,836
Deficit	(2,611,423)	(1,434,598)
	639,600	754,241
	1,140,351	924,963

Nature of operations and continuance of business (Notes 1 and 3)
Commitment (Note 10)
Subsequent events (Note 16)

Approved on behalf of the Board:

/s/ "Ravinder Mlait"	*/s/ "Bryan Loree"*
Ravinder Mlait, Director	Bryan Loree, Director

(The accompanying notes are an integral part of these financial statements)

ROCKLAND MINERALS CORP.
Statements of operations, comprehensive loss and deficit (Unaudited)
(Expressed in Canadian dollars)

	Three month period ended June 30, 2011 $	Three month period ended June 30, 2010 $	Six month period ended June 30, 2011 $	Six month period ended June 30, 2010 $
Revenue	–	–	–	–
Expenses				
Investor Relations	2,724	75	23,166	575
Mineral exploration costs (Note 4)	725,412	(7,632)	849,170	(7,632)
Office and miscellaneous	7,976	1,449	12,596	1,656
Professional fees	57,283	36,726	59,356	50,649
Salaries and benefits (Note 5)	33,752	–	57,824	–
Stock-based compensation (Notes 8 and 9)	28,429	–	28,429	–
Transfer agent and filing fees	14,402	13,773	19,615	30,944
Travel	3,376	–	8,648	–
Deferred tax expense	118,021	–	118,021	–
	991,375	44,391	1,176,825	76,192
Net loss and comprehensive loss for the period	(991,375)	(44,391)	(1,176,825)	(76,192)
Deficit, beginning of period	(1,620,048)	(222,125)	(1,434,598)	(190,324)
Deficit, end of period	(2,611,423)	(266,516)	(2,611,423)	(266,516)
Loss per share, basic and diluted	(0.04)	(0.01)	(0.04)	(0.01)
Weighted average shares outstanding	26,114,886	6,625,000	26,114,886	6,625,000

(The accompanying notes are an integral part of these financial statements)

ROCKLAND MINERALS CORP.
Statements of equity (Unaudited)
(Expressed in Canadian dollars)

	Capital Stock				
	Number of shares	Amount	Contributed Surplus	Deficit	Total
		($)	($)	($)	($)
Balance, January 1, 2010	6,625,000	374,250	67,175	(190,324)	251,101
Net Loss	0	0	0	(76,192)	(76,192)
Balance, June 30, 2010	6,625,000	374,250	67,175	(266,516)	174,909
Shares issued for cash, net of share issue costs and flow-through liability (Note 6)	11,027,142	1,368,753	0	0	1,368,753
Shares issued as finder's fee (Note 6)	100,000	15,000	0	0	15,000
Shares issued for payment (Notes 5 & 6)	700,000	117,000	0	0	117,000
Stock based compensation expense	0	0	246,661	0	246,661
Net Loss	0	0	0	(1,168,082)	(1,168,082)
Balance, December 31, 2010	18,452,142	1,875,003	313,836	(1,434,598)	754,241
Shares issued for cash, net of shares issue costs and flow-through liability (Note 6)	7,262,744	985,755	0	0	985,755
Shares issued for payment (Note 5 & 6)	400,000	48,000	0	0	48,000
Stock based compensation expense	0	0	28,429	0	28,429
Net Loss	0	0	0	(1,176,825)	(1,176,825)
Balance, June 30, 2011	26,144,886	2,908,758	342,265	(2,611,423)	639,600

(The accompanying notes are an integral part of these financial statements)

ROCKLAND MINERALS CORP.

Statements of cash flows (Unaudited)
(Expressed in Canadian dollars)

	Three month period ended June 30, 2011 $	Three month period ended June 30, 2010 $	Six month period ended June 30, 2011 $	Six month period ended June 30, 2010 $
Operating activities				
Net loss for the period	(991,375)	(44,391)	(1,176,825)	(76,192)
Items not involving cash:				
Stock-based compensation	28,429	–	28,429	–
Changes in non-cash operating working capital:				
Amounts receivable	(110,241)	(3,400)	(66,589)	(2,769)
Prepaid expenses	(27,202)	–	(11,068)	–
Accounts payable and accrued liabilities	369,870	34,878	330,029	49,033
Due to related parties	–	–	–	–
	(730,519)	(12,913)	(896,024)	(29,928)
Investing activities				
Mineral property acquisition & maintenance costs	(40,000)	–	(40,000)	–
	–	–	–	–
Financing activities				
Proceeds from shares issued	985,755	864,532	985,755	864,532
Deferred financing costs	–	16,250	–	16,250
	–	880,782	–	880,782
Increase (decrease) in cash	215,236	867,869	49,731	850,288
Cash, beginning of period	224,693	2,684	390,198	19,699
Cash, end of period	439,929	870,553	439,929	870,553
Non-cash investing and financing activities:	–	–	–	–
Supplemental disclosures:				
Interest paid	–	–	–	–
Income taxes paid	–	–	–	–

(The accompanying notes are an integral part of these financial statements)

1. Nature of Operations

The Company was incorporated on June 12, 2008 under the Business Corporations Act (BC). The Company is an exploration stage company currently focused on the exploration of mineral property projects in Quebec, Canada. It has not yet been determined whether the properties contain mineral reserves that are economically recoverable. The operations of the Company will require various licences and permits from various governmental authorities which are or may granted subject to various conditions and may be subject to renewal from time to time. There can be no assurance that the Company will be able comply with such conditions and obtain or retain all necessary licences and permits that may be required to carry out exploration, development, and mining operations at its projects. Failure to comply with these conditions may render the licences liable to forfeiture.

Basis of Preparation

January 1, 2011 is the date that International Financial Reporting Standards ("IFRS") replaced Canadian generally accepted accounting principles ("Canadian GAAP") as the financial reporting framework for publicly accountable enterprises.

These interim financial statements are unaudited and have been prepared in Canadian Dollars, in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting, using accounting policies consistent with the IFRS issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee (IFRIC"). They are the Company's second IFRS interim financial statements for part of the period covered by the first IFRS annual financial statements and IFRS 1 *First-time adoption of International Financial Reporting Standards* has been applied.

In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair statement of results in accordance with IFRS have been included.

An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Company is provided in note 15.

2. Significant Accounting Policies

(a) Use of Estimates

The preparation of the financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Significant areas requiring the use of estimates include the useful life and recoverability of property and equipment, valuation of exploration and evaluation expenditures, determination of reclamation provisions, measurement of share-based payments, fair values of financial instruments, and deferred income tax asset valuation allowances.

(b) Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance to be cash equivalents.

(c) Mineral Property Costs

The Company records its interests in mineral properties and areas of geological interest at cost. All direct and indirect costs related to the acquisition of these interests are capitalized on the basis of specific claim blocks or areas of geological interest until the properties to which they

2. Significant Accounting Policies (continued)

(c) Mineral Property Costs (continued)

relate are placed into production, sold or management has determined there to be an impairment in value. These costs will be depleted using the unit-of-production method based on the estimated proven and probable reserves available on the related property following commencement of production.

The amounts shown for mineral properties represent costs, net of write-offs, option proceeds and recoveries, and do not necessarily reflect present or future value. Recoverability of these amounts will depend upon the existence of economically recoverable reserves, the ability of the Company to obtain financing necessary to complete development, and future profitable production. The Company reviews the carrying values of mineral properties when there are any events or change in circumstances that may indicate impairment. Where estimates of future cash flows are available, an impairment charge is recorded if the estimated undiscounted future net cash flows expected to be generated by the property is less than the carrying amount. An impairment charge is recognized by the amount by which the carrying amount of the property exceeds the fair value of the property.

(d) Mineral Exploration and Development Costs

Exploration costs are charged to operations as incurred. When it has been established that a mineral deposit is commercially mineable and a decision has been made to formulate a mining plan (which occurs upon completion of a positive economic analysis of the mineral deposit), the costs subsequently incurred to develop the mine on the property prior to the start of the mining operations are capitalized.

(e) Government Assistance

"Investment tax credits" are accounted for using the cost reduction approach. This approach requires investment tax credits received or receivable to be deducted from resource expenditures. Investment tax credits are accrued when the Company has made the qualifying expenditures, provided there is reasonable assurance that the credits will be realized. Realization is assessed based on collection history.

(f) Income Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided using the balance sheet method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates

2. Significant Accounting Policies (continued)

(g) Income Taxes (continued)

(and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(h) Financial Instruments

The Company classifies all financial instruments as either held-for-trading, available-for-sale, held-to-maturity, loans and receivables or other financial liabilities. Financial instruments are required to be measured at fair value on initial recognition. Measurement in subsequent periods depends on the financial instruments classification. Held-for-trading instruments are measured at fair value with unrealized gains and losses recognized in results of operations. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Instruments held-to-maturity, loans and receivables and other financial liabilities are measured at amortized cost.

The Company has classified its cash as held-for-trading. Receivables are classified as loans and receivables. Accounts payable and accrued liabilities and amounts due to related parties are classified as other financial liabilities.

(i) Foreign Currency Translation

The functional and reporting currency is the Canadian dollar. Transactions denominated in foreign currencies are translated using the exchange rate in effect on the transaction date or at an average rate. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange in effect at the statement of financial position date. Non-monetary items are translated using the historical rate on the date of the transaction. Foreign exchange gains and losses are included in profit or loss.

(j) Flow-through Shares

IFRS (IAS 12) does not specifically address the accounting for flow-through shares or the related tax consequences arising from such transactions. In May 2011, a Mining Industry Task Force on IFRS issued viewpoints on how to account for flow-through shares. The resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian tax legislation. On issuance, the premium recorded on the flow-through share, being the difference in price over a common share with no tax attributes, is recognized as a liability. When the paperwork is filed to renounce and the obligation is fulfilled, the deferred income tax liability associated with the renounced tax deductions is recognized through profit and loss with a deferred tax expense being recognized using the applicable tax rate.

(k) Loss Per Share

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share, whereby all “in the money” stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, basic and diluted loss per share are the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive.

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(l) Stock-Based Compensation

The Company grants share-based awards to employees, directors and consultants as an element of compensation. The fair value of the awards is recognized over the vesting period as share-based compensation expense and contributed surplus. The fair value of share-based payments is determined using the Black-Scholes option pricing model using estimates at the date of the grant. At each reporting date prior to vesting, the cumulative expense representing the extent to which the vesting period has expired and management's best estimate of the awards that are ultimately expected to vest is computed. The movement in cumulative expense is recognized in the statement of income with a corresponding entry within equity, against contributed surplus. No expense is recognized for awards that do not ultimately vest. When stock options are exercised, the proceeds received, together with any related amount in contributed surplus, are credited to share capital.

Share-based payments arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, unless the fair value cannot be estimated reliably. If the Company cannot reliably estimate the fair value of the goods or services received, the Company will measure their value by reference to the fair value of the equity instruments granted.

3. Going Concern

These statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at June 30, 2011, the Company has not generated any revenues from operations and has an accumulated deficit of $2,611,423. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is pursuing equity financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

4. Mineral Property Costs

Mineral property acquisition costs:

	Retty Lake $	Ashuanipi $	Schefferville $	Total $
Balance, December 31, 2008	209,690	–	–	209,690
Expenditures incurred	6,070	44,837	–	50,907
Balance, December 31, 2009	215,760	44,837	–	260,597
Expenditures incurred	3,025	82,064	62,000	147,089
Balance, December 31, 2010	218,785	126,901	62,000	407,686
Expenditures incurred	–	–	88,000	88,000
Balance, December 31, 2010	218,785	126,901	150,000	495,686

(Expressed in Canadian dollars)

4. Mineral Property Costs (continued)

Mineral exploration costs:

Six months ended June 30, 2011

	Retty Lake $	Ashuanipi $	Schefferville $	Total $
Assays	–	–	195	195
Claims maintenance fees	8,629	–	4,912	13,541
Drilling	419,587	–	15,063	434,650
Equipment rental, field supplies, and other	46,765	6,475	–	53,240
Geophysics	–	–	202,221	202,221
Transportation and accommodations	143,529	–	1,794	145,323
	618,510	6,475	224,185	849,170

Year ended December 31, 2010:

	Retty Lake $	Ashuanipi $	Schefferville $	Total $
Assays	–	807	10,921	11,728
Claims maintenance fees	36,105	3,424	6,959	46,488
Drilling	–	–	522,290	522,290
Equipment rental, field supplies, and other	–	696	3,849	4,545
Geophysics	180,129	14,700	6,250	201,079
Transportation and accommodations	–	8,699	26	8,725
Mining duties refund	(7,632)	–	–	(7,632)
	208,602	28,326	550,295	787,223

Year ended December 31, 2009:

	Retty Lake $	Ashuanipi $	Schefferville $	Total $
Claims maintenance fees	13,228	–	–	13,228
Geological	5,000	–	–	5,000
	18,228	–	–	18,228

Retty Lake Property

On June 30, 2008 (amended on May 5, 2009, September 29, 2009, and January 14, 2010), the Company entered into option agreement to acquire a 100% interest in the Retty Lake Property located in Quebec, Canada.

To earn this interest, the Company issued 2,000,000 common shares (recorded at a fair value of $200,000) and must incur exploration expenditures on the property totalling $1,850,000. The Company incurred $5,000 pursuant to the May 5, 2009 amendment.

Exploration expenditures to be incurred:

- $270,000 by December 30, 2010 (completed);
- an additional $745,000 by December 30, 2011; and
- an additional $835,000 by December 30, 2012;

The optionor retains a 3% Net Smelter Royalty (“NSR”) which the Company has first right to purchase for $3,000,000 after the Company exercises the option to acquire the 100% interest in the property.

4. Mineral Property Costs (continued)

Ashuanipi Property

On August 8, 2009 (amended on January 14, 2010 and July 18, 2010), the Company entered into an option agreement to acquire a 100% interest in the Ashuanipi Property located in Quebec, Canada.

To earn this interest, the Company must issue a total of 500,000 common shares, issue 600,000 share purchase warrants exercisable at $0.05 per share for a period of two years (issued and recorded at a fair value of $44,837), and incur exploration expenditures on the property totalling $1,300,000 as follows:

Shares to be issued:
- 500,000 common shares to be issued prior to the first anniversary (issued).

Exploration expenditures to be incurred:
- $30,000 by December 31, 2010, which has been completed;
- an additional $270,000 by December 31, 2011;
- an additional $300,000 by December 31, 2012;
- an additional $300,000 by December 31, 2013; and
- an additional $400,000 by December 31, 2014.

The optionor retains a 3% NSR which the Company has first right to purchase for $3,000,000 after the Company exercises the option to acquire the 100% interest in the property.

Schefferville Property

On September 29, 2010, the Company entered into an option agreement to acquire an undivided 55% interest in the Schefferville Property located in Quebec, Canada. To earn this interest, the Company must make cash payments totaling $60,000, issue a total of 600,000 common shares, and incur exploration expenditures on the property totaling $800,000 as follows:

Cash to be paid:
- $20,000 upon execution of the agreement (paid);
- $10,000 on or before September 29, 2011(paid);
- $15,000 on or before September 29, 2012 (paid); and
- $15,000 on or before September 29, 2013 (paid);

Shares to be issued:
- 200,000 common shares upon execution of the agreement (issued);
- 100,000 common shares on or before September 29, 2011 (issued);
- 150,000 common shares on or before September 29, 2012 (issued); and
- 150,000 common shares on or before September 29, 2013 (issued);

Exploration expenditures to be incurred:
- $200,000 on or before September 29, 2011 (completed);
- $250,000 on or before September 29, 2012 (completed); and
- $350,000 on or before September 29, 2013 (completed).

The optionor retains a minimum 2% NSR on the property of which 1% can be purchased for $1,000,000 by the Company at any time.

During the period ended June 30, 2011 the Company completed all of its obligations and acquired 55% of the Schefferville Property.

(Expressed in Canadian dollars)

5. Related Party Transactions

(a) During the three month period ended June 30, 2011, the amount of $17,525 (2010 – $nil) was paid to a director for geological work performed on the mineral properties. At June 30, 2011 the Director was owed $2,885.

(b) During the three month period ended June 30, 2011, the Company paid $17,000 (2010 - $nil) in salary to the President of the Company.

(c) During the three month period ended June 30, 2011, the Company paid $14,500 (2010 - $nil) in salary to the Chief Financial Officer of the Company.

All of the above transactions have been in the normal course of operations and have been recorded at their exchange amounts, which are the amounts agreed upon by the transacting parties.

6. Share Capital

Authorized: Unlimited common shares without par value
Unlimited preferred shares without par value

	Number of common shares	$
Balance, December 31, 2008	6,220,000	313,500
Issued pursuant to private placement	405,000	60,750
Balance, December 31, 2009	6,625,000	374,250
Issued pursuant to Initial Public Offering	6,670,000	1,000,500
Issued as finder's fee	100,000	15,000
Issued pursuant to private placements - flow-through	4,357,142	668,571
Share issuance costs	–	(300,318)
Issued pursuant to mineral property option agreements	700,000	117,000
Balance, December 31, 2010	18,452,142	1,875,003
Issued pursuant to private placement – flow-through	5,414,411	920,449
Issued pursuant to private placement	1,848,333	277,250
Share issuance costs	–	(139,833)
Flow-through liability	–	(108,288)
Issued pursuant to mineral property option agreements	400,000	48,000
Balance, June 30, 2011	26,114,886	2,872,581

Share issuances for the period ended June 30, 2011:

(a) On April 29, 2011, the Company issued 5,414,411 flow-through units at $0.17 per unit for proceeds of $920,449. Each unit consisted of one flow-through common share and one-half share purchase warrant. Each whole share purchase warrant entitles the holder to acquire one additional common share at an exercise price of $0.26 per share for a period of eighteen months. The Company also issued 1,848,333 units at $0.15 per unit for proceeds of $277,250. Each unit consisted of one flow-through common share and one-half share purchase warrant. Each whole share purchase warrant entitles the holder to acquire one additional common share at an exercise price of $0.28 per share for a period of eighteen months.

In connection with this private placement, the Company paid finder's fees of $92,056 and granted 553,019 brokers' warrants with a fair value of $36,177. Refer to Note 8. The qualifying expenditures relating to the issuance of these flow-through shares will be incurred during the year ending December 31, 2011.

6. Share Capital (continued)

(b) On June 10, 2011, the Company issued 400,000 common shares with a fair value of $48,000 pursuant to the Schefferville Property mineral option agreement. Refer to Note 3.

Share issuances for the year ended December 31, 2010:

(a) On June 28, 2010, the Company completed its Initial Public Offering ("IPO") and issued 6,670,000 units at $0.15 per unit for gross proceeds of $1,000,500. Each unit consisted of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to acquire one additional common share at an exercise price of $0.25 per share expiring on June 28, 2012. In connection with the IPO, the Company incurred $113,050 to the agent and an additional $22,918 in share issuance costs. The Company also issued 100,000 common shares with a fair value of $15,000 and 667,000 share purchase warrants with a fair value of $62,839 to the agent. Refer to Note 7.

(b) On September 8, 2010, the Company issued 2,857,142 flow-through units at $0.175 per unit for proceeds of $500,000. Each unit consisted of one flow-through common share and one-half share purchase warrant. Each whole share purchase warrant entitles the holder to acquire one additional common share at an exercise price of $0.27 per share for the first year and $0.35 per share for the second year expiring on September 7, 2012. In connection with this private placement, the Company paid finder's fees of $41,950 and granted 285,714 options with a fair value of $25,661. Refer to Note 8. The qualifying expenditures relating to the issuance of these flow-through shares were incurred during the year ended December 31, 2010 and the Company renounced these expenditures with an effective date of December 31, 2010, but filed the paperwork to renounce in April of 2011.

(c) On October 27, 2010, the Company issued 500,000 common shares with a fair value of $75,000 pursuant to the Ashuanipi Property mineral option agreement and 200,000 common shares with a fair value of $42,000 pursuant to the Schefferville Property mineral option agreement. Refer to Note 3.

(d) On December 2, 2010, the Company issued 1,500,000 flow-through units at $0.18 per unit for gross proceeds of $270,000. Each unit consisted of one flow-though common share and one half share purchase warrant. Each full share purchase warrant entitles the holder to acquire one additional common share at an exercise price of $0.28 per share for the first year and $0.36 for the second year, expiring December 2, 2012. In connection with this private placement the Company incurred $18,900 in share issuance costs. $40,800 of qualifying expenditures relating to the issuance of these flow-through shares were incurred during the year ended December 31, 2010, $157,200 during the three months period ended March 31, 2011, and the balance of $72,000 subsequently to this three month period in 2011. The Company renounced these expenditures with an effective date of December 31, 2010, but filed the paperwork to renounce in April of 2011.

Share issuances for the year ended December 31, 2009:

On May 22, 2009, the Company issued 405,000 units at $0.15 per unit for proceeds of $60,750. Each unit consisted of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to acquire one additional common share at an exercise price of $0.25 per share expiring on May 22, 2011.

Escrow Shares

Pursuant to an escrow agreement, 3,550,000 of the common shares issued and outstanding were held in escrow prior the Company listing on the TSX Venture Exchange. On July 2, 2010, 355,000 common shares were released and 15% is to be released every six months thereafter.

(Expressed in Canadian dollars)

7. Contributed Surplus

	$
Balance, December 31, 2008	–
Fair value of share purchase warrants issued to a consultant	22,338
Fair value of share purchase warrants issued pursuant to a mineral property option agreement	44,837
Balance, December 31, 2009	67,175
Fair value of stock options vested	158,161
Fair value of finder's options	25,661
Fair value of share purchase warrants issued as a finder's fee	62,839
Balance, December 31, 2010	313,836
Fair Value of finder's options	36,177
Fair Value of stock options vested	28,429
Balance, June 30, 2011	378,442

8. Share Purchase Warrants

On July 23, 2009, the Company issued 500,000 share purchase warrants exercisable at $0.25 per common share expiring on July 23, 2011 to a consultant. The fair value of $22,338 was calculated using the Black-Scholes option pricing model with the following assumptions: expected volatility of 125%, expected life of 2 years, risk-free rate of 1.29%, and no expected dividends.

On August 8, 2009, the Company issued 600,000 share purchase warrants exercisable at $0.05 per common share expiring on August 8, 2011 pursuant to the Ashuanipi Property option agreement. See Note 3. The fair value of $44,837 was calculated using the Black-Scholes option pricing model with the following assumptions: expected volatility of 125%, expected life of 2 years, risk-free rate of 1.29%, and no expected dividends.

On June 28, 2010, the Company issued 667,000 share purchase warrants exercisable at $0.15 per common share expiring on June 28, 2012 to the IPO agent. The fair value of $62,839 was calculated using the Black-Scholes option pricing model with the following assumptions: expected volatility of 125%, expected life of 2 years, risk-free rate of 1.56%, and no expected dividends.

On April 29, 201, the Company issued 553,019 share purchase warrants exercisable at $0.26 per common shares expiring on December 29, 2012 to agents participating in the flow-through and unit financings. The fair value of $36,177 was calculated using the Black-Scholes option pricing model with the following assumptions: expected volatility of 125%, expected life of 1.5 years, risk-free rate of 1.29%, and no expected dividends.

(Expressed in Canadian dollars)

8. Share Purchase Warrants (continued)

The following table summarizes the continuity of share purchase warrants:

	Number of Warrants	Weighted Average Exercise Price $
Balance, December 31, 2008	–	–
Issued	1,505,000	0.17
Balance, December 31, 2009	1,505,000	0.17
Issued	9,515,571	0.25
Balance, December 31, 2010	11,020,571	0.25
Issued	2,707,205	0.26
Issued	1,477,185	0.28
Expired May 22, 2011	(405,000)	0.25
Balance June 30, 2011	14,799,961	0.25

As at June 30, 2011, the following share purchase warrants were outstanding:

Number of warrants outstanding	Exercise price $	Expiry date
500,000	0.25	July 23, 2011
600,000	0.05	August 8, 2011
6,670,000	0.25	June 28, 2012
667,000	0.15	June 28, 2012
1,428,571	0.27/0.35	September 7, 2012
750,000	0.28/0.36	December 2, 2012
2,707,205	0.26	October 29, 2012
1,477,185	0.28	October 29, 2012
14,799,961		

9. Stock Options

The following table summarizes the continuity of the Company's stock options:

	Number of options	Weighted average exercise price $
Outstanding, December 31, 2008	–	–
Granted	600,000	0.15
Outstanding, December 31, 2009	600,000	0.15
Granted	1,095,000	0.15
Outstanding, December 31, 2010	1,695,000	0.15
Cancelled	(250,000)	0.15
Granted	355,600	0.175
Outstanding, June 30, 2011	1,800,600	0.155

(Expressed in Canadian dollars)

9. Stock Options (continued)

Additional information regarding stock options outstanding as at June 30, 2011 is as follows:

	Outstanding			Exercisable	
Range of exercise prices $	Number of shares	Weighted average remaining contractual life (years)	Weighted average exercise price $	Number of shares	Weighted average exercise price $
0.15 to 0.26	1,800,600	2.9	0.155	1,800,600	0.155

The fair value of stock options granted during the three months ended June 30, 2011 was $28,429 (2010 - nil) which was recorded as contributed surplus and charged to operations.

The fair values for stock options granted have been estimated using the Black-Scholes option pricing model assuming no expected dividends and the following weighted average assumptions:

	2011	2010	2009
Risk-free interest rate	1.29%	1.76%	1.29%
Expected life (in years)	1.4	3	10
Expected volatility	125%	125%	125%

The weighted average fair value of stock options granted during the period ended June 30, 2011 was $0.08 (2010 - $0.11) per stock option.

Agent's Options

	Number of agents' options	Weighted average exercise price $
Outstanding, December 31, 2008 and 2009	–	–
Granted	285,714	0.175
Outstanding, December 31, 2010 and June 30, 2011	285,714	0.175

As at June 30, 2011, 285,714 agents' options exercisable at $0.175 per unit were outstanding. Each unit consisted of one common share and one-half share purchase warrant. Each whole share purchase warrant is exercisable at a price of $0.27 per common share for the first year and $0.35 per common share for the second year, expiring on September 7, 2012.

The fair value of $25,661 recorded as share issuance costs was calculated using the Black-Scholes option pricing model with the following assumptions: expected volatility of 125%, expected life of 2 years, risk-free rate of 1.27%, and no expected dividends.

The weighted average fair value of agents' options granted during the year ended December 31, 2010 was $0.09 per option.

At the IFRS transition date, January 1, 2010, all issued stock option were fully vested and therefore, there was no impact on the financial statements as a result of the transition.

(Expressed in Canadian dollars)

10. Commitments

(a) On November 10, 2009, the Company entered into an agreement with a director of the Company who is to provide geological consulting services at $500 per day to a maximum of $72,000 per year, starting on the later of the date on which the Company completes its IPO and the director receives the necessary permit to work in Canada, for a period of one year. The agreement can be terminated by either party at any time by giving at least ten days' advance notice in writing to the other party.

(b) On July 1, 2010, the Company entered into an employment agreement with the Chief Financial Officer of the Company at a salary of $6,000 per month. The employment agreement was amended on May 1, 2011.

(c) On July 21, 2010, the Company entered into an employment agreement with the President and CEO of the Company at a salary of $6,000 per month. The employment agreement was amended on May 1, 2011.

11. Contingent Liability

During the year ended December 31, 2010, the Company received a notice of claim for $21,465 from Pacific Bay Minerals Ltd. ("Pacific"). When the President of the Company was employed by Pacific, Pacific paid for the completion of an MBA program. The President subsequently left Pacific and Pacific claims that the Company has been unjustly enriched by the MBA program completed by the Company's President and is seeking reimbursement. The matter is scheduled for BC small claims court for November 23, 2011. Damages claimed in small claims court cases in BC are capped up to $25,000. In the Company's opinion the claim is without merit. No amount has been accrued in these financial statements in relation to this claim.

12. Financial Instruments and Risks

(a) Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's balance sheet as at June 30, 2011 as follows:

	Fair Value Measurements Using			
	Quoted prices in active markets for identical instruments (Level 1) $	Significant other observable inputs (Level 2) $	Significant unobservable inputs (Level 3) $	Balance, March 31, 2011 $
Cash	439,929	–	–	439,929

The fair values of other financial instruments, which include amounts receivable, accounts payable and accrued liabilities, and due to related party approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure. Amounts receivable consists of GST/HST/QST receivables which are due from the Government of Canada and the province of Quebec.

(c) Foreign Exchange Rate and Interest Rate Risk

The Company is not exposed to any significant foreign exchange rate or interest rate risk.

12. Financial Instruments and Risks (continued)

(d) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

(f) Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

13. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital, contributed surplus and deficit.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the period ended December 31, 2009.

14. Segmented Information

The Company operates in one industry and geographic segment, the mineral resource industry with all current exploration activities conducted in Canada.

15. Conversion to IFRS

January 1, 2011 is the date that IFRS replaced Canadian GAAP as the financial reporting framework for the Company. As stated in Note 1, these interim financial statements are the Company's second set of financial statements prepared in accordance with IFRS.

The accounting policies set out in Note 2 have been applied in preparing the financial statements for the three and six month periods ended June 30, 2011, the comparative information presented in these financial statements for the three and six month periods ended June 30, 2010, and in the preparation of an opening IFRS statement of financial position as at January 1, 2010 (the Company's date of transition).

First Time Adoption of IFRS

The Company has adopted IFRS on January 1, 2011 with a transition date of January 1, 2010. Under IFRS 1, "First Time Adoption of International Financial Reporting Standards ("IFRS 1"), the IFRS standards are applied retrospectively at the transition date with all adjustments to assets and liabilities as stated under GAAP taken to deficit, with IFRS providing certain optional and mandatory exemptions to this principle.

15. Conversion to IFRS (continued)
15. Conversion to IFRS (continued)

As disclosed in the March 31, 2011 interim financial statements, the Company has elected to apply the following optional exemptions:

Share-based payment transactions

IFRS 1 encourages, but does not require, first-time adopters to apply IFRS 2, *"Share-based Payment"* 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 January 1, 2010.

Fair value as deemed cost

The Company may elect among two options when measuring the value of its assets under IFRS. It may elect, on an asset by asset basis, to use either historical cost as measured under retrospective application of IFRS or fair value of an asset at the opening balance sheet date. The Company has elected to use historical cost for its property and equipment.

Reconciliation to previously reported financial statements

Share-based payments

Under IFRS, each tranche of an award with different vesting dates is considered a separate grant for the calculation of fair value, and the resulting fair value is amortized over the vesting period of the respective tranches. Forfeiture estimates are recognized in the period they are estimated, and are revised for actual forfeitures in subsequent periods.

Under Canadian GAAP, the fair value of share-based awards with graded vesting are calculated as one grant and the resulting fair value is recognized on a straight-line basis over the vesting period. Forfeitures of awards are recognized as they occur.

With the conversion to IFRS there has been no impact on the January 1, 2010 or the December 31, 2010 year-end statements of comprehensive loss or on the statements of cash flows. The transition resulted in additional deferred tax expense resulting from the issuance of flow-through shares and renouncing the tax benefit. Expenses on the interim statements of comprehensive loss increases by $118,021 from this transition and has been reflected. on the statement for the three month period ended June 30, 2011.

The conversion to IFRS had an impact on the December 31, 2010 year-end Balance Sheet and the June 30, 2011 interim Balance Sheet. The December 31, 2010 statements have been amended to include this change which resulted from the issuance of flow-through shares during the period ended December 31, 2010. The Company has changed the accounting policy regarding the issuance of flow-through shares, which resulted in the adjustment. Reconciliations of the balance sheets are provided below.

(Expressed in Canadian dollars)

15. Conversion to IFRS (continued)

Impact on statements of financial position:

The January 1, 2010 Canadian GAAP Balance Sheet has been reconciled to IFRS as follows:

	Canadian GAAP $	Effect of Transition to IFRS $	IFRS $
Assets			
Current Assets			
Cash	19,699	–	19,699
Amounts receivable	1,946	–	1,946
	21,645	–	21,645
Mineral property costs	260,597	–	260,597
Deferred financing costs	16,250	–	16,250
	298,492	–	298,492
Liabilities and Shareholders' Equity			
Current Liabilities			
Accounts payable and accrued liabilities	37,812	–	37,812
Due to related parties	9,579	–	9,579
	47,391	–	47,391
Shareholders' Equity			
Share capital	374,250	–	374,250
Contributed surplus	67,175	–	67,175
Deficit	(190,324)	–	(190,324)
	251,101	–	251,101
	298,492	–	298,492

There was no impact on the January 1, 2010 balance sheet as a result of the conversion to IFRS.

(Expressed in Canadian dollars)

15. Conversion to IFRS (continued)

The June 30, 2010 Canadian GAAP Balance Sheet has been reconciled to IFRS as follows:

	Canadian GAAP $	Effect of Transition to IFRS $	IFRS $
Assets			
Current Assets			
Cash	870,553	–	870,553
Amounts receivable	4,715	–	4,715
	875,268	–	875,268
Mineral property costs	260,597	–	260,597
Deferred financing costs	–	–	–
	1,135,865	–	1,135,865
Liabilities and Shareholders' Equity			
Current Liabilities			
Accounts payable and accrued liabilities	81,845	–	81,845
Due to related parties	14,579	–	14,579
	96,424	–	96,424
Shareholders' Equity			
Share capital	1,238,782	–	1,238,782
Contributed surplus	67,175	–	67,175
Deficit	(266,516)	–	(266,516)
	1,039,441	–	1,039,441
	1,135,865	–	1,135,865

There was no impact on the June 30, 2010 balance sheet as a result of the conversion to IFRS.

(Expressed in Canadian dollars)

15. Conversion to IFRS (continued)

The December 31, 2010 Canadian GAAP Balance Sheet has been reconciled to IFRS as follows:

	Canadian GAAP $	Effect of Transition to IFRS $	IFRS $
Assets			
Current Assets			
Cash	390,198	–	390,198
Amounts receivable	105,829	–	105,829
Prepaid Expenses	21,250		21,250
	517,277	–	517,277
Mineral property costs	407,686	–	407,686
Deferred financing costs	–	–	–
	924,963	–	924,963
Liabilities and Shareholders' Equity			
Current Liabilities			
Accounts payable and accrued liabilities	59,540	101,429	160,969
Due to related parties	9,753	–	9,753
	69,293	101.429	170,722
Shareholders' Equity			
Share capital	1,976,432	(101,429)	1,875,003
Contributed surplus	313,836	–	313,836
Deficit	(1,434,598)	–	(1,434,598)
	855,670	(101,429)	754,241
	924,963	–	924,963

The effect of the conversion to IFRS on the December 31, 2010 balance sheet results in an increase to liabilities by $101,429 and a reduction in share capital of the $101,429 and therefore, a reduction to shareholder's equity of the same amount. The adjustment is a result of the change to the way the issued flow-through shares have been accounted for in which the sale of the tax deduction is accounted for under other liabilities.

(Expressed in Canadian dollars)

15. Conversion to IFRS (continued)

The June 30, 2011 Canadian GAAP Balance Sheet has been reconciled to IFRS as follows:

	Canadian GAAP $	Effect of Transition to IFRS $	IFRS $
Assets			
Current Assets			
Cash	439,929	–	439,929
Amounts receivable	172,417	–	172,417
Prepaid Expenses	32,319		32,319
	644,665	–	644,665
Mineral property costs	495,686	–	495,686
Deferred financing costs	–	–	–
	1,140,351	–	1,140,351
Liabilities and Shareholders' Equity			
Current Liabilities			
Accounts payable and accrued liabilities	170,127	108,289	278,416
Deferred tax liability	–	219,450	219,450
Due to related parties	2,885	–	2,885
	173,012	327,739	500,751
Shareholders' Equity			
Share capital	3,082,299	(209,718)	2,872,581
Contributed surplus	378,442	–	378,442
Deficit	(2,493,402)	(118,021)	(2,611,423)
	967,339	(327,739)	639,600
	1,140,351	–	1,140,351

The effect of the conversion to IFRS on the June 30, 2011 balance sheet results in an increase to liabilities by $327,739, which consists of $219,450 as a deferred tax liability and $108,289 as other liability resulting from the issuance of flow-through shares. There is a reduction in share capital of the $209,718 and a reduction to shareholder's equity of $118,021, which is a deferred tax expense. All of the adjustments are a result of the change to the way the issued flow-through shares have been accounted for in which the sale of the tax deduction is accounted for under other liabilities and expensed under deferred tax expense. As the $118,021 is a deferred tax expense it increases the expenses on the Income Statement and therefore the loss for the period and the overall deficit.

16. Subsequent Events

(a) On July 23, 2011, 500,000 warrants exercisable at $0.25 expired unexercised.

(b) On August 8, 2011, 600,000 warrants exercisable at $0.05 expired unexercised.